Fund report, Q4 2021
Equitas
Equities

Sparinvest

INCREASING RISK APPITITE

Increasing number of corona infections

Markets. Appetite for risky assets returned at the end of Q4. The news stories were again dominated by the development of the Coronavirus. On the negative side, the rise in infected people led to the well-known societal restrictions especially in Europe and Asia. On the positive side, there were some indications that this did not burden the hospital system to the same extent, as was the case early in the pandemic. Overall, this gave hope that the effects on the economic momentum would be limited and of a more short-term nature.

Most of the growth-related indicators continued to decline during December. The order components in the so-called Flash PMI's, which were published recently, showed declines in the U.S., Europe and Japan. It extended the period of loss of momentum in input orders that set in in the early summer of 2021. For the growth picture in the OECD area, levels were not critical, but the direction characterized a slowdown in recent quarters. Corresponding key figures from China suggested some stabilization. The manufacturing industry still operated close to the critical level, which reflected stagnation. On a Chinese scale, the general economic momentum fell to uncomfortable levels. The debt problems in the Chinese real estate sector have been going on for a long time. Data from November showed lower activity in the housing market in China and at the same time a negative effect on prices.

For the first time in a number of years, the housing sector is challenging economic policy in China, where the authorities partly want to curb speculation trends and partly want to curb debt build-up in the sector. For that reason, interventions have so far been on the defensive side and probably mostly aimed at stabilizing development.

Decent returns in 4th quarter

The Portfolio delivered a return of 8.3% in the 4th quarter, which is slightly below the fund's benchmark index, MSCI World ACWI, which returned 8.7%.

The portfolio's minor underperformance was due to a low return from the allocation in emerging markets, where, among other things, the problems in the real estate sector and tighter regulation in the IT sector led to a return of 0.6% for the region. In addition, the global value fund underperformed mainly due to a higher valuation of more growth-oriented equities as well as an underexposure in Tech. Danish equities also had a challenging quarter in comparison to global equities and ended with a return of 4.5%.

On the positive side, Global Equities SRI and Sustainable Equities both delivered returns of 12.8% and 10.3% respectively. The good performance from Sustainable Equities was generally due to a broad-based performance of the companies in the portfolio, but especially positions within IT and health care contributed to the excess return. For Global Equities SRI, the combination of value, momentum and quality worked really well in a year where performance was broad based on many equities and sectors, rather than a selected few, which had been the case in previous years.

See performance and fund data Click here >

Strategy
Equitas invests in a global portfolio comprised exclusively of shares from the mature markets compared with the current prospectus. The goal is to optimise the relationship between risk and return by exploiting documented market factors such as value, momentum and size.