Fund Fact Sheet

Sanlam Namibia Active Fund

August 2021

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

Classification	Domestic - Fixed Interest - Varied Specialist
Risk profile	Cautious
Benchmark	*Stefi + 1% p.a.
Portfolio launch date	1 June 2007
Minimum investment	Lump Sum N$ 5 000 | Monthly N$ 200
Portfolio size	N$1.3 billion
Last two distributions	30 Jun 21: 13.84 cents per unit 31 Mar 21: 13.1 cents per unit
Income decl. dates	31 Mar | 30 Jun | 30 Sep | 31 Dec
Income price dates	1st working day of the month
Valuation time of fund	15:00
Transaction cut off time	13:00

Fees (Incl. VAT)

	A-Class (%)
Initial Fee	N/A
Annual Service Fee	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
Sim Namibia Floating Rate Fund Class B2 (D)	9.06
R2035 Republic of South Africa 8.875% 28022035	2.10
Bank Windhoek Limited F/R 18082022	2.09
First National Bank Namibia F/R 10052024	2.01
First National Bank Namibia F/R 06122022	2.00
Standard Bank Namibia F/R 06122022	2.00
FirstRand ILB 2.6% 31/03/2028	1.77
GC24 Nam 10.50% 151024	1.76
Nedbank NCD 9.13% 14082023	1.67
First National Bank Namibia F/R 07012025	1.61

Top 10 Holdings as at 30 Jun 2021

Performance (Annualised)

A-Class	Fund (%)	Benchmark (%)
1 year	6.41	4.83
3 year	6.42	6.86
5 year	6.88	7.70
10 year	6.91	7.06

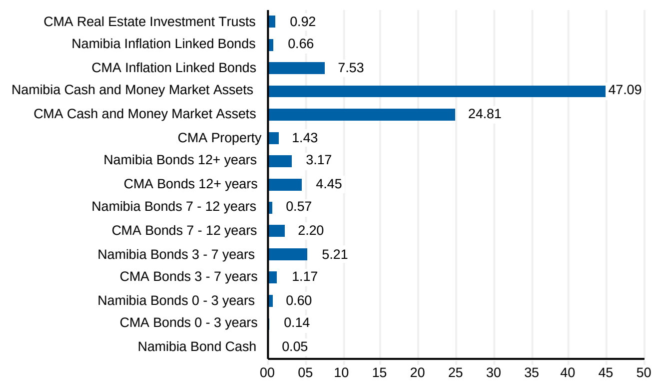
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

A-Class	Fund (%)	Benchmark (%)
1 year	6.41	4.83
3 year	20.54	22.02
5 year	39.49	44.92
10 year	95.10	97.75

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

Asset Allocation



Sanlam

Fund Fact Sheet

Sanlam Namibia Active Fund

August 2021

Portfolio Manager(s) Quarterly Comment - 30 Jun 2021

Market review

The second quarter kicked off with global markets more optimistic on the economic outlook as developed market economies were vaccinating their populations at a rapid pace and with restrictions easing, even as some areas had smaller bouts of tightening. Emerging markets, however, had been lagging although with the highly accommodative global monetary policy environment providing some support for risk assets despite the US 10-year increasing towards the end the first quarter.

The US Federal Reserve (Fed) helped calm the fears in the market by continually stating that they will let the economy run hot and not tighten liquidity until they see sustained increases in employment and economic activity. On the local front, March CPI came in at 3.2%, closer to the lower end of the SA Reserve Bank (SARB)'s 3-6% target band. This also created room for the SARB to remain accommodative in their stance to support economic activity in the country.

During May, the global reopening theme continued as developed markets continued to have substantial access to vaccines and were able to administer to large parts of their populations, helping the reopening of their economies. In emerging markets, the pace remained slow, with lockdowns being implemented in some regions due to outbreaks. Global markets continued to rise, albeit at a slower pace than the previous month, even as US yields threatened to dampen the optimism. US president Joe Biden tabled a $1.9 trillion infrastructure plan to help boost the recovery and improve infrastructure in that economy.

Inflation in SA came out at 4.4% year-on-year (y/y) for the 12 months to end-April, signalling the end of the very low inflation period as it rose by 1.2% from the previous month. The biggest contributor to the sharp increase in inflation was transport CPI, which increased by 10.6% y/y. The Monetary Policy Committee (MPC) at the SARB kept the repo rate unchanged at 3.5% at their scheduled meeting in May. They raised their GDP forecast to 4.2% while stating that the risks to inflation are now on the upside. The committee did state, however, that they will remain accommodative as the country tries to recover from the impact of the pandemic.

Due to the high vaccination levels in the US, and the increasing pace of vaccinations in Europe, these economies were able to stave off lockdowns as the Delta variant continued to spread. Some emerging market economies, on the other hand, had to increase restrictions. In their June meeting, the Fed delivered a hawkish tone to the market, raising expectations of policy normalisation by forecasting two hikes by mid-2023. This caused aggressive flattening of the 30/5-year and 10/5-year spreads in the US curve.
The South African economy held up better than expected, with the first quarter of 2021 (Q1) GDP number printing at 4.6% quarter-on-quarter (q/q), better than market consensus of 3.2%, and coming from a downward revision of 5.8% q/q in the fourth quarter of 2020. On the inflation front, May CPI came out at 5.2%, from 4.4% in the previous month, with economists calling it as the high point, and inflation is expected to move lower in the coming months, ending the year closer to the mid-point of the SARB's inflation target band. On the fiscal policy side, National Treasury helped boost bonds for the quarter and half year as issuance sizes decreased from R6.6 billion per week to R3.9 billion per week.
In Namibia, Q1 GDP fell by 6.5% y/y, after falling by 5.9% y/y in the last quarter of 2020. The outlook for GDP is expected to bounce to 2.7% for the year, after falling by 8% in 2020. Inflation in the country rose to 3.9% in April, from 2.8% at the end of March, but moderated marginally to 3.8% in May. Inflation is expected to average 3.8% this year, according to the Bank of Namibia. On the rates side, we believe the bank will remain on the accommodative side together with the SARB, in order to help the economy recover from the Covid-19-induced recession, although the country was already in a weak position even before the pandemic started.

We remain quite cautious on our outlook for property. Even in the case of a recovery in 2022 we do not think the sector will get back to 2019 levels anytime soon. There are a number of risks facing the property sector in the short-term, including further lockdown restrictions and risks of additional rental relief and concessions to tenants. Short-term returns will likely remain volatile given uncertainties related to the level of dividends and payout ratios, but we do anticipate a further rerating in the sector once we get back to a more normalised trading environment and a sustainable growth rate closer to inflation.
It definitely continues to be worth bearing in mind that we are in a relatively soft inflation environment. Clients can take some comfort in the fact that the inflation-adjusted returns are still looking good in positive territory. Our positive yield environment locally is in contrast to the global environment where the vast majority of fixed-income markets are trading at negative real yields. Locally, yields have decreased to record low levels at the 'shorter end of the curve', i.e. the repo rate, and now make products such as the Sanlam Namibia Active Fund even more important. For our investors in these funds, we continue to place an emphasis on assets which offer good risk-adjusted return prospects and are appropriate for the current environment.

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