Camissa Top 40 Tracker Fund

December 2024

The fund performed inline with its benchmark during the fourth quarter of 2024. For the 1-year, 3-year and since inception period the fund has delivered solid absolute returns on a net of fee basis. The fund has returned 9.8% over the last year, 6.7% per annum over the last three years and 11.9% per annum since its inception in 1997.

Economic backdrop

Global economic activity remains firm but uneven, with financial conditions easing and developed markets benefiting from falling inflation, resilient employment, and firm wages. The US economy is outperforming due to a strong labour market, rising household wealth, and growing business confidence and investment.

In contrast, China's growth has been weak in nominal terms, hampered by deflation and a severely weak property market, which has eroded consumer confidence and restrained consumption. Europe’s economy stagnates due to its export reliance on China, lingering effects of the energy crisis, and declining competitiveness in key sectors like automotive and chemicals, though a global manufacturing rebound could provide relief. Japan’s economy remains solid, driven by private consumption, wage growth, business profitability, and improved long-term inflation expectations, supporting monetary policy normalization.

South Africa shows signs of a mild recovery, supported by declining inflation, interest rates, and temporary cash injections from retirement policy changes. However, economic activity is hindered by weak infrastructure, poor service delivery, electricity constraints, and low business confidence. Recent leadership changes following the election and commitments to address structural issues offer cautious optimism for stabilization. Yet, deep-rooted challenges, including high debt, unemployment, and an unskilled workforce, mean sustained growth will require time and face significant risks.

Markets review

Global markets were slightly negative in the fourth quarter (down 0.1% in US dollars), with France (down 10.1%), the UK (down 6.8%), Hong Kong (down 4.9%) and Japan (down 4.1%) underperforming. Emerging markets were also negative, down 7.8% for the period, with underperformance from Brazil (down 19.7%), South Korea (down 17.7%), India (down 10.6%) and China (down 7.7%). Overall, however, 2024 was a very positive year for global equity markets, that were up 19.2%.

The local equity market declined 2.1% in Q4, with Resources down 10.1%, underperforming other sectors. Sasol (-28.2%), Kumba (-18.6%), and Sibanye (-16.1%) lagged, while Thungela outperformed (+21.8%). Financials fell 1.8%, with banks down 3%, listed property down 0.8%, and life insurers up 2.8%. Industrials were slightly negative (-0.5%), with strong performances from Tiger Brands (+24%), Pepkor (+20.2%), and Mr Price (+10.4%), but underperformance from AB InBev (-17.8%), Bytes (-16.6%), and Aspen (-15.5%). For the year, the local market gained 13.4%, with Financials up 21.6%, Industrials up 17.3%, and Resources down 7.2%.

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