Camissa Top 40 Tracker Fund

March 2025

The fund delivered a marginal return compared with its benchmark, the FTSE/JSE Top 40 Index, which closed the quarter up 8.5%.

Economic backdrop

Global economic activity is slowing due to increased US tariffs and tightening financial conditions. The negative impact of erratic US government policy on consumer sentiment, consumption, business confidence and investment are causing US economic growth to weaken abruptly from a previously robust rate.

China's nominal economic growth has been weak due to ongoing deflation and the consequences of a severely weakened property market. It is now being further undermined by the escalating trade war with the US, which will negatively impact Chinese exports and manufacturing. On the positive side, however, Chinese consumer confidence and spending may be improving from historically low levels, buoyed by more aggressive monetary and fiscal stimulus and structural state interventions that are now specifically targeted at improving local consumption.

The Japanese and European economies have been particularly negatively affected by the 25% US automotive import tariff on their large automotive export sectors. Europe's economy, which has been stagnating due in part to its export link to a weak manufacturing economy in China, will start to benefit from higher fiscal stimulus.

South African economic activity has been boosted by a mild cyclical recovery in real consumption as consumers have benefited from declining inflation and interest rates, together with once-off cash withdrawals from the two-pot retirement dispensation. A more enduring lift to growth is however structurally constrained by the acute underperformance of transport infrastructure, poor service delivery from weak and revenue-hungry municipalities, inadequate (albeit improved) electricity supply and low business confidence. These weaknesses are now further exacerbated by slowing global economic activity.

Markets review

In dollar terms, global markets were slightly negative in the first quarter (down 1.7%), mainly due to the underperformance of the US (down 8.1%) and Japan (down 5.6%), while Hong Kong (up 15.9%) and Germany (up 15.8%) outperformed. Emerging markets were also positive overall, up 3.0% for the quarter, with outperformance from Brazil (up 16.8%), China (up 15.1%) and South Africa (up 13.9%).

In rand terms, the local equity market was up 5.9% in the quarter. Resources outperformed (up 33.8%), motivated by robust performances by Harmony (up 76.9%), Gold Fields (up 66.9%) and AngloGold (up 66.1%). Other standout positive performers included Implats (up 43.5%), Sibanye (up 39.1%) and Northam Platinum (up 34.6%). Weak performances were delivered by Glencore (down 19.5%), Sasol (down 8.1%) and Anglo American (down 6.1%).

Industrials were also positive (up 4.3%), with outperformance from MTN (up 34%), Vodacom (up 23.8%) and AB InBev (up 20.5%). Truworths (down 27.5%), Foschini (down 26%) and Mr Price (down 24.9%) all underperformed.

Financials underperformed the other sectors (down 1.7%), with non-life insurance up 3.2%, life insurance down 1.6%, banks down 2.2% and listed property down 3.5%. Standard Bank (up 8%), Outsurance (up 4.8%) and Momentum (up 3.1%) all outperformed, while Hammerson (down 12.2%), Investec (down 10.1%) and Nedbank (down 8.7%) underperformed.