

The fund was up 19.0% in the fourth quarter, outperforming its benchmark of FTSE World Index (up 10.3%). The fund has underperformed its benchmark over the past 3 years, down 2.8% (versus the benchmark up 5.0%).

### **Economic backdrop**

US economic activity is growing moderately from healthy levels despite headwinds from sharply rising interest rates, waning fiscal stimulus, slowing residential investment, notably higher consumer inflation and concerning geopolitical tensions. The US labour market has been resilient thus far and household balance sheets remain robust, although consumer confidence has declined. The US dollar strengthened considerably last year as the Federal Reserve Bank lead globally with interest rate hikes to tackle high inflation.

Europe's economy is weakening, with higher inflation (due to high energy prices exacerbated by a weaker currency) and very low consumer confidence. Although the war in Ukraine continues to impact (primarily via the sanctions on Russia raising energy and agricultural product prices), success in reducing gas consumption and securing alternative energy sources, coupled with a very mild winter period, has helped to prevent a deeper contraction. German manufacturing and exports, particularly automotive production, should benefit from easing global supply chain frictions and recovering production in the constrained semi-conductor sector.

Japanese economic activity has seen solid recent recovery due to the complete lifting of COVID restrictions (improving business sentiment and private consumption) and continued strong export activity - all against a backdrop of an extremely loose monetary policy and very weak yen. As with Germany, Japanese manufacturing and exports should benefit from easing global supply chain frictions and reduced semi-conductor lead times.

Chinese economic activity, particularly consumption, is finally recovering from the self-enforced slowdown from prolonged urban pandemic lockdowns, which are rapidly being unwound. Property market activity, while still very weak, is slowly benefitting from some policy easing. Chinese government policy has shifted more towards promoting growth after the economy, in 2022, posted the lowest annual growth rate since the 1970s.

The outlook for other developing economies differs widely, with varying exposures to high commodity prices (energy, metals and agricultural prices), persistently weak tourism activity and the closure of Chinese borders. Some poorer economies in particular are facing extremely high food and energy inflation, which is leading to increased socio-economic and fiscal instability.

### **Market review**

Global markets were positive in the final quarter (up 9.9% in US dollars), with Germany (up 25.7%) and France (up 23.2%) outperforming. Emerging markets were also positive in the period (up 9.8%), with outperformance from Turkey (up 62.9%), South Africa (up 18.5%) and South Korea (up 17.8%), while Brazil (up 3.3%) and India (up 2.1%) underperformed. 2022 was a very weak year for global equity markets (down 17.7% overall).

### **Fund performance and positioning**

The fund's outperformance relative to the benchmark over the fourth quarter of 2022 was mainly due to positive contributions from our Industrials, Materials and Consumer Discretionary holdings.

The majority of our holdings contributed to positive performance in the quarter, with notable positive contributions from Siemens, Siemens Energy and Prudential. Amazon, Walt Disney, Philips and Ballard detracted in the quarter.

The fund has maintained underweight positions in the Communication Services, Information Technology, Consumer Staples, Energy, Financials and Utilities sectors. The fund continues to have significant overweight exposure to the Industrials (SKF, Bodycote, Siemens, Timken, Siemens Energy), Consumer Discretionary (Adidas, Amazon, Panasonic, Sekisui Chemical, Sonos), Materials (DuPont, Evonik and Johnson Matthey) and Health Care (Zimmer, Boston Scientific, Philips, Bayer) sectors.

Our fund is mainly positioned in companies listed in developed markets, with exposure to a broad range of diversified sectors. Some examples of the global structural themes underpinning some of our holdings include an ageing population (pharmaceuticals, financial services, medical devices), tomorrow's workforce (automation and robotics), future mobility (energy storage, components and consumables), food security (crop protection, fertilisers, seeds and aquaculture) and green energy transition (wind and hydrogen power).

We have maintained our overweight positioning in Health Care, Consumer Discretionary and high-quality cyclical companies as we believe that share price levels are very low relative to their long-term prospects, and they should provide very attractive forward-looking returns.



### **Disclaimer**

Camissa Global Equity Fund is a sub-fund of Camissa Global Asset Management ICAV. This Fund is managed by KBA Consulting Management Limited. The Fund and the Manager are authorised in Ireland and regulated by the Central Bank of Ireland.

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**Additional information:** Please read the Key investor information in conjunction with the Supplemental Deed of the fund and the Fund prospectus.