**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$391.3 million

**Last two distributions**
30 Jun 20: 8.39 cents per unit
31 Dec 19: 6.03 cents per unit

**Income decl. dates**
30 Jun | 31 Dec

**Income price dates**
5th working day in January and July

**Valuation time of fund**
15:00

**Trading closing Time**
13:00

**Fees (Incl. VAT)**

<table>
<thead>
<tr>
<th>Retail Class (%)</th>
<th>Initial Fee</th>
<th>Annual Service Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>1.50</td>
<td></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Securities</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanlam Global Funds Plc Sanlam Global Equity Fund</td>
<td>11.56</td>
</tr>
<tr>
<td>Satrix World Equity Tracker Fund I</td>
<td>10.25</td>
</tr>
<tr>
<td>Naspers -N-</td>
<td>7.22</td>
</tr>
<tr>
<td>GC24 Nam 10.50% 151024</td>
<td>3.94</td>
</tr>
<tr>
<td>SIM Namibia Property Fund Class D</td>
<td>3.67</td>
</tr>
<tr>
<td>Prosus NV</td>
<td>2.95</td>
</tr>
<tr>
<td>First National Bank Namibia NCD 8.2% 25092020</td>
<td>2.72</td>
</tr>
<tr>
<td>NBS</td>
<td>2.18</td>
</tr>
<tr>
<td>Anglos</td>
<td>2.16</td>
</tr>
<tr>
<td>BTI Group</td>
<td>1.90</td>
</tr>
</tbody>
</table>

**Top 10 Holdings as at 30 Jun 2020**

<table>
<thead>
<tr>
<th>Performance (Annualised)</th>
<th>Fund (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>4.58</td>
<td>1.99</td>
</tr>
<tr>
<td>3 year</td>
<td>5.13</td>
<td>5.04</td>
</tr>
<tr>
<td>5 year</td>
<td>4.85</td>
<td>4.97</td>
</tr>
<tr>
<td>10 year</td>
<td>9.46</td>
<td>9.31</td>
</tr>
</tbody>
</table>

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

**Performance (Cumulative)**

<table>
<thead>
<tr>
<th>Retail Class</th>
<th>Fund (%)</th>
<th>Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>4.58</td>
<td>1.99</td>
</tr>
<tr>
<td>3 year</td>
<td>16.18</td>
<td>15.89</td>
</tr>
<tr>
<td>5 year</td>
<td>26.73</td>
<td>27.45</td>
</tr>
<tr>
<td>10 year</td>
<td>146.92</td>
<td>143.56</td>
</tr>
</tbody>
</table>

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

**Asset Allocation**

- **International exclude Africa International Assets**
  - Namibia Equities: 11.52
  - CMA Equities: 25.82
  - Namibia Property: 5.27
  - Namibia Bonds: 11.55
  - CMA Bonds: 0.87
  - Namibia Inflation Linked Bonds: 1.78
  - Namibia Cash and Money Market Assets: 11.75
  - CMA Cash and Money Market Assets: 0.74

This monthly Fund Fact Sheet should be viewed in conjunction with the Portfolio Manager Commentary Sheet.
Namibian commentary

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%.

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.

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.

Portfolio allocation

With the incredible strong rebound in foreign equity we
used the quarter to cut on our international equity exposure and cut our exposure by more than 1%, this foreign cash was brought back to Namibian dollars on exchange rate north of 18 NAD to the USD.

On the SA equities we also used the strong rally in April and May to sell SA equity, cutting our SA equity exposure by 0.30% over the quarter.

With the Namibian spreads remaining on the wide side and the 10 year yields remaining above 10%, we used the opportunity to further increase bond allocation back to a more neutral position. We remain underweight on total Namibian, SA and Foreign equity positions compared to our mandated limits and historic holding, and depending on movement in markets will be closing the underweight position slowly and only when more certainty around lockdowns and economic growth outlook is formed.

During the quarter moved to a more neutral total foreign exposure around the 30% level for the portfolio while increasing local cash position, this cash will be held to deploy as buying opportunities present itself in the market.

**Portfolio Performance**

The fund continues to perform well into 2020 with slight underperformance over the last quarter compared to fund holding large overweight positions in foreign equity. Still ranked in 3 place over 6, 12 and 36 months on the Fund Focus Managed Fund category, outperforming the average return of periods by 4.1%, 5.3% and 1.2% respectively.

On the equity allocation the overweight position to resources helped the equity to outperform the SWIX index by 2% over the last 6 months. While over the last quarter the underlying overweight to platinum sector and underweight gold sector within resources sector has detracted slightly from the relative performance.

Namibian bonds contributing to funds outperformance for the year as we see the spreads narrowing as well as the SA underlying yield coming in quite a bit.

On the international part of the portfolio our large holding of US Dollar cash holdings has detracted slightly during the quarter.

**Portfolio Manager(s)**

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

Nigel Suliaman  
CFA