

FUND FACT SHEET

29 Feb 2024



Investments

Sanlam Namibia Enhanced Cash Fund

Fund Objective

This portfolio seeks to maximise income, preserve the portfolio's capital and provide immediate liquidity. The fund is permitted to invest into Namibian credit. Instruments classified as cash, cash equivalents and money market instruments to make up >90% of the portfolio. The composition of the underlying investments is actively managed and will change over time to reflect the manager's assessment of interest rate trends. These portfolios are not allowed to hold any equity, real estate securities or perpetual/nonredeemable preference shares.

Fund Strategy

The weighted average modified interest rate duration of the underlying assets shall never exceed 182 days. Maximum legal maturity of any instrument is 13 months from day of investment and the weighted average legal maturity of the underlying assets does not exceed 182 days.

Why choose this fund?

- *This fund is ideal for use as a long-term money market fund.
- *It is ideal for investors that want more risk in the money market.
- *It is ideal for risk-averse investors, or investors who are waiting for market volatility or global uncertainty to subside.
- *The fund should produce returns in excess of money market funds.
- *The fund pays out income on a monthly basis.

Fund Information

Classification	Namibian Money Funds
Risk profile	Cautious
Benchmark	IJG Money Market Index
Portfolio launch date	1 April 2001
Minimum investment	Lump Sum N\$ 1 000 Monthly N\$ 500
Portfolio size	N\$26.9 million
Last two distributions	29 Feb 2024: 6.05 cents per unit 31Jan 2024: 6.92 cents per unit
Income decl. dates	Last day of each month
Income price dates	Within 5 working days of the following month
Valuation time of fund	15:00
Transaction cut off time	13:00

Fees

	Retail Class (%)
Annual Wholesale Fee	0.50
Annual Service Fee	0.60

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

Top 10 Holdings

Securities	% of Portfolio
Sanlam Namibia Money Market Fund C1	18.71
GC24 Nam 10.50% 151024	13.69
Namibian Government TB 9.079997% 23022024	9.81
Namibian GovernmentTB 8.481294% 28032024	9.32
Bank Windhoek F/R 22042024	9.01
Namibian Government TB 8.524971% 15032024	7.67
Namibian Government TB 9.40% 22032024	7.31
Namibian Government TB 8.524995% 01032024	7.00
Namibian Government TB 9.399994% 28062024	6.81
Namibian Government TB 8.95% 23082024	5.24
Top 10 Holdings as at 31 Dec 2023	

Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	7.93	8.30
3 year	5.62	6.05
5 year	5.49	6.10
10 year	5.98	6.64

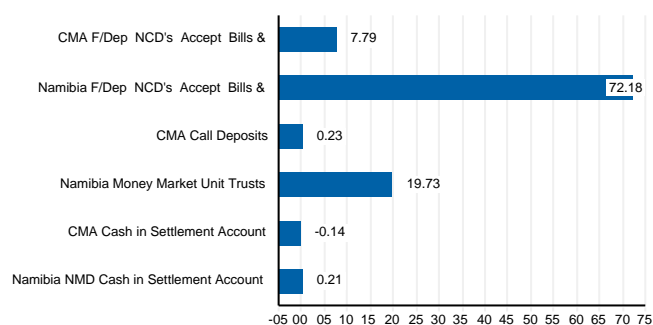
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	7.93	8.30
3 year	17.82	19.26
5 year	30.62	34.46
10 year	78.72	90.13

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

Asset Allocation



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

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Portfolio Manager(s) Quarterly Comment - 31 Dec 2023

The Namibian MPC kept their repo rate unchanged at 7.75%. At the SA Reserve Bank (SARB)'s November Monetary Policy Committee (MPC) meeting they voted unanimously to keep the repo rate unchanged at 8.25% - maintaining a 0.50% differential between Namibian and South African repo rates. This differential is supported by record high liquidity levels in Namibia as Foreign Direct Investment and the Heineken acquisition of Namibian Breweries increased investment into the country in foreign currency. The interest rate differential has resulted in South African instruments printing more attractive yields than Namibian counterparts. Namibian investors demanded longer dated TBs due to the expectation that interest rates should come down on the back of cooling inflation and a dovish US Federal Reserve Bank. During the final quarter of 2023 (Q4) data showed that global inflation slowed more than expected. Markets also adjusted and repriced the prospect of aggressive interest rate cuts in 2024. This view was further supported by the December US Federal Reserve (Fed) meeting, where the Fed maintained its key interest rate at 5.25%-5.5% for the third consecutive time, citing a steady economy and easing inflation. Policymakers are projecting at least three rate cuts in 2024. The dot plots showed a potential total of seven rate cuts by 2026, reaching a range of 2%-2.25%. Economic activity was noted to have slowed, and GDP growth projections were adjusted to 2.6% in 2023. However, an overlay of geopolitical conflicts and tensions in Russia-Ukraine and the Middle East continued to pose further risks to what is already a complicated global economic picture.

Going into 2024, markets are expected to be equally volatile where interest rate cuts and general elections are likely to be a major theme. Central banks will have to decide both when to cut interest rates, and by how much. They will have to tread carefully, knowing that cutting too soon would mean they might find themselves having to quickly reverse course if the downward trend in inflation does not persist, and leaving rates higher for longer might also negatively impact economic growth. In terms of notable data releases during Q4, Namibian GDP grew by 7.2% in the 3rd quarter. This marks four quarter of rolling growth of 6.5%. Most of the growth was driven by the mining sector as uranium prices ticked upward and agriculture. On the contrary, SA GDP contracted by 0.2% quarter-on-quarter (q/q) in the third quarter of 2023 (Q3), which can mainly be attributed to persistent rotational loadshedding, logistical constraints as well as a challenging global environment. Five of the 10 economic activities declined, with agriculture (-9.6% q/q), manufacturing (-1.3% q/q) and construction (-2.8% q/q) contributing the most to the overall decline. Namibian headline inflation cooled to 5.3% (from 5.7%) in December 2023. Food and Non-Alcoholic beverages printed 7.4% (from 9.2%) and transport printed 4% (from 5.1%) as petrol and diesel prices were reduced during the month of December. SA headline CPI declined to 5.5% year-on-year (y/y) in November from 5.9% y/y in October, largely reflecting a 5.5% decline in fuel prices in November. Core CPI rose from 4.4% y/y to 4.5% y/y. PPI inflation dropped to 4.6% y/y in November from 5.8% y/y in October. The Rand strengthened from R18.89 in September to R18.26 in December against the US dollar.

During the period under review, money market rates have reversed course after initially pricing higher interest rates for longer. The forward rate agreement (FRA) curve has now declined with nearly 75

basis points (bps) of rate hikes priced in again for 2024. Our house prefers South Africa paper over Namibian paper at current yields. Portfolios were allocated more SA TBs as they are yielding higher than JIBAR rates. The combination of corporate credit, high-yielding RSA TBs, negotiable certificates of deposit (NCDs) and floating-rate notes (FRNs) will enhance portfolio returns. We have cautiously maintained duration as we expect the money market yield curve to move lower as the market continues to price in rate cuts. Also, RSA TBs yielding slightly higher than bank NCDs were added into the Enhanced Cash portfolios.

Portfolio Manager(s)

Basson van Rooyen

CFA, CA (SA), CA (NAM)

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.

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