Quarterly commentary

June 2026

Portfolio manager
Gavin Wood

Qualifications
BBusSc, FFA, CFA

Benchmark
FTSE World Index ZAR

ASISA category
Global Equity General funds

Camissa Global Equity Feeder Fund

Quarterly commentary | Q2 2026

Date of issue: 29 July 2026

The fund was up 3.4% in the second quarter, relative to the FTSE World Index (up 11.8%). It underperformed its benchmark over the past year, down 1.9% (benchmark up 16.7%). Since its inception in 2018, the fund is up 7.9% pa, behind the benchmark, up 16.0%.

Economic backdrop

Global economic activity has proved surprisingly resilient in the face of the energy supply shock from the Iran conflict, supported by enormous AI capital expenditure, very strong US and Asian financial markets, and a reasonably buoyant US consumer environment.

The US labour market is healthy, with persistent tightness resulting in a sustained boost to wage growth. Consumption has been lacklustre recently, with a squeeze in real incomes from higher energy prices partially offset by tax cuts. The AI capital expenditure boom continues to make a significant contribution to economic growth, supporting elevated business investment and household consumption through rising equity wealth.

Europe’s manufacturing sector, already scarred by the energy shock following the Ukraine war, has seen its competitiveness erode further, particularly relative to China. On the positive side, the labour market remains resilient (especially in the South), and Europe is set to benefit from higher fiscal stimulus (particularly in Germany). In Japan, there are early signs that strong wage growth is finally translating into a more sustained recovery in real household consumption. This improving domestic backdrop is being supported by a significant increase in AI infrastructure exports.

China's nominal economic growth has been weak due to ongoing deflation and the consequences of a weak property market. Export activity remains very robust, with solid growth in high-tech products. Greater monetary and fiscal stimulus, together with targeted structural state interventions, has yet to materially improve consumer confidence.

Markets review

Global markets were positive in the second quarter, up 13.9% in US dollars. Japan (up 34.2%), the US (up 15.2%) and Germany (up 9%) were the largest positive contributors to developed market performance. Hong Kong contributed negatively in the period, losing 6.5%. Emerging markets outperformed over the quarter, up 24.1%, led by very strong gains in South Korea (up 80.3%) and India (up 10.2%). Brazil (down 7.5%), China (down 6.6%) and South Africa (down 1.7%) all contributed negatively.

Fund positioning

The main positive contributors to performance were materials (Smurfit Westrock and Johnson Matthey), energy (Gaztransport and Ontex) and industrials (Siemens, Carrier and Bodycote). A significant underweight position in information technology, which had a very strong quarter, was a key detractor of our performance relative to the benchmark.

The fund is mainly positioned in companies listed in developed markets, with exposure to a broad range of diversified sectors. 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 (electric vehicles, energy storage, components and consumables) and food security (crop protection, fertilisers and seeds).

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

Stock snapshot

Global

JD Sports Fashion is a global omnichannel retailer of sports footwear, apparel and outdoor brands, primarily targeting younger consumers. The group operates a diversified portfolio of store fascias led by its core JD brand, complemented by retail brands such as DTLR, Shoe Palace, Hibbett and Finish Line. JD Sports’ largest market by revenue is North America (38%), followed by Europe (33%), the UK (25%) and Asia Pacific (4%).

The company has strong strategic partnerships with global sportswear brand owners, particularly Nike and Adidas, providing security of supply and access to exclusive assortments. This enables it to achieve a high proportion of full-price sales, underpinning its consistently strong gross margins and return on capital signature.

Opportunities to improve store sales densities through conversions to its core JD brand, investment in a more efficient supply chain and the scaling of its online platforms should support stronger earnings and cash flow generation. Despite these attractive fundamentals, the shares continue to trade at a very low rating, presenting a compelling investment opportunity.

Quarterly commentary

June 2026

Portfolio manager
Gavin Wood

Qualifications
BBusSc, FFA, CFA

Benchmark
FTSE World Index ZAR

ASISA category
Global Equity General funds

Camissa Global Equity Feeder Fund

Quarterly commentary | Q2 2026

Date of issue: 29 July 2026

Dexerials is a Japanese manufacturer of specialist electronic materials, holding very high market shares across its core products, which are low in cost but critical to end-product functionality. The two principal products are anisotropic conductive films (ACFs) and anti-reflection films (ARFs). ACFs bond chips and modules to circuits across displays, cameras and sensors, while ARFs reduce glare on device screens.

ACFs and ARFs together comprise around two-thirds of sales. Their sustainable competitive advantage is the design-in (engineered into customers' products) of their products, often making Dexerials the sole supplier and causing high switching costs and durable pricing power. This is the foundation of the group's high margins and returns on capital.

Particularly strong growth is coming from the photonics business, where Dexerials supplies high-speed photodiodes for the optical transceivers that move data inside AI data centres. Demand is strong, and Dexerials holds a technological edge in the compound-semiconductor photodetection required by the highest-speed transceivers.

Its currently elevated capital expenditure levels reflect investments in high-return growth opportunities, which we believe should create significant long-term value.

Contact
camissa-am.com
080 086 4418
clientservice@camissa-am.com