

# Desjardins

## SocieTerra Cleantech Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2020

**IMPAX** Asset Management

PORTFOLIO MANAGER:  
Impax Asset Management

INCEPTION DATE:  
June 14, 2016

CIFSC CATEGORY\*:  
Global Small/Mid Cap Equity

### Contributors to performance

Positive vaccine news and expectations of normalising economic activity drove performance during the fourth quarter. Within the Cleantech Fund, this was particularly evident through Renewable & Alternative Energy stocks and the small-to-mid cap bias of the Fund.

- **EDP Renovaveis** (Renewable Energy Developers & Independent Power Producers, Portugal) marked robust price gains alongside other renewables holdings in the portfolio as momentum for clean energy power generation gathered pace with an accelerating global drive to net zero emissions.
- **PTC** (Industrial Energy Efficiency, United States) shares moved sharply higher during the period, with a solid earnings report in excess of market expectations and an optimistic outlook for 2021. This software company provides solutions for lean product management, which boost efficiency and help eliminate waste in industrial processes.
- **Darling Ingredients** (Recycling and Value-Added Waste Processing, United States) rallied during the quarter, following robust Q3 results which led to broker price target upgrades and with optimism after the Biden U.S. Presidential election win. The company is active in the recycling of food waste into biofuel, and has a joint venture focused on low carbon fuel.

*Please note stock commentary is based on absolute contribution to return.*

### Detractors from performance

Defensive businesses, such as Water Utilities, those related to Sustainable Forestry, or Food Staples, struggled to keep up in the strong cyclical rally fuelled by vaccine optimism. Other detractors were largely stock specific.

- **Kingspan** (Buildings Energy Efficiency, Ireland) reported Q3 trading slightly behind expectations, whilst also being impacted by negative press relating to the public enquiry of the Grenfell Tower disaster.

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### Detractors from performance (cont'd)

- **Coway** (Water Treatment Equipment, South Korea) was negatively affected by the COVID-19 resurgence in Korea and a regional strike by doctors, which hampered new account growth. The company manufactures and sells appliances such as air purifiers and water filtration solutions.
- **Dialight** (Buildings Energy Efficiency, United Kingdom), which provides lighting solutions for industrial applications, closed lower in the quarter as the company felt the impact of a combination of component and labour shortages related to the pandemic, and customs delays in the United States.

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### Major changes to portfolio in the period

- Added:
  - **Cryoport** (Industrial Energy Efficiency, United States): a manufacturer of equipment for temperature-controlled transportation of biologic material and therapeutics. The company has a first-mover advantage in a market with a positive outlook for growth and with characteristically high customer retention.
- Sold:
  - **Horiba** (Environmental Testing & Gas Sensing, Japan): exited the position as capital investment is increasing at a time of elevated execution risk.

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### Major changes to portfolio in the period (cont'd)

- **Tekmar** (Wind Power Generation Equipment, United Kingdom): loss of conviction following multiple profit warnings post-IPO on delays to offshore wind, plus concerns on M&A strategy.
- **Welbilt** (Sustainable & Efficient Agriculture, United States): exited to reduce exposure to indebted names operating in industries exposed to further renewed lockdown conditions.

\*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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