

Quarterly commentary as of June 30, 2024

PORTFOLIO MANAGER

Mondrian Investment Partners

INCEPTION DATE

11/12/1959

CIFSC CATEGORY*

Global Dividend & Income Equity

Contributors to relative performance

- Stock selection was strong in Europe. Philips was the best performing stock in the portfolio, returning 31.7%. This was due to a \$1.1B settlement of a class action lawsuit in the United States relating to sleep apnea devices sold between 2008 and 2021. Roche was up 10.3% following news that an early-stage trial for an obesity drug had a positive result. This gave investors hopes that Roche can participate in the booming weight-loss drug market, currently dominated by Novo Nordisk and Eli Lilly.
- The portfolio's overweight exposure to the UK added to relative returns, supplemented by positive stock selection. Lloyds Banking Group was strong in the quarter following slightly better than expected results and confident management commentary about loan growth and margin expansion in the second half of 2024.
- The underweight exposure to financials was positive for relative returns. Financials stock selection also added to relative returns, primarily due to Lloyds outperforming in the UK (see above). The portfolio benefited from not holding Mastercard and Visa after a judge in the United States rejected a settlement between the card companies and merchants.

Detractors from performance

- Stock selection was negative in the US accounting for a large proportion of the portfolio's underperformance. The biggest impact was from not holding some of the large technology and internet companies that were exceptionally strong in the quarter – together NVIDIA, Apple and Alphabet took off 2.4% from relative returns. Dollar Tree also detracted from relative returns after reporting disappointing results, with the company citing an early Easter (fewer selling days) and bad weather as the reasons. The company also had one of its distribution centres destroyed by a tornado in April and said it will consider strategic alternatives for the struggling Family Dollar stores. Kenvue reported results that were better than feared, with volumes sequentially better but still negative across all segments. Concerns remain around the company's competitive positioning, something management are looking to address with a 4% reduction in workforce that will free up funds to reinvest into marketing.
- The underweight to information technology stocks was a negative for relative returns, with stock selection also detracting from performance. Apart from NVIDIA and Apple (discussed above), CDW was weak in the quarter after reporting results below consensus. Samsung also underperformed in the quarter despite reporting solid results, as the broader memory chip industry enjoys the beginnings of an upcycle. Samsung has so far been a laggard in high bandwidth memory that is used in AI applications, but the company is working to close the gap.

Desjardins Global Dividend Fund



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- Currency was a negative overall for relative returns. This was mostly due to an overweight position to the Japanese yen which continued to weaken in the quarter. The Bank of Japan continues to keep interest rates low, whilst most other central banks have maintained higher levels of interest rates.

Major changes to portfolio in the period

- We initiated four new positions during the quarter: Roche (a Swiss pharmaceutical company), MatsukiyoCocokara (a Japanese drug retailer), Kering (a French luxury goods company) and Vinci (a French infrastructure company).
- We exited three names: Berkshire Hathaway (a US financial holding company), GSK (a UK pharmaceutical company), and TC Energy (a Canadian energy 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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