FUND
FACT SHEET

Sanlam Namibia Money Market Fund

31 May 2024

Sanlam Investments

Fund Objective

The fund seeks to maximise interest income, preserve the fund`s capital and provide immediate liquidity.

The fund is suited for investors requiring competitive interest with regular monthly income distribution and total capital stability.

Fund Strategy

The fund invests in a range of money market instruments which include negotiable certificates of deposit, banker`s acceptances, debentures, treasury bills and call accounts. The maximum legal maturity of any instrument may not exceed 13 months.

Why choose this fund?

*This fund is ideal for use as an emergency fund.
*It should form the core fund of your portfolio's cash component.
*It is ideal for risk-averse investors, or investors who are waiting for market volatility or global uncertainty to subside.
*The fund pays out income on a monthly basis.
*In rising interest rate environments, these funds will benefit soonest from higher call deposit rates.

Fund Information

Classification	Namibian Money Funds
Risk profile	Conservative
Benchmark	STeFI Composite Index
Portfolio launch date	1 April 2003
Minimum investment	Lump Sum N$ 1 000 | Monthly N$ 500
Portfolio size	N$446.8 million
Last two distributions	31 May 2024: 0.70 cents per unit 30 Apr 2024: 0.68 cents per unit
Income decl. dates	Last day of each month
Income Price dates	Within 5 working days of following month
Valuation time of fund	15:00
Trading closing Time	13:00

Fees

	Retail Class (%)
Annual Wholesale Fee	0.40
Annual Service Fee	0.50

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

Top 10 Holdings

Securities	% of Portfolio
Bank Windhoek NCD 8.5% 04092024	3.74
Bank Windhoek F/R 04092024	3.59
ABSA F/R 03032025	3.11
Nedbank F/R 19062024	3.10
ABSA NCD 9.95% 31052024	3.09
Namibian Government TB 8.925% 21062024	2.80
Namibian Government TB 8.9599% 20092024	2.74
Namibian Governmen TB 8.8282% 27092024	2.74
Republic of South Africa TB 9.5956% 16102024	2.71
Standard Bank NCD 9.85% 23052024	2.58

Top 10 Holdings as at 31 Mar 2024

Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	8.63	8.52
3 year	6.49	6.35
5 year	6.15	6.04
10 year	6.61	6.55

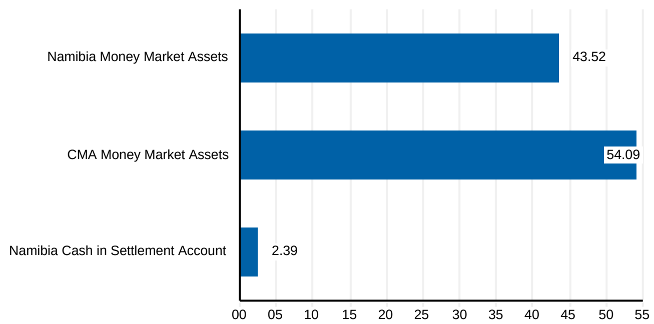
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	8.63	8.52
3 year	20.76	20.29
5 year	34.80	34.07
10 year	89.59	88.57

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

Asset Allocation



FUND FACT SHEET

31 May 2024

Sanlam Namibia Money Market Fund

Portfolio Manager(s) Quarterly Comment - 31 Mar 2024

Market review

The US Federal Reserve (Fed) kept interest rates unchanged at their March meeting as economic activity remained resilient and inflation sticky. Chairman Powell emphasised the Fed remains fully committed to bringing inflation down to its 2% target. For 2024, they kept their forecast of the number of cuts at a maximum of three. Accordingly, the market's expectations for cuts are also down to no more than three in 2024 from six to seven cuts at the end of 2023. Powell said that the committee will continue its data-dependent approach and evaluate data and rate hike decisions on a meeting-by-meeting basis.

Locally, the SA Reserve Bank (SARB)'s Monetary Policy Committee (MPC) kept the repo rate unchanged at their March meeting with a unanimous vote just like in January. The overall tenor of the meeting was cautious as they continued to assess risks to the inflation outlook as tilted to the upside. They upwardly revised their CPI inflation forecasts and now expect CPI inflation returning to the mid-point about one year later in 4Q25.

4Q23 SA GDP rose by a mere 0.1%, lower than the expected 0.3%, implying that the SA economy narrowly avoided a recession. Six out of 10 industries contributed to this growth, with the transport sector contributing the most and expanding by 2.9%. Agriculture and trade experienced steep declines of 9.7% and 2.9%, respectively.

The 4Q23 SA unemployment rate increased to 32.1% from 31.9% in 3Q23, as the number of unemployed persons increased by 46k to 7.9 million. At the same time employment fell by 22k to 16.7 million, after rising for eight straight quarters, and the labour force rose by 25k to 24.6 million.

The most important take from the budget is National Treasury (NT)'s decision to draw down a portion of the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA), utilising R150 billion over the next three fiscal years, to help finance the borrowing requirement.

Fitch ratings affirmed SA's sovereign credit rating at BB- with a stable outlook. They noted that the credit rating is constrained by weak economic growth, large inequality, rising public debt and a slow projected path of fiscal consolidation. They forecast GDP growth of 0.9% in 2024 and 1.3% in 2025 amid electricity supply shortages and logistics problems. The International Monetary Fund upgraded its global growth forecast for 2024 slightly by 0.2% to 3.1%, but lowered its SA growth forecast significantly by 0.8% to 1%.

Headline CPI increased to 5.6% year-on-year (y/y) in February from 5.1% y/y in December. Core CPI rose from 4.5% y/y to 5% y/y. PPI inflation rose from 4% y/y to 4.5% y/y. The rand weakened from 18.26 in December to 18.88 in March vs the US dollar. The 10-year SA government bond yield weakened from 11.05% in December to 12.02% in March. The trade balance increased slightly from a surplus of R13.9 billion in December to a surplus of R14 billion in February.

The money market yield curve did a slight positive butterfly movement, with the belly rates decreasing slightly and the short and long wings remaining roughly unchanged. According to the forward rates the market now expects the first interest rate cut towards the end of the year.

What SIM did

Quality corporate credit and RSA Treasury Bills (TBs), which are yielding higher than JIBAR rates, were added to the portfolio. The combination of corporate credit, high-yielding RSA TBs, negotiable certificates of deposit (NCDs) and floating-rate notes (FRNs) will enhance portfolio returns.

SIM's strategy

Our preferred investments would be a combination of fixed-rate notes, FRNs and quality corporate credit to enhance returns in the portfolio. With the MM yield curve up to one year remaining steep, fixed-rate bank notes are potentially still relatively more attractive than FRNs. Bank FRN spreads have started to increase now and are becoming attractive again. Only some RSA TB tenors yield higher than bank NCDs offering relative value.

Portfolio Manager(s)

Donovan van den Heever

B. Sc (Hons) (Math & Comp.Sc.); CFA

Manager Information: Sanlam Namibia Trust Managers Limited. Physical address: 154 Independence Avenue, Windhoek 9000, Postal address: PO Box 317, Windhoek, Namibia