

Desjardins Overseas Equity Growth Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2020



PORTFOLIO MANAGER:
Baillie Gifford

INCEPTION DATE:
March 23, 2010

CIFSC CATEGORY*:
International Equity

Contributors to performance

- Tesla continued doing well operationally and was the largest contributor to performance. Its third quarter sales increased 39% year-on-year. In addition, it improved its profitability and was able to post a fifth net income in a row.
- Positive contributors to performance included online platforms and e-commerce companies such as M3 (a Japanese group operating online medical platforms globally) and MercadoLibre (the leading e-commerce company in Latin America).
- The holding in NIO, a Chinese manufacturer of premium Electric Vehicles, also contributed positively to performance.
- The current pandemic is accelerating online demand for the goods and services provided by MercadoLibre and M3 whilst increasing awareness for climate change which benefited NIO. As a result, these three companies delivered strong operational performances.

Detractors from performance

- Detractors to performance included Alibaba (the largest e-commerce platform in China), Ocado (the British online grocery company) and TAL Education (a leading provider of After School Tuition in China). Their share price performances were mainly explained by company specific news.
- Alibaba continued doing well operationally as it notably benefited from the continued uptick in online activity. But its share price reacted negatively to the suspension of the much-anticipated IPO of its subsidiary Ant Financial, only a few days before it was due and following a disagreement with the Chinese government. We have always considered alignment with the economic goals of the state to be an important part of the Alibaba investment case and we are considering how deep the current problems may run before taking any action.

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Major changes to portfolio in the period

- This is a long-term portfolio and there were no major changes in overall positioning.
- Stock level new buys:
 - **Moderna** – Moderna is a leading player in the field of mRNA therapeutics, a new class of medicines that leverage the body's natural protein-production apparatus in order to treat diseases. The company has been investing aggressively in order to build expertise and intellectual property in this new area, and we believe it is in a position of leadership.
- Stock level complete sales:
 - **Rocket Internet**: The European Internet company was taken private in a tender offer during the quarter.

*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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