

Desjardins Overseas Equity Growth Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020



PORTFOLIO MANAGER:
Baillie Gifford

INCEPTION DATE:
March 23, 2010

CIFSC CATEGORY*:
International Equity

Contributors to performance

- Tesla was the standout performer in share price terms with the stock almost doubling in value during the quarter.
- Online ecommerce platforms, in aggregate, performed strongly. Holdings in this category that performed well included Alibaba (Chinese general ecommerce), Zalando (European fashion retail), Meituan Dianping (Chinese food delivery and other services), Amazon, and Mercadolibre (LatAm general ecommerce).
- A collection of Japanese holdings also performed strongly, including M3 (online medical portal), Nidec (manufacturer of electric motors), and Softbank (technology investment group).

Detractors from performance

- There was no pattern or theme amongst the stocks that detracted from performance. Several of the weaker performers gave back some of the gains that were made during periods of strong performance earlier in the year, e.g. Spotify (music streaming), ASML (lithography), Wix (website building tool), and Ambu (medical equipment).
- Rolls-Royce has been a source of underperformance for a longer period. Over the last couple of years, the company has struggled with engineering challenges on their Trent 1000 fan blades, and more recently they have been hit by the downturn in demand for flights following the coronavirus pandemic.

Major changes to performance in the period

- This is a long-term portfolio and there were no major changes in overall positioning.
- New buys:
 - Afterpay is an Australian payments company that has pioneered 'Buy Now Pay Later' payment in the digital realm. It sees itself not as a provider of credit so much as a means of budgeting (for consumers) and customer acquisition (for merchants).

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

- WiseTech is an Australian company that offers Enterprise Resource Planning software to customers in the logistics industry. It has an enormous global market to go after and already counts several large logistics companies as satisfied customers.
- Complete sales:
 - Elekta manufactures equipment for precision radiation medicine. Uptake of its new technology, MRI-Linac, has been disappointing and there are early signs of an increasing number of different competitive technologies.

*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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