

Desjardins

SocieTerra Positive Change Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2021



PORTFOLIO MANAGER:
Baillie Gifford

INCEPTION DATE:
September 5, 2018

CIFSC CATEGORY*:
Global Equity

Contributors to performance

- **Moderna** was once again a top contributor to performance as its COVID-19 preventative vaccine has helped to protect over 150m people. Looking further ahead, Moderna continues to invest in research and development, notably with its COVID-19 vaccine (e.g. boosters), other vaccines (e.g. a preventative HIV vaccine) and in its other modalities (e.g. immuno-oncology).
- **Dexcom**, the manufacturer of continuous glucose monitoring devices, saw its share price buoyed by strong revenue growth of 32% year on year. The company continues to work to increase access for patients, particularly those on a low income, as well as invest to improve its devices. Dexcom's G7 device due later this year is expected to enable extended wear and the company has obtained FDA approval for real time data sharing with digital programs in partnerships with Teladoc Health Livongo and Garmin.

Detractors from performance

- Biotech instrument manufacturer **10X Genomics** was weaker over the period despite reporting strong revenue growth in August. As an early stage biotech company, 10X is investing heavily in its platforms and launched a number of new products over the quarter including 'Chromium X' which enables single cell analysis of up to a million cells. We believe that single cell analysis has huge potential in both pharmaceutical and clinical markets.
- **Beyond Meat**, the plant-based meat alternative producer, reported mixed results in August with strong growth in international restaurant revenue offsetting a decline in US retail sales (partly due to consumer stockpiling last year). Looking ahead, Beyond Meat is focused on both product and international expansion, with new products Beyond Burger 3.0 and Chicken tenders receiving positive feedback from consumers.

Major changes to portfolio in the period

Your Baillie Gifford Positive Change portfolio follows a long-term investment strategy. As bottom up stock pickers, any changes are for stock specific reasons.

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

→ New Purchases

- There were no new purchases during the period.

→ Complete Sales

- Glaukos – Glaukos is an ophthalmic company and a pioneer of the Minimally Invasive Glaucoma Surgery. Our initial investment hypothesis was based on Glaukos rapidly taking share in the glaucoma market and building a broad ophthalmology franchise over time. However, since our initial investment, competition within the glaucoma market has been more intense than expected due to the launch of a competing Minimally Invasive Glaucoma Surgery by Ivantis and a surgical procedure by Omni. Subsequent research indicates that while Glaukos still has a competitive offering, the likelihood of the company dominating the market is now much lower. In addition, we have struggled to build conviction on Glaukos' competitive advantage outside of glaucoma. We still believe that Glaukos is a decent business with a respectable management team, but the likelihood of a very attractive investment outcome seems to be diminishing.

*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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