

# Desjardins SocieTerra

## Canadian Equity Income Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2023

#### PORTFOLIO MANAGER:

Desjardins Global Asset Management

#### INCEPTION DATE:

May 30, 2022

#### CIFSC CATEGORY\*:

Canadian Equity

### Contributors to relative performance

- The sectors that made positive contributions to the portfolio's performance were the Industrials (+0.28% compared to the benchmark) and Information Technology sectors (+ 0.14%).
- In the Industrials sector, Schneider Electric SE posted a return of +10.51%, adding 14.8 basis points to our overweighting in the portfolio. In Information Technology, Microsoft Corp posted a +18.38% return, contributing 31.6 basis points to relative performance due to its overweighting in the fund. The stock benefited from the popularity of artificial intelligence thanks to its role as a market share leader with Chat GPT.

### Detractors from relative performance

- Consumer Discretionary and Financial Services detracted from the fund's relative performance (-0.38% and -0.2%, respectively).
- In the Consumer Discretionary sector, Restaurant Brands International Inc. (+14.02%) brought the fund's performance down by 18.4 basis points due to the stock's absence from the portfolio. In Financial Services, Fairfax Financial Holding Ltd. (+10.4%) eroded the fund's relative performance by around 9.8 basis points due to its absence from the fund.

### Major changes to portfolio in the period

- The 4 largest transactions in the quarter were:
  - Purchase of 1% of Zoetis Inc. shares
  - Purchase of 0.98% of Publicis Groupe shares
  - Purchase of 0.68% of Thomson Reuters shares
  - Sale of 1.09% of Canadian Tire Corp. shares

### ESG Analysis

The Desjardins SocieTerra Canadian Equity Income Fund aims to provide long-term capital appreciation by investing primarily in equity securities of Canadian corporations. The fund follows a responsible investing approach with the goal of achieving a higher quality score than its benchmark, based on environmental, social and governance (ESG) criteria.

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**ESG Analysis (cont'd)**

For the second quarter of 2023, the fund achieved a quality score of 7.7 on the MSCI scale. The TXDC Index (excluding Energy and Utilities) scored 7.2 for the reporting period. The portfolio allocation in corporate securities with an ESG rating of A or higher was 72%, while it was 61% for the benchmark. Picks of higher-scoring companies in Financials, Information Technology and Materials had a positive impact on the strategy's overall quality score. The SocieTerra Canadian Equity Income Fund differs from its benchmark due to a few key securities picked by the manager, including Bank of Nova Scotia, Microsoft, and Agnico Eagle Mines.

The manager takes the scope of climate change risk into account when picking stocks. In Q2, the portfolio's carbon footprint was 59% lower than the average on the S&P/TSX Index.

\*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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