

FUND FACT SHEET

29 Feb 2024



Investments

Sanlam Namibia Floating Rate Fund

Fund Objective

The fund seeks to maximise interest income and preserve the fund's capital.

The fund is suited for investors requiring competitive interest with regular quarterly income distribution and total capital stability.

Fund Strategy

Negotiable certificates of deposits, promissory notes, debentures, bills and deposits.
80% Floating Rate rates & 20% Liquid Money Market Instruments.
Risk Profile – same as Money Market Funds.

Why choose this fund?

- *This fund is ideal for use as an emergency fund.
- *It should form the core fund of your portfolio's cash component.
- *It is ideal for risk-averse investors, or investors who are waiting for market volatility or global uncertainty to subside.
- *The fund should produce higher returns than call deposits while interest rates are declining.
- *The fund pays out income on a quarterly basis.
- *In rising interest rate environments, these funds will benefit soonest from linked assets which re-price immediately.
- *This fund complies with holding a minimum of 45% Namibian Assets.

Fund Information

Classification	Namibian Fixed Interest Varied Specialist
Risk profile	Conservative
Benchmark	65% STeFI Composite Index 35% IJG Money Market Index
Portfolio launch date	01 Oct 2010
Minimum investment	Lump Sum N\$ 1 000 Monthly N\$ 500
Portfolio size	N\$719.8 million
Last two distributions	31 Dec 2023: 2.15 cents per unit 30 Sep 2023: 2.13 cents per unit
Income decl. dates	Last day of each quarter
Income price dates	1st working day of the month
Valuation time of fund	15:00
Trading closing Time	13:00

Fees

	Retail Class (%)
Annual Wholesale Fee	0.45
Annual Service Fee	0.60

This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

Top 10 Holdings

Securities	% of Portfolio
Standard Bank NCD 9.5% 19072024	5.62
Nedbank Namibia F/R 02022027	5.46
Nedbank Namibia F/R 11032027	5.00
First National Bank Namibia F/R 04102027	4.13
First National Bank Namibia F/R 06052027	3.41
Bank Windhoek F/R 13052027	3.40
Standard Bank Namibia F/R 17022025	3.40
Investec NCD 7.20% 20012025	3.00
Bank Windhoek F/R 10032025	2.97
FirstRand NCD 9.25% 24042024	2.86

Top 10 Holdings as at 31 Dec 2023

Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	8.72	8.30
3 year	6.24	6.04
5 year	6.29	6.09
10 year	6.94	6.58

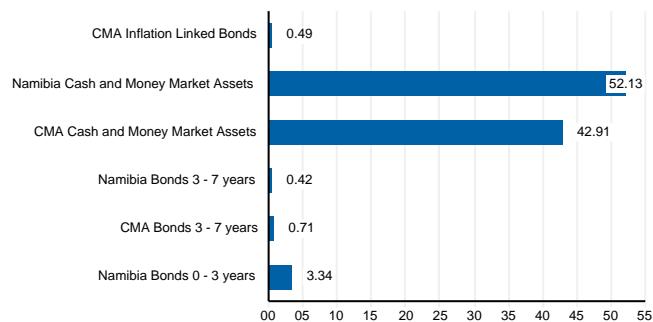
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	8.72	8.30
3 year	19.92	19.24
5 year	35.65	34.36
10 year	95.65	89.19

Cumulative return is aggregate return of the portfolio for a specified period.

Asset Allocation



This monthly Fund Fact Sheet should be viewed in conjunction with the Portfolio Manager Commentary Sheet.

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Portfolio Manager(s) Quarterly Comment - 31 Dec 2023

Market review

A series of lower-than-expected inflation prints across the US and Europe shifted investors' mindset from 'higher for longer' to the possibility of pre-emptive rate cuts from central banks. This view was then further supported by the December US Federal Reserve (Fed) meeting where the projections suggest three cuts over 2024. This meant that the final quarter contributed positively to the total return of the year of both equity and bond markets. Developed Market (DM) equities returned 24.4% for the year and Emerging Market (EM) equities returned 10.3% for the year while Global IG bonds and EM bonds returned 9.6% and 10.5% respectively. Locally, the equity, bond and cash markets returned 5.3%, 9.7% and 8% respectively. All of this were on the back of markets expecting central banks to cut interest rates earlier than previously thought, although one should be cognisant of the Israel-Hamas war which could throw a spanner in the works in case it escalates.

At the South African Reserve Bank (SARB)'s November Monetary Policy Committee (MPC) meeting they voted unanimously to keep the repo rate unchanged at 8.25%. The general tenor of the MPC statement remained hawkish, with a strong emphasis on upside risks to the inflation outlook and concern about inflation expectations remaining above the mid-point of the target range. They reiterated that it sees the current policy settings as restrictive.

After a resilient first half of the year, SA GDP contracted by 0.2% quarter-on-quarter (q/q) in the third quarter of 2023 (Q3), which can mainly be attributed to persistent rotational loadshedding, logistical constraints as well as a challenging global environment. Five of the 10 economic activities declined, with agriculture (-9.6% q/q), manufacturing (-1.3% q/q) and construction (-2.8% q/q) contributing the most to the overall decline.

Employment rose for the eighth consecutive quarter in 2023. Employment has risen by 2.2 million since the first quarter of 2022 and is now 325k above the pre-pandemic level. In Q3, employment rose faster than the labour force, lowering the unemployment rate by 0.7% to 31.9%, the best figure since the third quarter of 2020.

Moody's ratings warned that spending pressure from SOEs and social support raise the risk of further deterioration in public finances in coming years.

Headline CPI declined to 5.5% year-on-year (y/y) in November from 5.9% y/y in October as a consequence of the 5.5% drop in fuel prices in November. Contrastingly, because of the ongoing Avian flu food prices increased, and core CPI rose from 4.4% y/y to 4.5% y/y. PPI inflation dropped to 4.6% y/y in November from 5.8% y/y in October. The rand strengthened from 18.89 in September to 18.26 in December vs the US dollar. The 10-year SA government bond yield strengthened to 11.05% in December from 12.05% in September. The trade balance increased to a surplus of R21 billion in November from a surplus of R12 billion in September.

The money market yield curve ended the quarter slightly steeper as

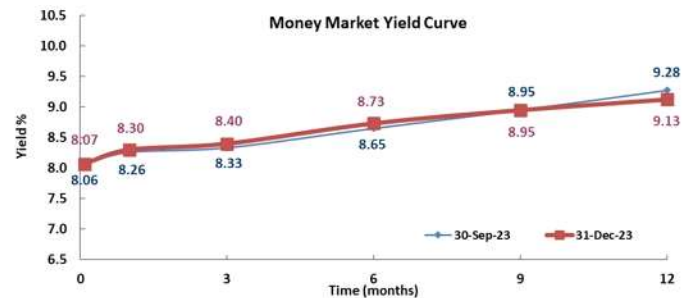
loadshedding returned, GDP growth remained under pressure and rates probably must remain higher to attract foreign capital.

What SIM did

Quality corporate credit and RSA Treasury Bills (TBs), which are yielding higher than JIBAR rates, were added to the portfolio. The combination of corporate credit, high-yielding RSA TBs, negotiable certificates of deposit (NCDs) and floating-rate notes (FRNs) will enhance portfolio returns.

SIM's strategy

Our preferred investments would be a combination of fixed-rate notes, floating-rate notes and quality corporate credit to enhance returns in the portfolio. With the money market yield curve remaining very steep, fixed-rate bank notes are potentially relatively more attractive than FRNs. This is because bank FRN spreads have recently declined due to the steep money market/forward rate agreement curve, making their performance very dependent on the future interest rate path. Only some RSA TBs yield slightly higher than bank NCDs now.



Portfolio Manager(s)

Cecilia le Roux

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Trevor Ngubane

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Unit Trusts are usually medium- to long term investments. The value of units can fluctuate and past performance is not necessarily a guideline for the future. Unit Trusts are traded at current closing prices. Forward pricing used. A Statement of Fees and levies is available on request from the management company. Commission and incentives may be payable and if this is the case, it is included in the total cost.

Maximum commissions is available from the manager/scheme. Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. The following charges are levied against the portfolio: Brokerage, auditor's fees, bank charges, trustee fees and RSC levies. Member of the ACI.



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