

# Desjardins

## Global Equity Growth Fund



QUARTERLY COMMENTARY AS OF SEPTEMBER 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:

- Scandinavian classifieds businesses **Schibsted** and **Adevinta** saw their share price boosted by news of a potential take-over bid.
- Premium outdoor equipment company, **Yeti**, announced strong results and increased guidance for the remainder of the year.
- Financial technology company **Broadridge Financial Solutions** also announced better-than-expected results.

### Detractors from relative performance

- Online pet retailer, **Chewy**, saw share price weakness on the back of signs of slowing new user growth, although sales grew 14% and the company turned profitable with margins higher than expected.
- Dutch payments services provider, **Adyen**, was particularly weak as the company reported a slowdown in revenue growth and margin compression due to growing competition in the US and higher investment.
- French beverages company **Pernod Ricard**, reported weaker-than-expected growth due to a softer recovery in China and consumers 'trading down' from premium products in the US.

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

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

- YETI Holdings : We have invested in **Yeti** because it is a premium outdoor equipment company with a strong brand, conscientious management, and a focus on quality and marketing. We believe Yeti can continue to take market share in a \$600bn industry as consumers prioritize outdoor experiences with reliable products.
- Nippon Paint : We have invested in **Nippon Paint** because it is a Japanese manufacturer with strong financial characteristics, powerful brands, and a track record of success. It has opportunities for growth in China and other emerging Asian markets, and we believe in its long-term growth outlook despite short-term challenges.
- Comfort Systems USA : We have invested in **Comfort Systems** because it is the leading industrial contractor in the US, specializing in HVAC systems, plumbing, fire protection, and wiring. The company has a strong management team, and its future growth is supported by structural drivers such as US manufacturing reshoring, infrastructure upgrades, and the green energy transition. The company's culture of high-quality projects and customer service is another advantage.

\*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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#### Complete Sales

- Deutsche Boerse : We have decided to sell **Deutsche Boerse**, which has been held since July 2009. Despite being a strong contributor to returns, the company's valuation has significantly increased, and we believe there are better growth opportunities available elsewhere.
- Denso : Similarly, we have sold your investment in **Denso**, a Japanese auto parts maker. While it remains a key supplier to Toyota and increasingly to other auto manufacturers it has seen a substantial increase in its share price and we feel that less upside remains. We have used the proceeds to fund higher conviction growth ideas elsewhere.

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