Quarterly commentary

Camissa Top 40 Tracker Fund

June 2025

The fund delivered a return comparable with its benchmark, the FTSE/JSE Top 40 Index, which closed the second quarter up 10.1%.

Economic backdrop

Global economic activity is slowing due to increased US tariffs and uncertainty surrounding generally chaotic and aggressive US foreign policy. Financial conditions, which tightened meaningfully in the immediate aftermath of the April US tariff announcements, have moderated due to a sharp rise in asset prices.

China's nominal economic growth has been weak due to ongoing deflation and the consequences of a weak property market. The economy is now being further undermined by the escalating trade war with the US, which is expected to negatively impact Chinese exports and manufacturing. However, Chinese consumer confidence and spending may be improving from historically low levels, buoyed by more aggressive monetary and fiscal stimulus and targeted structural state interventions.

The Japanese and European economies are being negatively affected by elevated uncertainty regarding US tariff threats. Europe's economy, which has been stagnating due in part to its export link to a weak manufacturing sector in China, will start to benefit from higher fiscal stimulus. Business confidence in Germany has started to improve following the decision to lift the debt ceiling and meaningfully increase fiscal spending on infrastructure and defence.

South African economic activity has been supported by higher export receipts (due to higher precious metal prices) and a mild cyclical recovery in real consumption as consumers benefit from falling inflation and interest rates. A more enduring lift to the growth of economic activity 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. Additionally, the Government of National Unity has brought about positive leadership changes in key ministries and a renewed commitment by government to accelerate initiatives that address the country's structural problems.

Markets review

Global markets were strongly positive in the second quarter (up 11.6% in US dollars), mainly due to the outperformance of Japan (up 18.3%), the US (up 17.9%) and Germany (up 17.4%). Emerging markets were also strongly positive, up 12.2% for the quarter, with outperformance from South Korea (up 36.1%), South Africa (up 13.9%) and Brazil (up 12.2%).

In rand terms, the local equity market was up 10.2% in the quarter. Industrials outperformed (up 12.1%), with most notable performance from Naspers (up 22.1%), Prosus (up 17.8%) and MTN (up 17.1%). Resources were up 9.7%, boosted by robust performances by Sibanye (up 54.9%) and Northam (up 46.4%). Financials underperformed slightly (up 7.9%), with non-life insurance up 14%, life insurance up 10.4%, listed property up 9.1% and banks up 6.8%.

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