Camissa Global Equity Fund
Quarterly commentary
December 2023

Camissa Global Asset Management

The fund was up 10.1% in the final quarter, underperforming its benchmark of FTSE World Index (up 11.6%). The fund underperformed its benchmark over the past year up 20.8% (benchmark was up 24.1%) It was up 0.3% since inception in 2018, versus the benchmark up 9.6%.

Economic backdrop

Global economic activity should remain firm, benefiting from easing financial conditions and strong developed market real household income growth due to sharply falling inflation and higher wages. The US economy is demonstrating particular strength, with a relatively strong consumer underpinned by a very robust labour market and high aggregate household wealth.

Europe's economy, which has stagnated given its linkage to China's weak economic recovery, should benefit meaningfully from a rebound in global manufacturing activity (from low levels) and the ongoing normalisation lower of gas prices. In Japan, continued export growth, improving business investment and private consumption (due to re-emergent wage growth and aided by a large once off personal tax refund) is leading to sustained solid economic activity.

The Chinese economy's recovery has fallen well short of expectations following the lifting of prolonged pandemic lockdown restrictions. Although contact-intensive service industries have experienced a strong recovery, property market activity has been very weak for a sustained period and has depressed consumer confidence. A recovery in exports, manufacturing and infrastructure spending, along with more decisive government stimulus measures should result in stronger near-term growth.

Economic activity in South Africa is severely constrained by an inadequate electricity supply, acute underperformance of transport infrastructure, poor service delivery from weak and revenue-hungry municipalities and chronically low business confidence. Additionally, the economic contribution from the mining sector that has benefitted from high commodity prices, is now far lower. For these reasons, coupled with the sizable government debt burden and a large, unskilled population with high unemployment - we remain pessimistic regarding the structural growth rate for the local economy. Gradual steps by government toward economic reform (now involving more productive private sector partnerships) need to speed up in order to stabilise the economy and prevent further decline.

Markets review

Global markets were strongly positive in the final quarter (up 11.5% in US dollars), with Germany (up 13.9%) and the US (up 11.7%) outperforming. Emerging markets were also positive in the period (up 7.9%), with outperformance from Brazil (up 19.1%), South Korea (up 15.5%) and South Africa (up 12.7%), while China (down 4.2%) and Turkey (down 12.1%) underperformed. 2023 was a very positive year for global equity markets that were up 24.4% overall.

Fund performance and positioning

Negative contributions from our Industrials, Health Care, Communication Services and Consumer Discretionary investments detracted on an absolute and relative basis over the third quarter. The main positive contributors to the fund's performance relative to the benchmark were our Real Estate holdings and our significant underweight the Information Technology sector, which had a weak quarter.

Notable positive contributors in the quarter were Aroundtown, Sumitomo Mitsui Financial and Mitsubishi UFJ Financial. Disappointing share price performances from Prudential, JD.com and Bayer were the main detractors in the quarter.

The fund has maintained underweight positions in the Information Technology, Consumer Staples, Utilities and Financials sectors. The fund continues to have overweight exposure to the Industrial (SKF, Siemens, Bodycote, and Timken), Consumer Discretionary (JD.com, Sonos, Amazon and Sekisui Chemical), Materials (Evonik, Johnson Matthey and Nutrien), Health Care (Philips, Bayer and Medtronic), Communication Services (Netflix and Walt Disney) and Real Estate (Aroundtown and Grand City Properties) 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 positioning in 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.

Unit trusts are generally medium to long-term investments. The value of units will fluctuate and past performance should not be used as a guide for future performance. Camissa does not provide any guarantee either with respect to the capital or the return of the portfolio(s). In addition, macroeconomic, political, foreign exchange, tax and settlement risks may apply. However, our robust investment process takes these factors into account. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Exchange rate movements, where applicable, may affect the value of underlying investments. Different classes of units may apply and are subject to different fees and charges. Camissa has the right to close the portfolio to new investors in order to manage it more effectively in accordance with its mandate.

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