

# Scotia Sustainable Global Equity Fund

## Quarterly fund highlights

As at December 31, 2021

### Top 10 Equity Holdings (%)

As at December 31, 2021

Microsoft	6.5
Alphabet (Class A & C)	5.4
Amazon.com	4.6
UnitedHealth Group	3.5
Meta Platforms	3.5
Interactive Brokers	3.1
Mastercard	2.8
Copart	2.7
Boston Scientific	2.7
Sherwin Williams	2.6

### Sector Allocation (%)

As at December 31, 2021

Health Care	18.5
Information Technology	17.5
Financials	15.0
Consumer Discretionary	14.6
Industrials	10.7
Communications	10.4
Consumer Staples	6.9
Materials	6.3
Energy	0.0
Real Estate	0.0
Utilities	0.0

### Geographic Allocation (%)

As at December 31, 2021

United States	63.1
United Kingdom	8.6
Japan	5.2
France	5.1
Switzerland	4.8

### Equity Holdings

As at December 31, 2021

Fund	42
MSCI World Index	1,558

## Q4 2021 Update

During the fourth quarter, the Scotia Sustainable Global Equity Fund portfolio returned 7.46% versus 7.8% for the MSCI World Index.

The fourth quarter saw U.S. equities outperform by a significant margin as large cap Technology names added to their relative outperformance in the year. International developed markets were more mixed but generally positive. The Swiss market was a notable outperformer, while major EAFE constituent Japan was a laggard among other developed regions. Emerging markets continued to underperform during the quarter, led by weakness in China as investors weighed continued regulatory uncertainty alongside a concerted slowdown in the domestic property market.

Contributors to the portfolio's outperformance were diverse, including Interactive Brokers, United Health, and Sika. Interactive Brokers benefitted from rising rate expectations and market volatility, United Health was helped by continued growth and a brightening regulatory environment, while Sika announced a transformative and attractive acquisition.

Some offset was provided by weakness in the portfolio's technology holdings. The quarter saw significant pressure on payments-focused and smaller technology companies, while larger businesses did well. Fiserv and Guidewire, were weak despite strong fundamentals, while (unowned) names like Apple and Nvidia were strong. Our Japanese drugstore Tsuruha was also a headwind as it faced weaker sales growth and higher operating costs.

We continue to look for opportunities to upgrade and modestly concentrate the portfolio and, in particular, think that elevated market valuations could provide some volatility if current expectations related to inflation, interest rates, and the pace of economic recovery are confounded. We have been very active over the past year in terms of new research and maintain a healthy "Watch List" of names that have been judged as good fits for our portfolio in all ways but one: price.

# Scotia Sustainable Global Equity Fund

We now own several of the largest companies (and index weights) in the world: Alphabet, Microsoft, and most recently Amazon and Meta Platforms. We believe these positions enjoy longer duration growth opportunities than the market projects, and further believe that their size is not a detriment to growth and innovation. This is due in part to innovative cultures, and in part to the network effects enjoyed by each company.

As always, despite the ongoing macroeconomic and medical headlines, we continue to focus our abilities where we can add the most value: seeking out high-quality businesses with sustainably growing economic power. By being patient and opportunistic in our decision-making, we aim to provide our investors protection against external shocks and grow capital in a lower-risk manner.

\*As of December 31, 2021, performance returns for the Scotia Sustainable Global Equity Fund are as follows: 1 month: 4.80%, 3 months: 7.46% and since inception (05/19/2021): 7.81%. Performance returns for the MSCI World Index Net Return USD benchmark are as follows: 3 months: 7.80%.

## Legal disclaimer

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