

Fund Objective

The fund invests in a wide spectrum of investments in the equity, bond, money and property markets in order to maximise total returns over the long term. The fund is suited for pension funds, smaller companies and employers wishing to make pension provision for employees, as well as individuals requiring capital growth via a balanced portfolio. This is a moderate risk balanced fund and which complies with holding a minimum of 35% Namibian based Assets.

Fund Strategy

The trust invests in a wide spectrum of investments in the equity, bond, money and property markets in order to maximise total return over the long term. The trust's investments are composed in such a way that it is accessible for pension fund investments i.e. follows prudential guidelines. Up to 20% of the value of the unit portfolio in other unit portfolios. The trust can also invest in foreign markets.

Why choose this fund?

- *The fund manager alters exposure to the various asset classes in line with the investment view.
- *By investing in a single fund which diversifies across all the major asset classes, investors "outsource" the difficult decision of how much and when to invest in bonds, equities, property and how much cash to have any given point, to the fund manager.
- *The fund is less volatile than a general equity fund.
- *The asset allocation is appropriate for an investor with a moderate risk profile.
- *The fund aims to provide reliable, consistent above average returns in the medium to long term.
- *The fund complies with holding a minimum of 35% Namibian Assets.

Fund Information

Classification	Namibian Asset Allocation Funds
Risk profile	Moderate
Benchmark	Average Namibia Managed Funds
Portfolio launch date	01 July 2000
Minimum investment	Lump Sum N\$ 2 000 Monthly N\$ 200
Portfolio size	N\$442.0 million
Last two distributions	30 Jun 21: 0.90 cents per unit 31 Dec 20: 4.12 cents per unit
Income decl. dates	30 Jun 31 Dec
Income price dates	1st working day of the month
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

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)	14.26
Satrix World Equity Tracker Fund I	9.28
Sanlam Global Equity Fd C	9.00
Naspers -N-	6.05
GC24 Nam 10.50% 151024	3.59
Prosus (PRX)	2.38
NBS	2.00
SIM Namibia Property Fund Class D	1.83
British American Tobacco	1.72
FirstRand / RMBH	1.68

Top 10 Holdings as at 30 Jun 2021

Performance (Annualised)

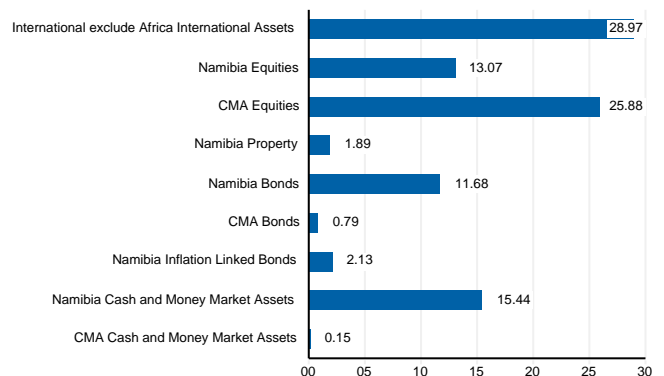
Retail Class	Fund (%)	Benchmark (%)
1 year	9.85	12.61
3 year	5.28	5.66
5 year	5.59	6.03
10 year	9.26	9.33

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

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	9.85	12.61
3 year	16.70	17.96
5 year	31.28	34.01
10 year	142.42	144.00

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 fund continues to hold a healthy total exposure to equities with exposure to 12.0% Namibian, 26.5% SA and 22.4% foreign equities, bringing the total exposure of fund to 60.9% at quarter end. With the slight pull back in SA equities fund has continued buying into the listed equity space picking up 1.0% SA equities during the quarter. This brings the total equity exposure roughly to neutral position when compared to its benchmark within this is an overweight to NAM & SA equities and underweight to foreign equities.

SA properties continue to rally over short term with a 9 month return of 45.8% for the SAPY index, we used this strong rally to further cut our underweight position by selling 0.75% of our SA Listed property exposure during the quarter.

With Namibian spreads slowing widening again over that of SA bonds we have begun taking part in primary government nominal bond auctions again picking up 0.25% bonds during the quarter and will be looking to continue picking up Namibian bonds in coming quarter.

Portfolio Performance

Unfortunately, the underweight foreign equities together with the overweight NAM & SA equities has continued to detract from fund's relative performance over the short term as we've seen the JSE contract 1.8% over the quarter and Local Namibian equity only delivering 0.2% while on NAD basis foreign MSCI world has delivered 4.1%.

Fund still well positioned on the Fund Focus Survey for Managed Namibian Funds as at 30 June 2021 outperforming the average return of 4.3% with 1.6% giving the retail investor an annualized return of 5.9% over the 3 years.

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

CFA, CA (SA), CA (NAM)

Nigel Sulieman

CFA

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.