

Desjardins

Global Equity Growth Fund



QUARTERLY COMMENTARY AS OF JUNE 30, 2023



PORTFOLIO MANAGER:
Baillie Gifford Overseas

INCEPTION DATE:
January 26, 2015

CIFSC CATEGORY*:
Global Equity

Contributors to relative performance

As active growth managers, portfolio performance is predominantly driven by stock-specific factors:

- The top contributor for the quarter was the building materials business, **Martin Marietta**, which had strong first-quarter results and the announcement of a quarterly dividend of \$0.66 per share, paid at the end of June.
- Another contributor to performance over the quarter was the programmatic advertising platform **The Trade Desk (TTD)** which reported another set of strong results despite a more challenging advertising market.

Detractors from relative performance

- Southeast Asian ecommerce, gaming and fintech company, **Sea**, saw its share price decline around -35% over the quarter, but remains up close to 9% year-to-date as markets were skittish following its earnings results reported in May and the lack of visibility on growth from the company.
- **Royalty Pharma's** share price was also challenged in the quarter, -16% over the period affected by a broader weakness in the healthcare sector during the second quarter.

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Major changes to portfolio in the period

→ New Purchases:

- **Sartorius Stedim Biotech** — Sartorius Stedim, a biopharmaceutical equipment supplier, promises a substantial growth opportunity in biological drugs and single-use equipment manufacturing. Its stable management and market motivate this new investment.
- **ASM International NV** — ASM International, an innovator in semiconductor equipment and atomic layer deposition, appeals due to fast growth in its sector. This led to this new investment.
- **Samsung Electronics** — We have taken an incubator holding of 0.5% of the portfolio in Samsung Electronics, the world's second-largest semiconductor company. Our investment case is primarily based on the company's memory business growth. We see an attractive long-term growth runway for the memory business based on the expected increase in demand for mid to high-end AI servers. It provides exposure to one of the world's most innovative semiconductor companies and a high-quality business.
- **Advanced Micro Devices Inc** — Advanced Micro Devices (AMD) is a leading semiconductor company, growing its market share in the data centre and CPU markets against competitors. They are also focused on configurable chips and GPUs. Their strengthening position prompted this investment.

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

- **NVIDIA** — We have taken a new holding in NVIDIA, a California-based company that designs graphics chips (GPUs). NVIDIA has built a monopoly ecosystem at the forefront of the next potential paradigm shift in computing - Artificial Intelligence. This ability extends the company's opportunity. Founder Jen-Hsun Huang's vision and ambition, and the culture he has created at NVIDIA, are critical to its success. It has built a formidable competitive position in several large, multi-year growth opportunities, which we feel NVIDIA is uniquely positioned to capitalize on.
- Completed Sales:
 - **Booking Holdings Inc** — Booking Holdings, a major online travel agency, was sold after a recovery in its share price, and the capital was reinvested in high-conviction investments.
 - **Wizz Air Holdings Plc** — Wizz Air, a Hungarian low-cost airline, was sold following a substantial increase in its share price to redirect funds into more promising investments.
 - **Axon Enterprise Inc** — Axon Enterprise, known for non-lethal weapons and body cameras, was sold due to valuation concerns despite its successful transition from hardware to service provision.
 - **Meituan** — Meituan, a Chinese local services platform, was sold due to regulatory pressures and increased competition which weakened its leadership position and undermined its economic yield.

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