

KEY TAKEAWAYS

- The consumer discretionary sector drove performance in Q1.
- Emphasis was placed on owning high-quality businesses with balanced end market exposure.
- We continued to believe in diversification across sectors and individual securities.

PORTFOLIO MANAGER



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PERFORMANCE ANALYSIS

Taking Selective Risk

During the first quarter, the portfolio's consumer discretionary sector contributed positively to overall performance. Amazon rallied alongside the broader Magnificent 7 group (excluding Tesla and Apple), and it appears investors are getting more comfortable with the forward earnings for Aramark. Detractors for the fund came from the financial sector. After rallying almost 35% from the recent trough in October, the S&P Global stock price de-rated as investor expectations for rate cuts (and therefore refinancing) was tampered. However, we continue to believe that sell-side analysts' expectations may prove to be conservative for the company, taking a medium-term view.

TOP 5 CONTRIBUTORS (% QTD)

Issuer	Return	Weight	Contribution
Taiwan Semiconductor	29.27	3.09	0.85
Microsoft	14.82	4.98	0.71
Linde Plc	16.99	4.08	0.70
Meta Platforms	35.06	2.09	0.65
Mastercard	15.99	4.09	0.64

TOP 5 DETRACTORS (% QTD)

Issuer	Return	Weight	Contribution
Berry Global Group	-7.54	2.38	-0.20
Apple	-8.49	1.92	-0.17
Nestle Sa	-4.24	1.59	-0.11
Unitedhealth Group	-3.23	2.80	-0.10
American Water Works	-4.80	1.72	-0.10

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	34	412
3 years	N/A	N/A
5 years	N/A	N/A

Source : Morningstar ratings, Global Equity

1-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.90	1.00
Volatility	9.45	10.33
Information ratio	-1.11	-
Upside capture	90.56	-
Downside capture	97.34	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	39	1465
Dividend yield	2.24%	2.09%
Top 10 holdings weight	39%	
1-year trailing turnover	54%	

* Index: MSCI WORLD (\$ CA)

PORTFOLIO ACTIVITY

Adding Some Yield to Start 2024

We made changes in Q1 to improve the dividend yield of the portfolio, including combining positions in companies that offer similar end market exposures (e.g. United Rentals and Ashtead to non-residential construction) to make way for companies of a similar nature that have better expected returns.

CRH is a good example; the company produces building materials mainly in the U.S., where it has most of its business in cement and aggregates. These are products that are heavy and costly to transport, and current demand outstrips supply which allows for price increases. At the same time, valuation is still undemanding versus U.S. peers.

PORTFOLIO POSITIONING

Focusing on Quality to Fend Off Macro Impact

We continue to focus on owning high-quality businesses with a balanced approach to end market exposure. Our ownership in Gruma is a “defensive” one given its classification within consumer staples, but our view is that it should be able to maintain pricing while commodities have come down. Our investment in Ares Capital Corp. comes at a time when private credit is growing; we believe in its ability to underwrite, and we can participate in the capital returns.

With the shifts in market narrative (from more rate cuts coming into 2024 to now easing expectations of rate cuts), we continue to believe that diversification across sectors and individual securities will protect shareholders from potential downturns while capitalizing on opportunities throughout the year.

MARKET OUTLOOK

Return of Breadth

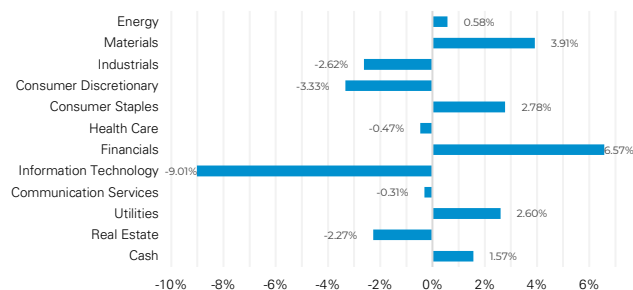
A lot has been written in the markets recently about how bullish signals are broadening (e.g. increasing percentage of countries with manufacturing PMI greater than or equal to 50, aggregated improvements in earnings revisions), but one interesting tidbit has been about the breadth within markets. In the U.S., for example, there has been a significant increase in the number of stocks outperforming the S&P 500, rising to 60% after hovering under 40% in January and February. This suggests that now may be a good time to delve deeper into individual stocks, and that is what we continue to focus on.

SIGNIFICANT TRANSACTIONS (Q1 2024)

Positions initiated	Sector
Rentokil Initial PLC	Industrials
CRH PLC	Materials
CME Group Inc	Financials
Lowe's Cos Inc	Consumer Discretionary
Ares Capital Corp	Financials

Positions exited	Sector
Nestle S.A.	Consumer Staples
American Water Works Co Inc.	Utilities
Ross Stores Inc	Consumer Discretionary
AECOM	Industrials
United Rentals Inc	Industrials

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS

Holding	Sector	Weight (%)
Microsoft	Information Technology	5.14
Mastercard	Financials	4.15
CMS Energy	Utilities	4.13
Elevance Health	Health Care	4.04
Ashtead Group PLC	Industrials	3.91

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General Disclosures

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