

Desjardins Global Equity Growth Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 30, 2020



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:

- **Tesla** was the top positive contributor as it continues to see strong demand for its electric vehicles, with the company on track to sell half a million cars in 2020.
- **Zillow**, the US property sales platform, continues to successfully transform from a pure play aggregation website to a property transaction company.
- **SEA**, the South East Asian online platform, continues to see strong demand for its gaming and ecommerce apps as improved infrastructure and Covid-19 accelerate the shift to online.

Detractors from performance

- Not holding **Apple** was the biggest detractor from relative performance.
- **Naspers** saw weak results from its 'Classifieds' platforms, however, the company continues to trade at a significant discount to its underlying assets and is in a strong position to take advantage as competitors struggle.
- **Kirby**, a US barge operator, which has significant exposure to the oil and gas industry has suffered from a weak oil price.

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:
 - Four Software as a Service (SaaS) companies, **Adyen**, **Datadog**, **Cloudflare** and **Snowflake**. All four are cloud-based platforms which facilitate operations in the respective payment, infrastructure monitoring, security and data storage and analysis spheres.

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

- **Rio Tinto** – this diversified metals and mining group is one of the lowest cost global producers of iron ore, aluminium and copper. These are all key components of renewable infrastructure and so should see increased demand as we transition into a low carbon economy.
- Complete sales over the quarter included:
 - **Visa** – this was a very successful holding since it was first purchased in 2012. However, the holding was sold over worries that the structural shift of consumers away from cash to cards will start to slow down and that companies such as Adyen (see above) will disrupt the market.

*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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