

Investment Manager:	Sanlam Namibia Ltd
Benchmark:	Namibian CPI + 2% over rolling 3 years
Target:	Namibian CPI +3% over rolling 3 years
Inception Date:	3 March 2001
Risk Profile:	Conservatively Cautious
Fees:	35bps 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 40% to total equities (local and foreign). The fund uses managers with a proven ability to deliver returns and protect capital in times of market distress. Performance is derived from interest and dividends with a low to medium level of capital growth. The Fund is 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.

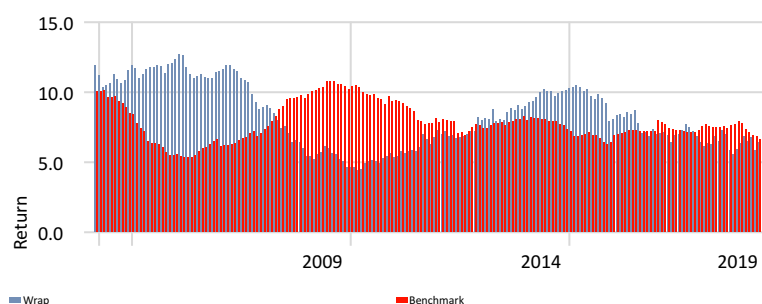
Emerging market equities lagged their developed market counterparts as US-China trade tensions escalated, raising concern about the global growth slowdown. Developed market equities returned 3.35% in US dollar terms (0.54% in rand) while emerging market equities gave up 0.31% in USD (-3.02% in rand). 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.

Performance Summary

As of Date: 2019/06/30

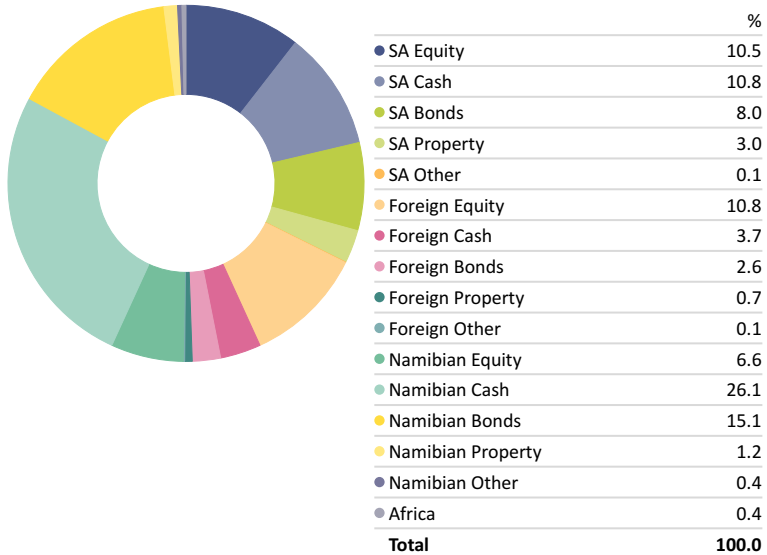
	1M	3M	6M	1Y	3Y	5Y	Since Inc.
Wrap	0.90	1.46	5.21	6.01	6.39	6.57	8.44
Benchmark	0.07	0.90	2.21	6.01	6.57	6.68	7.94
Target	0.15	1.14	2.70	7.02	7.57	7.69	8.94

Rolling Returns - 3 years



Asset Allocation

Portfolio Date: 2019/03/31



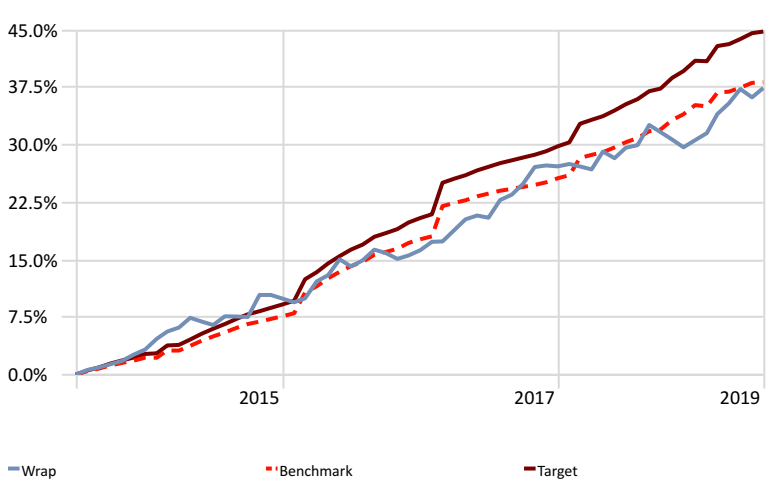
Manager Allocation

Portfolio Date: 2019/06/30

	%
Sanlam Namibia Infl Linked A	19.84
Sanlam Namibia Active B	15.45
Allan Gray Namibia Balanced B	12.99
Prudential Namibian Inflation Plus A	11.06
NAM Coronation Strategic Income	10.36
Capricorn High Yield B	10.26
Hangala Prescient Income Provider A1	10.18
Investec Namibia Managed I	9.87

Cumulative Investment Growth

Time Period: 2014/07/01 to 2019/06/30



Add: Private Bag X5 Tyger Valley 7536	Tel (AFR): +61 294 7700	Sanlam Life Namibia Limited:	Reg no 1989/0269
Email: personal.portfolios@sanlam.co.za	Tel (ENG): +61 294 7703	Directors:	WR Domisse* (Chairman), TJR Stears (Chief Executive), BS Laggar*, T Shiimi Ya Shiimi
	Fax: +61 294 7858	Company Secretary:	K Coetzee
	Web: www.sanlam.com.na	*South African Citizen	

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