

SARASIN & PARTNERS

PORTFOLIO MANAGER:
Sarasin & Partners

INCEPTION DATE:
May 30, 2022

CIFSC CATEGORY*:
Global Equity

Contributors to relative performance

- At a stock-level, **Amgen**, the world's largest biotechnology firm, was the largest contributor to positive returns over the period. It announced second-quarter results that exceeded estimates for earnings and sales, and received regulatory approval to acquire its competitor, Horizon Therapeutics.
- **CME**, the Chicago Mercantile Exchange also delivered results that exceeded expectations and was a positive contributor to performance over the quarter. The company benefited from strong cost control and a positive shift in the pricing environment. This holding should benefit from market uncertainty as volatility rises and contract volume increases

Detractors from relative performance

- In contrast, Hong Kong-based insurer, **AIA** was the largest stock-level detractor from performance. The company was impacted by Chinese macroeconomic weakness. Many Asian insurers are currently pricing in no new customer growth: we believe this is unreasonable and we retain confidence in our investment thesis that Asian insurance is a thematic growth area.
- Shares in healthcare company, **Smith & Nephew** also detracted from performance. Its change in management has detracted from investor sentiment, yet we are confident that the new CEO is tackling the company's operational and commercial issues. Smith & Nephew has strong thematic tailwinds from ageing populations, which drive demand for the company's medical devices.
- The holding in health and nutrition company **DSM-Firmenich** weakened as it was affected by the destocking in the materials sector. The company has also been affected by the stalled economic recovery in China and south-east Asia, and a weaker vitamins market. This has impacted their Animal, Nutrition & Health business, resulting in decreased second-half 2023 earnings expectations.

Desjardins SocieTerra

Global Dividend Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2023

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Major changes to portfolio in the period

- We sold our position in **International Flavors & Fragrances (IFF)** during the quarter. The company went through our proprietary “Penalty Box” review process due to significant underperformance driven by macro headwinds and destocking.
- We also sold our holding in food, uniforms and facilities services company **Aramark** after a period of strong performance. The valuation has become less attractive and we see better opportunities elsewhere.
- We started a new position in global food retailer **Ahold Delhaize**, a Dutch-listed food retailer that manages a portfolio of grocery brands. The company provides a defensive yield and comes under our Sustained Income theme.
- We added to our Evolving Consumption theme and Aspirational Consumer sub-theme by initiating holdings to **LVMH** (luxury consumer brands) and **Home Depot** (the world’s largest home improvement company).

*CIFSC refers to Canadian Investment Funds Standards Committee. The CIFSC has the mandate to standardize the classification of mutual funds in Canada. <http://www.cifsc.org/>.

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