

Investment Manager: Sanlam Namibia Ltd
Benchmark: Namibia Money Market Category Average including Wrap Fund Fee (25bp)
Inception Date: 01 September 2008
Risk Profile: Conservative
Fees: 25bps per annum (excluding underlying Collective Investment Fees)

Mandate Description

The primary objective of the fund is to deliver a stable level of income and preserve capital at low levels of risk. To achieve this the fund will be predominantly invested in cash and fixed interest instruments with a maximum exposure of 20% to total equities (local and foreign) and 10% to foreign assets. The fund uses managers with a proven ability to deliver returns and protect capital in times of market distress. Performance is mainly derived from interest and dividends with a low level of capital growth. The Fund is Regulation 28 compliant.

Quarterly Comment

The South African economy has grown 2.2%, emerging from its technical recession and beating market expectations. Growth was largely driven by manufacturing, agriculture and transport. Manufacturing was the biggest driver of growth (7.5%), supported by increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles. Business confidence continued its downward trajectory in Q4. The RMB/BER Business Confidence index fell to 31 points as political and policy issues remain, especially the uncertainty around land expropriation without compensation.

The global equities sell-off spilled over to the South African market. The All Share Index returned -4.9% during Q4. This underperformance was led by small and large cap shares. Small cap shares gave up 7.3% and the Top 40 returned -5.3% for the quarter. In contrast, mid-caps returned 2.7% adding to overall performance. Telecommunications and technology were the best performing sectors returning 4.9% and 3.5%. The worst performing sector was Consumer Goods (-18.6%) followed by Healthcare (-8.2%).

The SARB surprised the market by hiking interest rates in November. The repo rate increased by 25 basis point to reach 6.75% on the back of rising inflation expectations. South Africa's headline inflation edged up slightly to 5.2%, above the desired midpoint level of 4.5%. The rand weakened by 1.4% during the quarter.

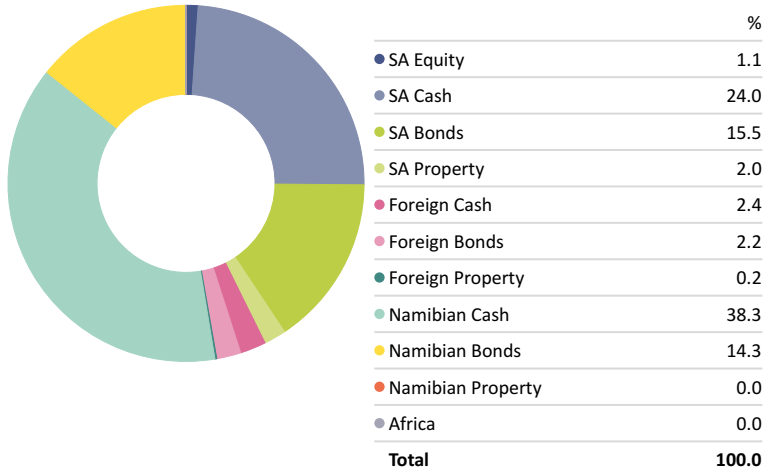
Locally, bond markets outperformed as the ALBI returned 2.7% during Q4. This included inflation-linked instruments which returned 0.2%. The best performing fixed income asset class was in the short end of the yield curve (1 - 3 years) which delivered 4.1%. Cash (STeFI) returned 1.8%, underperforming preference shares which returned 4.1%. Property (SAPY) continued to decline, giving up 4% during the last quarter.

Global markets weakened on concerns over slowing economic growth and global trade. Markets in all regions performed poorly as companies reported slower-than-expected earnings growth.

Developed market equities took strain in Q4 returning -13.7% in US dollar terms (-12.5% in rand) while emerging market equities delivered -7.9% in USD (-6.6% in rand). The Fed raised interest rates by 0.25% on the back of its strong labour market and economic growth. This was the fourth hike this year and takes the target range to 2.25% - 2.5%. The FOMC expects three rate hikes in 2019. The Bank of England held interest rates as uncertainty around Brexit intensified. The ECB also kept interest rates unchanged at 0%. This is in line with expectations. The market expects one or two rate hikes in 2019.

Asset Allocation

Portfolio Date: 2018/12/31



Manager Allocation

Portfolio Date: 2019/02/28

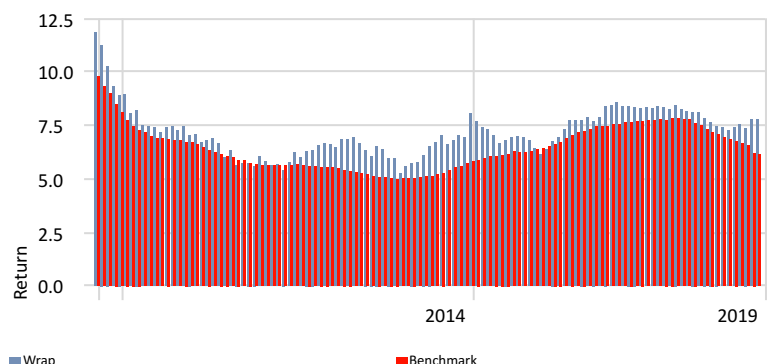
Manager	%
NAM Coronation Strategic Income	20.10
Sanlam Namibia Active B	20.02
Capricorn High Yield B	20.00
Sanlam Namibia Money Market A	19.96
Hangala Prescient Income Provider A1	19.92

Performance Summary

As of Date: 2019/02/28

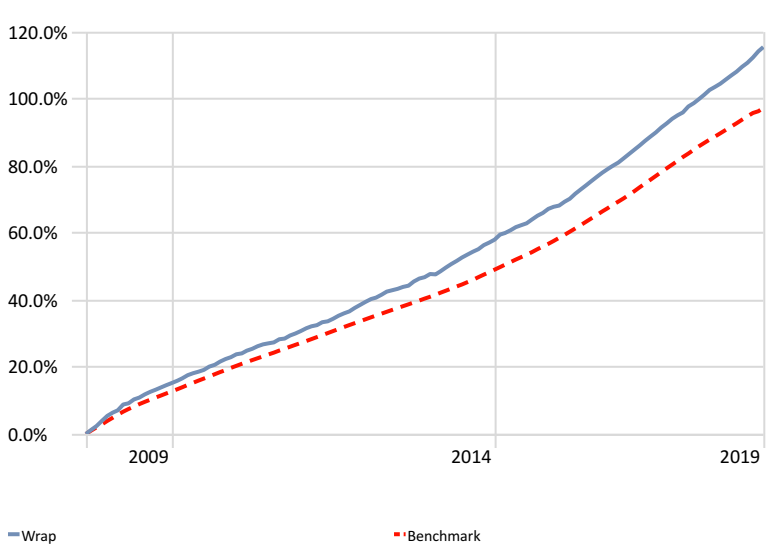
	1M	3M	6M	1Y	3Y	Since Inc.
Wrap	0.59	2.23	4.09	7.79	8.19	7.53
Benchmark	0.48	1.26	2.87	6.15	7.15	6.64

Rolling Returns - 1 year



Cumulative Investment Growth

Time Period: 2008/09/02 to 2019/02/28



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