Camissa Protector Fund

December 2025

The fund was up 4.2% in the fourth quarter, relative to its (CPI + 4%) benchmark of 1.1%. Over a one-year period, it has delivered a return of 22.0% relative to its peers at 17.8%. Over the last 10 years it has returned 11.1% pa, ranking first among peers over the long term. Since its inception in 2002, it has returned 10.4% pa.

Economic backdrop

Global economic activity has slowed due to increased US tariffs and persistent uncertainty surrounding a US foreign-policy stance that has shifted from broadly chaotic and aggressive to persistently disruptive. Financial conditions, which tightened meaningfully in the immediate aftermath of the April US tariff announcements, have since loosened, driven by a sharp rise in asset prices and lower short-term interest rates.

In the US, erratic government policy continues to result in subdued consumer and business sentiment and reduced investment, although the decline in business investment has been less severe than expected due to robust AI-driven spending. The US labour market is softening despite sharply lower supply from immigration, as companies delay hiring amid tariff uncertainty and AI-driven change. This is depressing sentiment, exacerbating skills mismatches and leading to more cautious workforce planning. Consequently, looking through near-term moderate improvements in growth, driven by fading tariff impacts, the recovery from the government shutdown and front-loaded fiscal stimulus, underlying US economic growth appears to be softening from its previously robust pace.

China's nominal economic growth has been weak due to ongoing deflation, consumer scarring from the pandemic and the property market correction. This is reflected in low confidence, negative wealth effects and elevated precautionary savings. More aggressive monetary and fiscal stimulus and targeted structural state interventions have not yet succeeded in improving Chinese consumer confidence. Export activity has been unexpectedly resilient, with strong growth to emerging markets offsetting the adverse effects of US tariffs. It is expected to remain robust as China's cost competitiveness improves.

Europe's economy, which has been stagnating in part from its export link to a weak manufacturing sector in China, will start to benefit from higher domestic fiscal stimulus - particularly in Germany. Japan's economy is expected to continue to experience a steady, domestically driven expansion supported by ongoing labour market strengthening and gradually improving business investment.

South African activity has been supported by much higher precious-metal prices and a mild recovery in real consumption as falling inflation and interest rates ease household pressure. Although, a significant increase in online betting has diverted spending from other goods and services. A more enduring lift to economic growth is, however, structurally constrained by the acute underperformance of transport infrastructure (albeit improving), poor service delivery from weak and revenue-hungry municipalities, inadequate (albeit improved) electricity supply and low business confidence. Disappointingly, the recent moderate increase in investment from very low levels has not yet been accompanied by any notable job creation.

In recent years, there has been progress made in moving to reform the economy through Operation Vulindlela and the partnership between government and business leaders that is targeting key priority areas needing reform. 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 positive in the fourth quarter, up 3.2% in US dollars. The UK and Japan were the strongest contributors, gaining 6.8% and 6.0% respectively. Emerging markets performed slightly better over the quarter, up 4.8%, led by strong gains in South Korea (up 24.7%) and South Africa (up 14.2%). Overall, 2025 was a very positive year for global equity markets, which rose 21.6%, with emerging markets significantly outperforming, up 34.4%.

In rand terms, the local equity market was up 8.1% in the period. Resources continued to perform well (up 10.3%) boosted by robust performances from the precious metal miners. The top performers were Pan African Resources (up 34.4%), South32 (up 26.4%), Sibanye (up 22.7%) and Northam (up 20.0%).

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Industrials were down 2.0% for the quarter. Top sector performers included Aspen (up 22.7%), Tiger Brands (up 18.6%) and MTN (up 16.9%). TFG (down 21.9%), Prosus (down 15.1%), Mondi (down 13.6%) and Mr Price (down 12.5%) all delivered weak performances.

Financials were up 18.9% - outperforming the other sectors in the period - with banks up 21.4%, life insurance up 17.2% and listed property up 16.3%. Strong movers included Absa (up 32.2%), Nedbank (up 24.7%) and Standard Bank (up 22.8%). Weak performances were delivered by Investec (down 1.5%) and OUTsurance (down 2.5%).

The local market was very positive for the year (up 42.4%) with resources as the star performer, gaining a phenomenal 144.3%. Financials and industrials were up 27.2% and 19.3% respectively.

South African bonds increased by 9% in the quarter, outperforming cash (up 1.8%). Global bonds were largely weaker over the period. South African bonds outperformed emerging market bonds, with long-dated bonds particularly strong.

At their last meeting in November, the SARB reduced the repo rate by 0.25% to 6.75%. This was the first meeting since the formal adoption of the 3% inflation target. Despite a unanimous vote to reduce the repo rate, the SARB maintained a cautious stance in its policy approach. The Monetary Policy Committee emphasised that any further easing would be data-dependent and contingent on the balance of inflation risks. South African government long bond yields remain moderately high in the context of well-contained inflation.

Fund performance and positioning

Local equity, bonds and property contributed positively to fund performance. Within local equities, key positive contributors included the Datatec, MTN, Valterra Platinum, Glencore and Omnia, while negative contributors included Prosus, TFG, Metair and Mondi.

Positive contributors to global equity performance included Bayer, Dollar General, Aumovio and Panasonic, while Fiserv, JD.Com, JD Sports and Aroundtown detracted.

- We see a moderate level of expected return within our portfolio of local equities, with higher returns expected from the fund's global stocks.
- The fund has continued to reduce its total equity position in favour of fixed income positions.
- We have reduced our local equity position, selling down our holdings in the PGM miners in favour of global equities.
- The fund continues to shorten its duration position with an increased shift towards short-term South African government bonds. It also continues to add long-duration US government bonds.
- Our property exposure is mainly through our holding in Dipula Income Fund - primarily a landlord for convenience retail properties.

Stock snapshot

Local:

The Foschini Group (TFG) is a leading South Africa-based fashion retailer, operating a diversified portfolio of close to 40 brands across apparel, jewellery, cosmetics, homeware and cellular categories. TFG has transformed into an integrated, omni-channel retail platform with an international footprint in both Australia and the UK.

TFG's core South African portfolio is strategically segmented to capture the full consumer pyramid. By spanning value-tier retail (eg Jet), mass-market fashion (eg Foschini and Markham), and high-end contemporary fashion (eg G-Star and Fabiani), the group possesses a structural hedge that allows it to capture shifts in consumer spending across all economic cycles - mitigating single-brand risk. Furthermore, its position is bolstered through market-leading exposure to streetwear and sportswear via the Sportscene and Totalsports banners.

Internally, key initiatives around vertical integration and a new, more efficient distribution centre are expected to enhance operating leverage and improve profitability. This is complemented by the successful scaling of their 'Bash' app - South Africa's leading fashion and lifestyle online platform - which strengthens TFG's omni-channel ecosystem.

We believe the market underappreciates TFG's long-term earnings potential and ability to gain market share throughout the consumer cycle.

Global:

Zoetis is the world's largest animal health company, with a dominant, high-margin portfolio of vaccines and medicines spanning companion animals and livestock. Originally part of Pfizer, the business has established itself as the clear market leader, consistently capturing a disproportionate share of industry growth.

Approximately 70% of revenue is generated from companion animals, a segment supported by strong long-term tailwinds, including rising pet ownership, the increasing "humanisation" of domestic pets, premiumisation of care and longer pet lifespans.

Zoetis is well positioned to benefit from these trends through leadership in important therapeutic categories such as parasiticides, dermatology, pain management and vaccines. These markets feature growing demand and strong pricing power, reinforced by close veterinarian relationships and a large direct sales force. Ongoing innovation remains a key differentiator, with a robust pipeline supporting organic growth and lifecycle extension of established franchises.

The animal pharmaceutical industry differs meaningfully from human pharmaceuticals, with much shorter development timelines, significantly lower R&D costs and a four-times higher success rate. Pricing is largely market-based, determined by vets and pet owners rather than government or insurance reimbursement systems, enabling Zoetis to commercialise products efficiently, while earning attractive returns with lower structural risk. Recent share price weakness has created an opportunity to add this high-quality, defensive growth business to our global funds.