

# FUND FACT SHEET

31 May 2024



Investments

## Sanlam Namibia Active Fund

### Fund Objective

The Sanlam Namibia Active Fund's objective is to provide a high level of income and to maximise returns over the medium to long term. The fund is actively managed and invests across the income-yielding universe, including fixed-interest securities, corporate and government bonds, preference shares, money-market instruments and listed property. Investors in this fund accept the aggressive performance objectives that go hand in hand with higher volatility and higher risk characteristics.

### Fund Strategy

Superior returns are sought through tactical asset allocation and high conviction bets across the income-yielding universe, including corporate and government bonds, money market instruments, preference shares and listed property. Opportunities are taken across the entire duration and credit spectrum. This is an actively managed and widely diversified income fund.

### Why choose this fund?

- \*Actively and aggressively managed.
- \*Widely diversified - invest across all income-yielding asset classes.
- \*Can invest through the entire duration and credit spectrum.
- \*Specialist and experienced investment team implements high conviction investment views.
- \*This fund complies with holding a minimum of 35% Namibian Assets.

### Fund Information

<b>Classification</b>	Domestic - Fixed Interest - Varied Specialist
<b>Risk profile</b>	Cautious
<b>Benchmark</b>	*Stefi + 1% p.a.
<b>Portfolio launch date</b>	1 June 2007
<b>Minimum investment</b>	Lump Sum N\$ 5 000   Monthly N\$ 500
<b>Portfolio size</b>	N\$1 115 million
<b>Last two distributions</b>	31 Mar 24: 22.53 cents per unit 31 Dec 23: 23.38 cents per unit
<b>Income decl. dates</b>	31 Mar   30 Jun   30 Sep   31 Dec
<b>Income price dates</b>	1st working day of the month
<b>Valuation time of fund</b>	15:00
<b>Transaction cut off time</b>	13:00

### Fees

	Retail Class (%)
<b>Annual Wholesale Fee</b>	0.60
<b>Annual Service Fee</b>	1.00

This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

### Top 10 Holdings

Securities	% of Portfolio
R2030 Republic of South Africa 8.00% 31012030	3.21
R2035 Republic of South Africa 8.875% 28022035	3.05
Sim Namibia Floating Rate Fund Class B2 (D)	2.85
First National Bank Namibia F/R 10052024	2.25
Bank Windhoek F/R 07082028	1.98
Standard Bank Namibia F/R 07082028	1.98
First National Bank Namibia F/R 07082028	1.98
Namibia ILB 4.50% 15012029	1.87
First National Bank Namibia F/R 07012025	1.82
Standard Bank Namibia F/R 09012025	1.82

Top 10 Holdings as at 31 Mar 2024

### Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	9.33	9.52
3 year	6.34	7.35
5 year	6.10	7.04
10 year	6.87	7.48

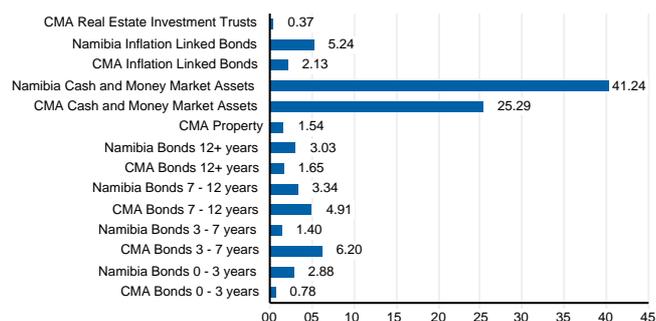
Annualized return is the weighted average compound growth rate over the period measured.

### Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	9.33	9.52
3 year	20.25	23.72
5 year	34.46	40.51
10 year	94.35	105.67

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.

Investments

# FUND FACT SHEET

Sanlam Namibia Active Fund

31 May 2024

 Sanlam

Investments

## Portfolio Manager(s) Quarterly Comment - 31 Mar 2024

March 2024

The first quarter of the year delivered stronger returns from international growth and risk assets as the expectations grew for a softer landing with repeated positive economic data surprises providing solid support for this growing view. In contrast, bond markets traded with a weaker bias as inflation prints surprised on the upside and oil prices continued to rise. Expectations at the start of the year were that monetary policy easing would create a positive backdrop for bonds. In the US, the Fed funds futures were pricing a decline of 125 basis points (bps) in the policy rates, while our local forward rate agreements (FRAs) were pricing in a decline of as much as 95 bps in the 3-month JIBAR rate. These expectations changed significantly in early February, with the release of employment data which showed that the US economy added 353K jobs in January, against expectations of 197K. Similarly, the February report also outperformed expectations with 253K jobs added compared to median expectations of 200K jobs. All the while the message from US Federal Reserve (Fed) officials was that it will be appropriate to reduce rates this year but the current levels of job growth, strength in the economy and inflation that is still above the 2% target, warrant some caution. At the end of the quarter, Fed rate cut expectations have moderated to just 67 bps for the year, with the first cut fully priced in by July 2024. The local FRA market was pricing just one rate cut of 25 bps by November 2024.

Finance Minister Godongwana delivered the 2024/25 budget on 21 February. In the weeks and months leading up to this budget presentation, there had been a proposal for National Treasury (NT) to use revaluation reserves on the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) to offset some of the funding requirement. In the budget presentation NT proposed using as much as R150 billion for budgetary support. This was much higher than the market had expected and indeed our own expectations were that NT would not use GFECRA as there had not been enough consultation on the implications of such a policy change. The market rallied on the day of the budget but subsequently sold off as market participants came to realise that while the GFECRA proceeds will reduce the funding requirement for the year, the government has not taken the necessary steps to fundamentally cut spending. The significantly lower debt/GDP trajectory presented in the budget is predicated on lower debt servicing cost and rather aggressive revenue growth assumptions.

The South African Reserve Bank (SARB)'s Monetary Policy Committee (MPC) kept the repo rate on hold at 8.25% at its meeting in March in a unanimous decision. The decision was in line with market expectations and followed the Fed's decision on 20 March to keep their rates on hold amid growing expectations that the central bank was unlikely to trigger its first rate cut in March given the bumpy trajectory of inflation moving towards the targeted inflation rate of 2%. Although the MPC recognised the improvement in the inflation outlook, it still assesses the risk to the outlook to be on the upside, which suggests a cautious approach going forward. Food inflation was again signalled out as a key risk to the inflation forecasts with the El Niño effect a contributing factor. The SARB revised its inflation forecast for 2024 slightly higher to 5.10% from its previous forecast of

5%. The forecasts for the subsequent years remain stable at 4.60% in 2025 and 4.50% in 2026. This year so far has been characterised by fluctuating expectations of the timing of the first interest rate cut from leading central banks including our own central bank. The rollercoaster of expectations regarding the timing of the first cut was further rocked by recent comments by Fed Chair Powell that there was no rush to start cutting interest rates. The FRA curve has pushed out the expectations for the first rate cut to November from as early as May or July. The Fed funds futures moved from pricing in a decline of 125 bps to just 67 bps for the year, with the first cut fully priced in by July 2024.

The outlook for the Sanlam Namibia Active Fund looks favourable taking into consideration the attractive valuations and real yields available on local assets. More generally, financial market volatility should be expected for the foreseeable future or at least the year ahead. The outlook for financial markets is clouded by the uncertainty regarding how economic growth will pan out in addition to the uncertainty around the inflation trajectory and impact as well as the exact path of monetary policy rates. In all, our funds are currently well positioned with valuations playing to the favour of the performance outlook reflecting the less positive fundamental picture, while we are in a good position to take advantage and allocate capital to new investment opportunities should they arise.

## Portfolio Manager(s)

**Melville du Plessis**

MSc Finance, B.Com (Hons), CFA, CAIA, FRM

**Manager Information:** Sanlam Namibia Trust Managers Limited. Physical address: 154 Independence Avenue, Windhoek 9000, Postal address: PO Box 317, Windhoek, Namibia

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.

Investments