Fund Objective
The fund invests in a wide spectrum of investments available in Namibia making use of the Namibian equity, bonds, listed property and money market instruments in order to maximise total returns over the long term. The Fund is suited for investors requiring capital growth via balanced portfolio with exposure only to Namibian instruments.

Fund Strategy
We employ active asset allocation and securities selection strategies appropriate to the needs of cautious investors. Fund holds a maximum of 35% in Namibian Equity and maximum of 45% in Namibian bonds. The Fund also only invests in assets classified as domestic assets as per Regulation 28 of the Pension Funds Act.

Why choose this fund?
*The fund will consistently hold at least 35% in fixed interest instruments and 30% money market instruments which will provide stability and income.
*This fund is less volatile than a traditional balanced fund focusing on capital preservation.
*By investing in a single fund that diversifies across all major asset classes, investors “outsource” the difficult decision on how much and when to invest in various classes.
*The fund is actively managed according to Sanlam Investment’s pragmatic value investment philosophy, ensuring that assets are bought below their fair value. This, along with a low equity weighting, should limit capital loss.
*There is a low propensity for capital loss over the medium to long term.
*Regulation 28 complaint (excluding the unlisted holding requirement)

Fund Information
Classification
Domestic Low Equity Asset Allocation Fund

Risk profile
Cautious

Benchmark
Notional Benchmark:
35% STEFI
37% IJG ALBI
28% SSS CNASI

Portfolio launch date
1 June 2011

Minimum investment
Lump Sum N$ 5 000 | Monthly N$ 200

Portfolio size
N$195.1 million

Last two distributions
30 Jun 20: 3.19 cents per unit
31 Dec 19: 3.67 cents per unit

Income decl. dates
30 Jun | 31 Dec

Income price dates
3rd working day in July and January

Valuation time of fund
15:00

Trading closing Time
13:00

Fees (Incl. VAT)
Retail Class (%)
Initial Fee
N/A
Annual Service Fee
1.50

Top 10 Holdings

<table>
<thead>
<tr>
<th>Securities</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>GC25 Namibia 8.50% 15042025</td>
<td>7.28</td>
</tr>
<tr>
<td>GC27 Namibia 8.00% 150127</td>
<td>5.91</td>
</tr>
<tr>
<td>GC22 Namibia 8.75% 15012022</td>
<td>5.38</td>
</tr>
<tr>
<td>GC30 Namibia 8.00% 150130</td>
<td>4.93</td>
</tr>
<tr>
<td>Anglos</td>
<td>4.54</td>
</tr>
<tr>
<td>GC32 Namibia 9.00% 15042032</td>
<td>4.47</td>
</tr>
<tr>
<td>Bank Windhoek F/R 18082002</td>
<td>4.13</td>
</tr>
<tr>
<td>GC24 Namibia 10.50% 151024</td>
<td>3.05</td>
</tr>
<tr>
<td>Sanlam</td>
<td>2.89</td>
</tr>
<tr>
<td>GC23 Namibia 8.85% 15102023</td>
<td>2.83</td>
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</tbody>
</table>

Top 10 Holdings as at 30 Jun 2020

Performance (Annualised)

<table>
<thead>
<tr>
<th>Retail Class</th>
<th>Fund (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>(4.23)</td>
<td>(3.61)</td>
</tr>
<tr>
<td>3 year</td>
<td>4.53</td>
<td>5.87</td>
</tr>
<tr>
<td>5 year</td>
<td>4.48</td>
<td>5.95</td>
</tr>
</tbody>
</table>

Performance (Cumulative)

<table>
<thead>
<tr>
<th>Retail Class</th>
<th>Fund (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>(4.23)</td>
<td>(3.61)</td>
</tr>
<tr>
<td>3 year</td>
<td>14.22</td>
<td>18.66</td>
</tr>
<tr>
<td>5 year</td>
<td>24.48</td>
<td>33.52</td>
</tr>
</tbody>
</table>

Asset Allocation

- Namibia Equities: 30.56%
- CMA Equities: 0.17%
- Namibia Property: 2.35%
- Namibia Bonds: 41.21%
- Namibia Inflation Linked Bonds: 3.47%
- Namibia Cash and Money Market Assets: 21.42%
- CMA Cash and Money Market Assets: 0.82%

This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

This monthly Fund Fact Sheet should be viewed in conjunction with the Portfolio Manager Commentary Sheet.
One day when we look back to this quarter without any context, one would be forgiven for thinking the world and Namibia was going through a period of unprecedented economic positivity. Not a quarter hit by a global pandemic with economies being brought to its knees, projected contractions which will dwarf any other period over the last century. With half of the world’s population under some form of lockdown, travel restrictions and economic sectors closed down, the market has had one of the best quarters in years. To make sense of this period one will have to understand the unprecedented spending and liquidity support coming into the markets from the world’s central banks and the saying continue to ring true in the short term - “Don’t fight the Fed”. As the US Federal reserve expanded its balance sheet by over 2 Trillion USD, European Central Bank added 600 Billion UER to bond buying program, China ran an 850 Billion USD stimulus package. Namibia launched the Economic Stimulus and Relief Package of 8.1 Billion NAD in the form of government backed preferential loans, refund of outstanding VAT claims, supports to the MoHSS and once off income grant.

During the quarter we also had the delayed 2020/2021 budget delivered which raised a few eyebrows. The deficit, amount of money the government will be required to raise to cover the budgeted spending, is expected to increase to 12.5% or 21.4 Billion NAD. This will be raised in the form of sinking fund withdrawals, foreign and local lending. This didn’t sit well with international rating agencies and both Moody’s & Fitch put us on a negative outlook for possible further downgrades in future. The Namibian first quarter GDP came in at a contraction of -0.8% (this is before the period of lockdown), and outlook for 2020 GDP standing currently around -7.3%.

Namibian bonds after a slow start to the year delivered for investors in the second quarter as we saw strong demand in auctions and SA yields coming in over the same period. Looking at the IJG bond index, Namibian bonds delivered a return of 11.7% for the quarter and a total of 8.8% over the last year, again being the best local asset class for investors. Looking at bond yield together with Namibian CPI which is continuing to undershoot, average NCPI for 2020 coming in at 2.0%, in real terms the bonds will continue to perform well for the local investor.

To support the local lenders the Namibian MPC has cut the repo rate twice this quarter. First in April with 1% and again in June with 0.25%. This was done to support the weak domestic economic activity and provide short term relief amid the extraordinary circumstances. This brings the Namibian repo rate to 4.00%, incredible low number which supports the lender but penalizes the investor putting their savings in short term money market type of instruments. Return on local cash dropped to only 1.54% over the quarter (compared to 1.84% a year ago and 1.71% for the first quarter of 2020).

This news is in stark contrast to the equity market performance this quarter. In South Africa the Resources sector recovered with 37% on the back of gold shares moving up, this propelled the JSE ALSI up with 22.1% over the quarter. Listed properties also had a great quarter delivering a return of 20.4% for the quarter. On the local bourse the overall index pushed up 17.2% but unfortunately the Namibian Locally listed shares did not follow the strong lead from the international markets dropping a further 7.7% this quarter. Few of the movement in the local tickers to take note of, Namibian Breweries down 12.5%, Capricorn Group down 8.4% and FNB down 4.8% over the quarter.

Portfolio allocation

During the quarter with the strengthening in dual listed...
shares we used the opportunity to lighten the equity exposure with 0.50%. While still holding an overweight position in locally and dual listed shares on the NSX.

Bonds performed well during the period and we allowed the overweight position in bonds to move up to 5% towards the end of the period.

With the low interest rate on offer for money market instruments comfortable for time being to remain underweight on our cash allocation.

Portfolio Performance

The Sanlam Namibia All Namibia Fund performance has been impacted negatively by the drop in locally listed equities. While the bond and dual listed price movements was quite strong during the quarter. This propelled the fund in delivering a positive retail return of 7.4% over the last quarter.

Bond allocation has performed well against the NAM ALBI Benchmark, outperforming the index with 1.57% over 6 months and 1.95% over 12 months.

With the overall drop in the equity over periods longer than 6 months means the performance is still down for the investors in the fund. Overall the net retail performance of the fund was down 5.0% over the last 12 months and over rolling 3 years standing on return of 2.09%. With the regulatory constraint for the fund to only be able to invest in assets listed in Namibia has meant fund could not have exposure to global bonds or equities which has been performing relative better over the last year.

Positioning

We have made a change to our bond allocation during the period in line with the SIM House view increasing bond allocation with 1% and selling 1% cash instruments.

Namibia 10 year bonds is offering a real return of 5%+, assume long term inflation of 5.25%, considering inflation risk is very attractive compared to history. Hold a 5.0% combined overweight in nominal and inflation linked bonds.

Portfolio Manager(s)

Basson van Rooyen
CFA, CA (SA), CA (NAM)
Nigel Suliaman
CFA