

Desjardins Global Equity Growth Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2021



PORTFOLIO MANAGER:
Baillie Gifford Overseas

INCEPTION DATE:
January 26, 2015

CIFSC CATEGORY*:
Global Equity

Contributors to performance

As active growth managers portfolio performance is predominantly driven by stock specific factors:

- **Moderna's** share price continues to be strong as its COVID-19 vaccine is rolled out across different geographic regions. However, the opportunity for the company goes well beyond COVID-19 as it looks to address the 'big four' killers. (autoimmune, cardiovascular, infectious diseases and cancer)
- **Shopify**, continues to see strong demand for its services even as 'bricks and mortar' retail has started to re-open.
- The biotech company, **Novocure**, has seen strong share price appreciation following the announcement of positive preliminary results for a lung cancer trial.

Detractors from performance

- Shares in **Naspers** were weak following market uncertainty surrounding a share swap with Prosus – a recent spin-out. Despite a world-class investment record over the past two decades, Naspers shares trade at a substantial discount to the value of underlying assets and this deal is part of an effort to narrow that discount.
- Shares in Chinese automobile company, **Brilliance** were suspended from trading following the discovery of unauthorised guarantees made by a subsidiary on behalf of loans taken by another group company.

Major changes to portfolio in the period

Your Baillie Gifford portfolio follows a long-term investment strategy – as such the annual turnover remains low (below 20%). Being bottom-up stock-pickers any changes are for stock specific reasons.

- New purchases over the quarter included:
 - **Carvana**, is the leading player in the US online used car market. Its vertically integrated, consumer centric and data driven business model is radically different to traditional car dealerships and should improve the car buying experience and lower prices for consumers.

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

- With its innovative approach and focus on consumers and costs, **Li Auto**, the Chinese based electric vehicle manufacturer has the potential to become one of the leading EV companies in China.
 - **Staar Surgical**, is a US based producer of vision correcting implantable lenses. Its technology is industry-leading and produce better outcomes compared to laser eye surgery. The company looks to expand in Asia and take share from other procedures as positive results increase and consumer confidence grows.
- Complete sales over the quarter included:
- The online discount stockbroker, **Interactive Brokers**, which is seeing rising competition from 'commission-free' rivals.
 - **SoftBank Group**, which was held for an unusually short period of time – since it was first purchased at the start of 2020, the share price has been extremely strong and the valuation discount of its exciting portfolio of underlying assets has fallen.

*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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