

# Desjardins Global Equity Growth Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 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).
- **SEA**, the South East Asian online commerce, gaming and payments platform continues to see strong demand across all three of these platforms.
- **Albemarle**, the worlds largest producer of lithium has benefited from rising lithium prices and higher volumes as demand has been driven higher by the rapid growth in global sales of electric vehicles (EV).

## Detractors from performance

- Shares in **Novocure** continued to be volatile. Shares fell during the third quarter as the market was disappointed by results of a phase 2 trial for treatment for liver cancer. This followed a strong Q2 after the shares rallied on the announcement of preliminary results of a trial for the treatment of certain lung cancer.
- Chinese or Chinese linked companies were also weak over the quarter as the market worried about the impact of increased regulation. In particular, shares in **Naspers** (which has a 30% holding in Tencent, the Chinese gaming company), **Meituan** (Chinese food delivery), **Alibaba** (Chinese e-commerce), **Ping An Insurance** (Chinese insurance) and **Tencent Music Entertainment** (Chinese music streaming) were all weak.

## 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:
  - **Peloton**, the interactive fitness company that provides connected fitness equipment and online classes. We believe that the company can make exercise more accessible, easier to stick with by providing a more convenient home-exercising option.

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

- **Denso**, the leading Japanese auto parts maker with a focus on complex electronic parts, which we believe will benefit from growth in the EV market.
- Complete sales over the quarter included:
  - **Wabtec**, the global supplier of highly engineered components and systems to the rail industry as we feel that future growth is going to be slower than we initially anticipated
  - **Advantest**, the Japanese semiconductor test equipment maker. The company has seen strong growth in recent years. We have sold the holding as we believe its main competitor, Teradyne (which is also in the portfolio) has a better growth opportunity going forward.
  - **LendingTree**, the US online financial product marketplace, which we sold as it struggles to keep up with competitors

\*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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