

# Desjardins SocieTerra

## Global Dividend Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2023

## SARASIN & PARTNERS

PORTFOLIO MANAGER:

Sarasin & Partners

INCEPTION DATE:

May 30, 2022

CIFSC CATEGORY\*:

Global Equity

### Contributors to relative performance

- At a stock level, the holding in US-based **Broadcom**, the chip designer involved in AI functionality, had a positive impact on fund returns. The company's share price responded dramatically to strong interest in AI technology.
- The holding in **Aramark**, a food services provider, continues to see healthy post-Covid recovery and delivered better-than-expected financial results.

### Detractors from relative performance

- In contrast, US-based **International Flavors & Fragrances (IFF)** detracted from returns. It suffered as investors sold shares in consumer staples companies, such as Colgate. Consumer staples companies are IFF's largest customers and have seen lower sales in recent months.
- Shares in health and nutrition company **DSM-Firmenich** weakened after it reduced financial forecasts for the second half of 2023. This follows a weaker-than-expected performance in its vitamin markets. However, the company has plans to restructure its vitamin business, with the potential outcome being greater resilience to uncertain market conditions.

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### Major changes to portfolio in the period

- We introduced **DSM-Firmenich** to the portfolio on the expectation that demand for its products would pick up. We increased our holding in Canada-based electricity transmission and distribution company Hydro One. We regard the company as a more robust alternative to banking sector stocks.
- We reduced our exposure to large technology companies by selling part of our holdings in **Microsoft** after its strong share price performances. We used the proceeds to add to stocks that we believe have greater scope for capital gains.
- We also sold our position in test equipment maker **National Instruments** after it received a bid from Emerson Electric.

\*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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