

Desjardins

Canadian Equity Income Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2023

PORTFOLIO MANAGER:

Desjardins Global Asset Management

INCEPTION DATE:

October 18, 2013

CIFSC CATEGORY*:

Canadian Dividend & Income Equity

Contributors to relative performance

- The sectors that contributed positively to the fund's performance were energy and materials.
- In energy, Cenovus Energy Inc. posted a -21.43% return, adding value due to the stock's absence in the fund. Cenovus's primary concern is the delay in achieving its target of \$4 billion in net debt. This was mainly due to refining margin pressure caused by a drop in oil prices, which resulted in a decrease in free cash flow. Within materials, First Quantum Minerals Ltd. Underperformed (-66.18%), contributing to relative performance due to the fund's absence.

Detractors from performance

- In contrast, the industrials and financials sectors detracted from the fund's relative performance.
- In the industrials sector, Canadian National Railway (+13.79%) weakened relative performance due to its absence in the fund. The stock appreciated on better-than-expected operational results thanks to a warmer-than-expected winter. As a result, volumes and car speeds were favourable for the company. Expecting a disappointing fourth quarter, investors were surprised by operational results, which boosted the share multiple. In the financials sector, the quarterly return of Canadian Imperial Bank of Commerce (+23.35%) was negative for relative performance, considering the absence of a stock in the portfolio. CIBC's share price rose due to several factors, including its real estate lending activities. This sector also benefited from the drop in interest rates in the last quarter, which particularly favoured CIBC, given that it is the bank with the most exposure to real estate lending in the Canadian financial sector.

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Major changes to portfolio in the period

- Purchase of 0.54% of Quebecor Inc. shares
- Purchase of 0.45% of Publicis Groupe shares
- Sale of 1.74% of WSP Global Inc. shares
- Sale of 1.01% of Power Corp of Canada shares

*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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