SP2 Namibian Moderately Aggressive Non-Reg 28

As of 2019/06/30

Investment Manager:	Sanlam Namibia Ltd
Benchmark:	South African Multi Asset High Equity over 3 years
Inception Date:	1 February 2019
Risk Profile:	Moderate Aggressive
Fees:	35bps per annum (excluding underlying Collective Investment Fees)

Mandate Description

The primary objective of the fund is to deliver capital growth. Investors in this fund are prepared to tolerate moderate to high fluctuations in the value of their investments and require no income. They must have an investment horizon of 5 years or longer. To achieve this objective the fund can be invested in total equities (local and foreign) to a maximum of 75% and 35% offshore. The fund uses managers with a proven ability to deliver returns and protect capital in times of market distress. The fund will predominantly use relative return funds and will invest in high yielding equity instruments as well. The Fund is not Regulation 28 compliant.

Quarterly Comment

The South African economy contracted 3.2% in the first quarter of 2019 – the biggest fall since 2009. This sharp decline, much deeper than expected, does not bode well for the country's growth prospects and the economy's capacity to create jobs. Seven of the ten industries took strain with manufacturing the biggest drain on growth. Reduction in manufacturing (-8.8%) was driven by declining production of petroleum, transport and wood and paper. Reduction in mining (-10.8%) was supported by lower production of diamonds, iron ore and coal. Business confidence remained unchanged, its weakest level since Q2 2017, following power blackouts and weak economic data in the first half of the year.

The South African market rebounded during Q2 as the All Share Index returned 3.92%. Outperformance was led by large caps, followed by mid- and small-cap shares. The Top 40 added 4.61% while mid- and small-caps returned 1.45% and 1.84%. Telecommunication was the best-performing sector returning a whopping 18.65%, followed by Consumer Goods which delivered 5.63%. Again, the worst-performing sector was Healthcare (-8.26%) followed by Industrials (-2.02%).

The SARB left the repo rate unchanged (6.75%), in line with market expectations. The Reserve Bank continues to maintain its accommodative stance with an improving medium-term inflation outlook. Headline inflation rose modestly to 4.5%, slightly ahead of expectation (4.4%). The rand strengthened against most major currencies – 2.72% against the US dollar, 5.37% against the British pound and 1.44% against the euro.

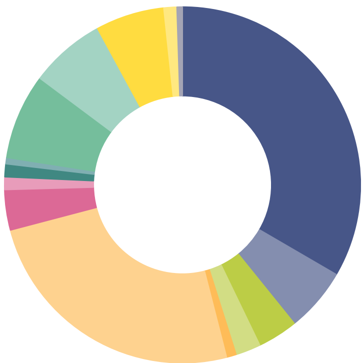
Locally, bond markets delivered decent returns as the ALBI returned 3.70% while inflation-linked instruments added 2.86%. The best-performing fixed income asset class was in the longer-end of the yield curve (7-12 years) which delivered 4.61%. Cash (STeFI) returned 1.80%, underperforming preference shares which returned a healthy 5.50%. Property (ALPI) was positive, adding 1.48%.

Global markets rallied despite signs of slower economic growth, ongoing trade tensions and muted inflation. Markets in almost all regions gained supported by the world's major central banks, in response to the weak global backdrop, becoming progressively more accommodative.

Emerging market equities lagged their developed market counterparts as US-China trade tensions escalated, raising concern about the global growth slowdown. Developed market equities returned 3.35% in US dollar terms (0.54% in rand) while emerging market equities gave up 0.31% in USD (-3.02% in rand). The Fed continued to keep rates unchanged (target range 2.25% - 2.5%) with a possible rate cut expected later this year as it remains "patient" in its approach to policy. The Bank of England continued to hold interest rates at 0.75% as uncertainty around Brexit and concern about trade tensions persist. Similarly, the ECB kept interest rates unchanged at 0% on concerns relating to its inflation outlook and global growth concerns. This was in line with expectations.

Asset Allocation

Portfolio Date: 2019/03/31



	%
SA Equity	33.4
SA Cash	5.8
SA Bonds	3.7
SA Property	2.3
SA Other	0.9
Foreign Equity	24.9
Foreign Cash	3.7
Foreign Bonds	1.2
Foreign Property	1.2
Foreign Other	0.6
Namibian Equity	7.8
Namibian Cash	6.9
Namibian Bonds	6.2
Namibian Property	1.2
Africa	0.5
Total	**100.0**

Manager Allocation

Portfolio Date: 2019/06/30

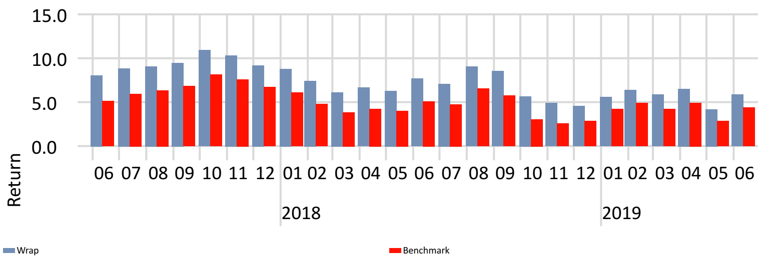
	%
Sanlam Namibia Infl Linked B1	20.19
Investec Namibia Managed I	18.84
Allan Gray Balanced C	18.13
Sanlam Namibia Balanced A	15.25
PSG Flexible A	12.08
Laurium Flexible Prescient B4	8.17
Glacier Global Stock FF	7.32

Performance Summary

As of Date: 2019/06/30

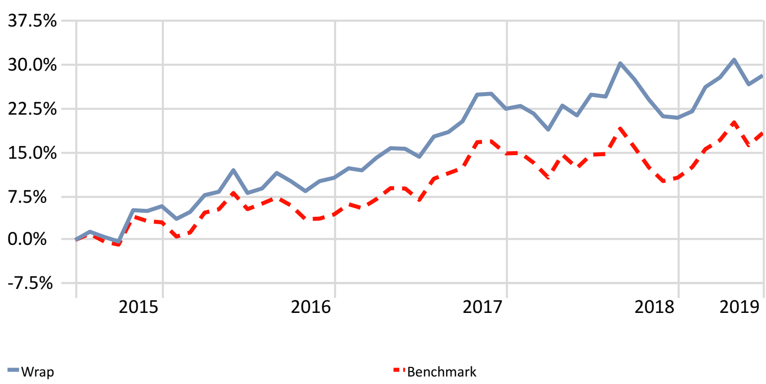
	1M	3M	6M	1Y	3Y	5Y	Since Inc.
Wrap	1.20	0.26	5.97	2.63	5.84	7.17	11.35
Benchmark	1.80	1.05	6.90	3.24	3.96	4.89	8.71

Rolling Returns - 3 years



Cumulative Investment Growth

Time Period: 2015/07/01 to 2019/06/30



The reported portfolio performance is based on the actual performance of the underlying collective investments. The inception date of the portfolio is 1 February 2019 with the past performance based on back testing.

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Source: Morningstar Direct