

Scotia Sustainable Global Equity Fund

Quarterly fund highlights

As at June 30, 2023

Top 10 Equity Holdings (%)

As at June 30, 2023

Microsoft	6.2
Alphabet (Class A)	4.7
Amazon.com	4.6
UnitedHealth Group	3.7
Interactive Brokers	3.0
Mastercard	3.0
Nestlé SA	2.8
Diageo PLC	2.8
Becton Dickinson	2.8
Fiserv	2.6

Sector Allocation (%)

As at June 30, 2023

Financials	20.4
Health Care	19.8
Information Technology	14.1
Consumer Discretionary	13.4
Industrials	12.9
Consumer Staples	9.3
Materials	5.4
Communications	4.7
Energy	0.0
Utilities	0.0
Real Estate	0.0

Geographic Allocation (%)

As at June 30, 2023

United States	55.7
United Kingdom	12.6
Switzerland	5.8
Canada	5.4
France	5.2

Equity Holdings

As at June 30, 2023

Fund	43
MSCI World Index	1,558

Q2 2023 Update

During the second quarter, the Scotia Sustainable Global Equity portfolio returned 9.9% vs. 6.8% for the MSCI World (Net) Index. Global equities gained in the quarter, led by strength in Information Technology (+16.1%) and Consumer Discretionary (+11.1%) stocks. Energy (-0.3%) and Materials (+0.1%) lagged on a weaker-than-expected recovery in China, while Consumer Staples (+0.2%) trailed on concerns of softening demand.

Regionally, global markets were led by the US (+8.7%), continental Europe (Italy +8.9%, Netherlands +4.3%, Switzerland +4.5%), and Japan (+6.4%), while the Nordic countries lagged (Sweden -0.7%, Finland -7.5%, Denmark +1.7%).

The Scotia Sustainable Global Equity Fund had a strong quarter, solidly outpacing the MSCI World Index. Stock selection drove the outperformance, led by positions in Healthcare (+2.5%), Industrials (+6.6%), and Consumer Discretionary (+11.1%).

Several Healthcare names were notable contributors in the period. Abcam (+82%), a UK leader in antibodies for scientific research and diagnostics, was a standout performer after the company disclosed takeover interest from multiple parties. The company is considering strategic alternatives, including a potential sale. Dechra Pharmaceuticals (+40%), a global leader in companion animal health solutions, also rallied after receiving a takeover offer for the company. Several other positions in the sector also delivered outsized returns, partly benefitting from a pick-up in elective procedures postponed through the pandemic. Our holdings in Amazon (+26%), Microsoft (+18%), and Alphabet (+15%) also continued to perform strongly.

Performance detractors for the quarter were largely concentrated in rate-sensitive areas of the market, such as positions in insurers and some high-multiple technology stocks. Guidewire Software (-14%), a maker of application software for property and casualty (P&C) insurers, was a notable laggard on this basis, alongside our positions in US P&C insurer Chubb (-0.4%) and Hong Kong-based financial conglomerate AIA (-3%).

Scotia Sustainable Global Equity Fund

During the quarter, we initiated a new position in PepsiCo, Inc. and exited our positions in Dechra, Meta, and Guidewire Software. We sold our position in Dechra following the announcement of a substantial cash offer for the company by private equity firm EQT and the Abu Dhabi Investment Authority. We closed our position in Meta as valuations moved higher and expected returns contracted, relative to other areas of the portfolio. Finally, the Guidewire position was exited and we trimmed several names, to redeploy into more attractive risk/return opportunities elsewhere.

*As of June 30, 2023, performance returns for the Scotia Sustainable Global Equity Fund are as follows: 1 month: -5.7%, 3 Mos: 9.9%, 1 Yr: 25.9%, and since inception (05/17/2021): 2.5%.

Performance returns for the MSCI All Country World Net Return USD benchmark are as follows: 1 month: 6.0%, 3 Mos: 6.8%, 1 Yr: 18.5% and since inception (05/17/2021): 2.5%.

Legal disclaimer

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