

Fairtree Global Equity Fund Q4 2024

Commentary

The Fund returned -6.35% for the fourth quarter, underperforming the benchmark by 5.36%. Global markets traded lower during the period, with the MSCI ACWI Index returning -0.99% and the MSCI Emerging Markets Index dropping 8% (all in USD) on the back of a stronger dollar and the impact of potential tariffs from the US. All major markets within the MSCI ACWI posted negative returns over the period, except for the US following Donald Trump's victory in the presidential election.

The US market climbed 2.7% over the quarter following Donald Trump's victory in the presidential election, while the US economy continued to power ahead with an annualised GDP growth of 3.1% in the third quarter. The Federal Reserve cut interest rates by 50 basis points to the range of 4.25% to 4.5% over the period but scaled back the number of interest rate cuts expected in 2025. European shares ended the quarter 9.7% lower, as concerns over potential tariffs from the US and continued weak data points weighed on the market. The European Central Bank cut interest rates by 50 basis points and indicated more rate cuts will follow in 2025 on the back of the muted growth outlook for the region. The French market dropped 10.3% on the back of debt concerns, while Germany saw its coalition government collapse with elections due to start in February. Within emerging markets, Taiwan was the strongest performer, led by ongoing optimism around artificial intelligence. Brazil was the worst-performing emerging market, driven by ongoing currency weakness and a worsening fiscal outlook. South Korea was the second weakest emerging market over the quarter following the impeachment of both the president and then the acting president in December.

Noteworthy portfolio actions over the month include trimming the Fund's holdings in Meta, while the positions in Molina, Paccar and Automatic Data Processing were sold into strength. The Fund's positions in Coca-Cola, Crocs, JD Sports and Chinese E-commerce names were all topped up on weakness during the quarter. Notable contributors to Fund performance were positions in Google (+54 bps absolute, +22 bps relative), Amazon (+47 bps absolute, +8 bps relative), Lululemon (+25 bps absolute, +23 bps relative) and Broadcom (+23 bps absolute, -10 bps relative). Notable detractors from performance over the month came from Pinduoduo (-102 bps absolute, -98 bps relative), Evolution (-96 bps absolute and relative) and JD Sports (-57 bps absolute and relative).



The Fund's positioning remains unchanged, with an underweight position in the Cyclical names in favour of technology and growth businesses and a marginal overweight on Defensive names. The Fund remains overweight in China through Chinese technology shares and overweight in Kazakhstan through Financial shares. We remain underweight in Japan, as well as US technology shares as we do not believe the risk-rewards are attractive at current levels.



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Highest rolling one-year return 29.59% (Benchmark: 34.17%) and lowest rolling one-year return -17.19% (Benchmark: -18.73%) (information as at 31 December 2024). The Fund has returned an annualised return of 7.25% since inception (September 2021) (benchmark annualised return of 8.54% since inception). The Fund's annualised performance over one-year is 11.54% (Benchmark: 18.83%). Fund returns disclosed are annualised returns net of investment management fees and performance fees. Annualised return is weighted average compound growth rate over the period measured. Fund investment risk indicator level: aggressive. Full performance calculations are available from the manager on request. Annualised performance: Annualised performance shows longer term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request. Highest & Lowest return: The highest and lowest returns for any 1 year over the period since inception have been shown. NAV: The net asset value represents the assets of a Fund less its liabilities.

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