TRADEVIEW CAPITAL

A November to Remember

Commentaries: November 2023

Return (%)	November 2023	Year-To-Date	Since Inception (TSF: Nov 22)	Since Inception (PM: Apr 22)
Tradeview Sustainability Fund (TSF)	4.0%	4.9%	5.7%	N/A
Discretionary Private Mandate (PM)	2.3%	8.0%	N/A	12.7%
FBM KLCI Index	0.7%	-2.9%	0.2%	-8.6%
FBM 100 Index	0.8%	-0.2%	3.9%	-5.7%
FBM Small Cap Index	1.6%	8.0%	12.2%	-3.2%

Christmas came early as local indexes notched positive gains for the month with the KLCI up +0.7% reducing the 11M2023 decline to -2.9% year-to-date. The other two benchmarks which we track were also in the green with the FBM100 gaining +0.8% and the Small Cap index a +1.6% return for the month. The top two sectors driving these monthly gains were the Utilities (+10.2%) and Healthcare (+6.6%) whilst the Energy sector was the main laggard (-4.5%) – these stemmed from the utilities sector experiencing tailwinds from the impending tariff reforms that are poised to benefit the water players coupled with the healthcare sector having received a boost from the glove price recovery. Our funds outperformed the local benchmarks for the month, with the PM registering a gain of +2.3% and the TSF achieving a remarkable turnaround of +4.0%. The decent performance of our local bourses were also driven by inflows of foreign funds, recording their most substantial year-to-date monthly net buy in the market amounting to RM1.5bn whilst local institutional investors posted a year-to-date net sell of RM1.4bn.

Our local earnings season recently concluded with a larger number of KLCI constituent stocks unexpectedly reporting earnings on the upside vs last quarter's results. Sectors that had an acceptable quarter were glove makers and planters (lower input and raw material costs), O&G service providers being inundated with additional work orders and port operators having increased cargo volume. Lackluster sectors were mainly affected by sluggish domestic consumption and further hampered by cost pressures due to inputs, labour and energy. Another notable local development was the 30-day visa-free entry for tourists from China and India beginning 1st December, which could likely spur tourist arrivals and benefit our tourism sector. To close out the year, there are a few key events that we will be on the lookout for: the Amanah National Convention on the 23rd December, the semi-annual power tariff review and the potential cabinet reshuffling.

On the global front, all three major U.S. stock indexes ended November spectacularly as the Dow Jones reached a new 2023 high, the S&P 500 is less than 5 per cent away from its all-time closing high hit at the start of last year, and the Nasdaq 100 is on pace to register its 3rd best annual performance in 20 years. The MSCI All-Country World index marked it's best month since November 2020 (when news of vaccine breakthrough was announced) having risen +9% over the course of November. These gains were a result of various market participants betting that the battle against inflation is ending with interest rates peaking. This has added to the narrative that the Fed, European Central Bank and other big central banks are set to cut interest rates in the first half of next year. One of the Fed's most hawkish policymakers, Christopher Waller further reinforced this as he said he was "increasingly confident that policy is currently well positioned to slow the economy and get inflation back to the 2 per cent target" – "riskier" assets such as ours eg developing / emerging markets should do better if these developments play out. We will continue to monitor major events with the next one being the FOMC meeting on the 12th December.

China's economy continues to hobble with the likelihood of a weak finish to end the year as weakening services and manufacturing activity persist despite the government's stimulus efforts to reignite growth. Factory activity shrank further in November as both foreign and domestic orders drastically declined, and further compounding the predicament was the services industry registering a contraction for the first time in 2023. We will continue to hope for further support and significant stimulus measures be it fiscal or monetary – to reiterate, their recovery would be a much-needed boon for our nation's wellbeing and our portfolio.

As we enter the final month of 2023, we remain optimistic about finishing the year on a strong note. We will continue to act on the strategy of entering names that stand to gain from thematic tailwinds coupled with those being the beneficiaries of the slew of frameworks, masterplans and budget measures that have been announced throughout the year. Our portfolio remains resilient and diversified with the team assiduously utilizing our proprietary bottom-up approach to look for undervalued names coupled with opportunistic stock-picking.

On a more solemn note, we at Tradeview would like to record our heartfelt condolences on the sudden passing of Charlie Munger – a titan of the investing world and a generational investor. To sum up Charlie's investment nous in a paragraph would be a colossal task, but it was succinctly articulated by Buffett in the 2014 annual report: "*Charlie's most important architectural feat was the design of today's Berkshire. The blueprint he gave me was simple: Forget what you know about buying fair businesses at wonderful prices; instead, buy wonderful businesses at fair prices."* Our firm has always strived to embody the values that Buffett and Munger espoused at Berkshire and hope to emulate their performance in the years to come.

Sincerely,

Tradeview Capital