Camissa Global Equity Fund

September 2024

The fund was up 9.9% in the third quarter, outperforming its benchmark of FTSE World Index (6.4%). The fund underperformed its benchmark over the past year, up 23.9% (benchmark was up 32.4%). It was up 2.1% since inception in 2018, versus the benchmark up 11.4%.

Economic backdrop

Global economic activity remains firm, but somewhat uneven. Financial conditions are gradually easing and developed market real household income is growing due to falling inflation and firm wages. The US economy in particular is growing solidly, with strong consumption underpinned by a robust labour market, healthy immigration and high aggregate household wealth.

Following a sluggish post-pandemic reopening recovery, China's economic growth (especially exports and infrastructure spending) has been weak in nominal terms given ongoing deflation. The prolonged weakness in the property market has dampened consumer confidence, contributing to disappointing consumption growth. Policymakers have now responded with more aggressive monetary and fiscal stimulus plans that are likely to boost sentiment and may improve near-term economic activity.

Europe's economy has been stagnating given its export link to China's weak economic recovery, scarring from the energy crisis and the eroding competitiveness of its automotive sector. It should benefit from any rebound in global manufacturing activity from low levels. Japan is maintaining solid economic activity, with improving business investment and increasing private consumption amid high wage growth.

Near-term South African economic activity should be somewhat boosted by a mild cyclical recovery in real consumption as consumers benefit from declining inflation and interest rates, along with cash withdrawals from the two-pot retirement dispensation. Nevertheless, economic activity is constrained by acute underperformance of transport infrastructure, poor service delivery from weak and revenue-hungry municipalities, inadequate (albeit improved) electricity supply and low business confidence.

Following the election and the formation of the Government of National Unity, there have been positive leadership changes in key ministries and a commitment to attempting to address the country's structural problems. Consequently, following the dramatic economic decline of the last 15 years, there is room for optimism that the economy may stabilise, and the country may potentially be setting on a more constructive path. Yet, given the deep structural issues in the economy - most notably the sizable government debt burden and a large, unskilled population with high unemployment levels - we believe that a modestly higher growth trajectory will take an extended period of time to engineer and that this path is beset with risks.

Markets review

Global markets were positive in the third quarter (up 6.5% in US dollars), with Hong Kong (up 22.3%) and Germany (up 10.2%) outperforming. Emerging markets were also positive in the period (up 8.9%), with outperformance from China (up 23.6%), South Africa (up 16.3%) and Brazil (up 8.5%).

Fund performance and positioning

Notable positive contributors in the quarter were JD.com, Aroundtown and Koninklijke Philips. Sonos was the main detractor in the period.

Relative to the benchmark over the third quarter of 2024, key positive contributors to the fund's performance included our consumer discretionary (JD.com, JD Sports Fashion, Continental), healthcare (Koninklijke Philips, Bayer, Medtronic), information technology (Fiserv) and real estate (Aroundtown) holdings. Sectors that contributed negatively were our communication services (Walt Disney), consumer staples (Ontex), financials (Mitsubishi UFJ, Sumitomo Mitsui, Citigroup), iustrials (Bodycote, Nisshinbo) and materials (Nutrien) holdings.

Invest with us Website www.camissa-am.com **Client service** +(353)1 434-5122 **Email** Camissa_TA_Queries@ntrs.com

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 and medical devices), tomorrow's workforce (automation and robotics), future mobility (energy storage, components and consumables) and food security (crop protection, fertilisers, seeds and aquaculture).

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

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

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