

Desjardins SocieTerra

International Small Cap Equity Fund



QUARTERLY COMMENTARY AS OF DECEMBER 31, 2023

Baillie Gifford™

PORTFOLIO MANAGER:
Baillie Gifford

INCEPTION DATE:
June 21, 2022

CIFSC CATEGORY*:
Global Small/Mid Cap Equity

Contributors to relative performance

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

- **Global Unichip** (fabless semiconductor designer) continues to benefit from growing demand for its application specific integrated circuits.
- **Hypoport** (a German mortgage origination software provider) saw its share price rise as its Europace platform gained market share and secured new clients, despite challenging housing market conditions.
- **Addtech** (niche engineering) has benefited from stable sales of components to manufacturing companies within the defence and process industries, and strong orders for infrastructure projects.

Detractors from performance

- **Chroma** (makes testing equipment for electronic components) announced weaker-than-expected Q3 results due to softness in its EV-related testing and turnkey business.
- **Victoria** (flooring products) saw its share price fall due to weak demand for its products and a qualified opinion from its auditor in its latest annual report due to internal governance lapses.

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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.

Added :

- **WAG Payment Solutions** — WAG Payments (Eurowag) provides tools and services to commercial road transport (CRT) businesses in Europe, including fuel and toll payments, tax invoicing automation, working capital solutions, and fleet management software. The company has a huge opportunity to solve inefficiencies in the highly fragmented CRT market, which accounts for 75% of Europe's land-based transport volumes. Eurowag's founder/CEO's deep understanding of customers and ambition, along with the company's focus on software sales, scalability, and sustainability, make it an attractive investment opportunity.
- **GMO Financial Gate** — GMO Financial Gate is a Japanese payment processing company that aims to replace cash with card payment, particularly in unattended payment opportunities like vending machines. With efficient payment infrastructure and lower transaction costs, the company targets different industries and has a strong endorsement of scalability. In addition, the company has a strong focus on employee development, data security, and service reliability. The investment has the potential for significant returns.

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

Sold:

- **First Derivatives** — We have sold your shares in FD Technologies due to concerns over the ownership structure and the pace of execution, despite the company's undervalued technology offering. We have reinvested the capital into higher conviction ideas.
- **ESI Group** — ESI is facing a takeover offer from Keysight, so we have sold your shares and invested in ideas with more potential.

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