

**Fund Objective**

The fund invests in a wide spectrum in 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**

<b>Classification</b>	Domestic Low Equity Asset Allocation Fund
<b>Risk profile</b>	Cautious
<b>Benchmark</b>	Notional Benchmark: 35% STEFI 37% IJG ALBI 28% SSS CNASI
<b>Portfolio launch date</b>	1 June 2011
<b>Minimum investment</b>	Lump Sum N\$ 5 000   Monthly N\$ 200
<b>Portfolio size</b>	N\$161.7 million
<b>Last two distributions</b>	30 Jun 21: 3.10 cents per unit 31 Dec 20: 2.66 cents per unit
<b>Income decl. dates</b>	30 Jun   31 Dec
<b>Income price dates</b>	1st working day of the month
<b>Valuation time of fund</b>	15:00
<b>Trading closing Time</b>	13:00

**Fees (Incl. VAT)**

	Retail Class (%)
<b>Initial Fee</b>	N/A
<b>Annual Service Fee</b>	1.50

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

**Top 10 Holdings**

Securities	% of Portfolio
GC25 Namibia 8.50% 15042025	8.59
GC27 Namibia 8.00% 150127	7.31
GC22 Namibia 8.75% 15012022	6.57
GC30 Namibia 8.00% 150130	6.23
GC32 Namibia 9.00% 15042032	5.67
Anglos	4.56
Bank Windhoek F/R 18082022	3.85
GC24 Nam 10.50% 151024	3.84
FirstRand / RMBH	3.60
GC23 Namibia 8.85% 15102023	3.45

Top 10 Holdings as at 30 Jun 2021

**Performance (Annualised)**

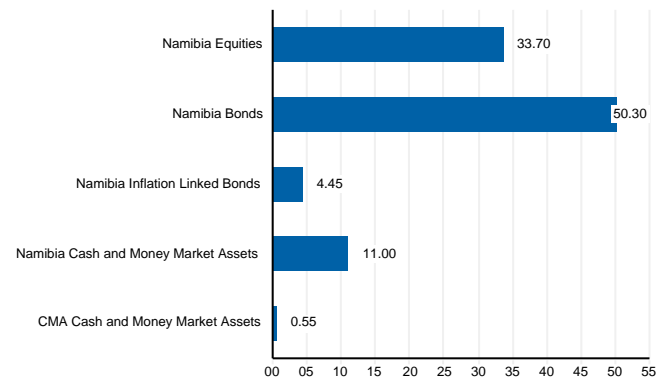
Retail Class	Fund (%)	Benchmark (%)
1 year	15.35	17.62
3 year	5.42	7.09
5 year	6.47	8.48
10 year	7.42	8.51

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

**Performance (Cumulative)**

Retail Class	Fund (%)	Benchmark (%)
1 year	15.35	17.62
3 year	17.17	22.82
5 year	36.82	50.25
10 year	104.62	126.22

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

**Asset Allocation**


**Portfolio Manager(s) Quarterly Comment - 30 Jun 2021****Namibian commentary****Can you turn risks into rewards?**

The last quarter has been riddled with Corona Virus breakouts and uncertainties around vaccine efficacies as the global economy keeps wrestling to recover from the mammoth economic halt caused by the lockdown measures. The recovery has been uneven as China leads the way above the United States of America and Europe. The labor market in the United States has recovered significantly as they're on the brink of normalization, with majority of the population fully vaccinated against Covid-19. Furthermore, dozens of states have reduced excess unemployment benefits and the US labor market is starting to see demand for jobs again. Financial support from the United States Federal Reserve has buoyed assets globally as low interest rates and low inflation resulted in a global risk on phenomenon rocketing US equities and growth stocks higher consistently since the low in March 2020.

The globally recovery has sparked debate amongst market participants on whether the global accommodative monetary ethos will remain in place as interest rate hikes pose the risk of fixed income assets mopping up liquidity at the expense of equities, as the market adopts a more risk-off approach. However, the Federal Reserve's latest meeting minutes insinuate that "the Fed" only expects a more hawkish stance in 2023 or 2024 on the back of inflationary pressures and a booming demand for goods and services.

On the contrary, Namibia's recovery has been slightly slower with the Namibia Statistics Agency's latest quarterly report illustrating significant retractions in construction (-23.9%), Manufacturing (-22.3%), and Mining and Quarrying (-19%). The Health (+12.8%) and Information and Communication (+17.6%) were the sectors that have printed positive growth due to structural economic changes brought forth by Covid-19 induced lockdowns. The Namibian economy contracted by 6.5% in its entirety and the Bank of Namibia has kept interest unchanged at 3.75% in order to accommodate a potential recovery by providing relief to the Namibian consumer.

Namibian local equities continued to lag global equities over the last quarter. The worst Year to Date performers on the NSX were Letshego Holdings (-36.8%) and Oryx Properties (-18.1%) and the best performers were FirstRand Namibia (+18.5%) and Nictus Namibia (13.2%). Liquidity on the Stock Exchange has increased with the local index trading up to N\$ 114.8 million in the month of June with Paratus Namibia trading N\$ 103.5 million. The NSX local index saw N\$ 21.7 million in trades for the months of April and May collectively. In addition, Namibia's bond yield curve extended its flattening over the second quarter as the market priced in lower yields on the medium and longer ends of the curve.

The flattening of the curve has been exacerbated by a significant flattening of the belly of the curve. Finally, due to Namibia's accommodative monetary policy the money market rates have remained significantly low compared to historic rates. We expect this to be the case until inflationary pressure forces the central bank to

take a more hawkish stance. In addition, the probability of a further interest rate cut is low due to the fact that the current rate is perceived as accommodative and maintains Namibia's foreign reserves in order to maintain the Namibian Dollar and Rand one to one peg. With global interest rates at persistently low levels and inflation expected to be maintained, outperformances of funds are dependent on stock picking abilities and superior risk management measures. Equity markets are expected to keep running hot and risky. As the Legendary investor Warren Buffett is famous for saying "only when the tide goes out do you discover who's been swimming naked."

**Portfolio Positioning**

The All Namibian Fund went into the quarter with a healthy overweight to equities of around 4.6%. During the second quarter locally listed shared pushed up a strong 3.5% and team used this opportunity to take some profit on shares held, selling around 1.7% of the dual listed equities, while still continuing to hold the overweight position.

Fund continued holding an overweight position in Namibian bonds during the quarter in line with Sanlam House View. Ending the quarter with an overweight position of 5.0% to benchmark which relates to 42.0% of the fund exposed to Namibian bonds.

Cash being the balancing position is currently at underweight position of 10.2% making up 24.8% of the fund.

**Portfolio Performance**

Funds bond and equity overweight positioning has helped during the last quarter as we see both local asset classes performing well over respective period. Although the fund continues to deliver a positive return during the year with the 6 month return standing at 4.5% and 1 year at 10.0% but unfortunately we're still slightly underperforming our benchmark with 0.05% and 2.4% over respective periods. The largest underperformance mostly due to the locally listed shares. Around 5% of the fund is invested into local Namibian equities, namely Nambrews, Oryx and FNB which has continued to underperform when compared to the wider equity market.

**Portfolio Manager(s)****Basson van Rooyen**

CFA, CA (SA), CA (NAM)

**Nigel Suliaman**

CFA

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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.