

**Fund Objective**

This is a pure equity fund diversified across all sectors of the JSE. It offers a reasonable level of current income and the potential for long term outperformance. The fund manager only invests in shares which are undervalued and is very aware of downside risks.

**Fund Strategy**

This fund may invest in any listed share, but focuses on financially sound companies which offer exceptional value. These include shares with a low price to earnings ratio, shares trading at a discount to their net asset value and shares who does not yet reflect future earnings potential.

**Why choose this fund?**

- \*The fund attempts to hold stocks which are intrinsically under-priced by the market.
- \*Value is determined by a variety of methods. In this regard, the fund leverages off the considerable research capability of the house process.
- \*Essentially we are looking for companies that are cheap, relative to their dividends, cash flows or asset base.
- \*In addition we try to minimise downside risk.
- \*Lastly, because the market cycle can change and then persist for quite a while, we try to be pragmatic when we make decisions, i.e. we don't take a short term view.

**Fund Information**

<b>Classification</b>	Domestic - Equity - Value
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	General Equity Funds Average
<b>Portfolio launch date</b>	1 October 2010
<b>Minimum investment</b>	Lump Sum N\$ 5 000   Monthly N\$ 200
<b>Portfolio size</b>	N\$11.4 million
<b>Last two distributions</b>	31 Dec 21: 0.12 cents per unit 30 Jun 21: 0.46 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**

	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. 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
Anglos	7.08
Sanlam Gbl Financial F Eusd	6.21
MTN	5.45
FirstRand / RMBH	4.27
Naspers -N-	3.59
Combined Motor	3.11
Stanbank	3.10
Prosus (PRX)	2.99
Sanlam GI Best Idea Uni Eusd	2.94
Sasol	2.93

Top 10 Holdings as at 31 Mar 2022

**Performance (Annualised)**

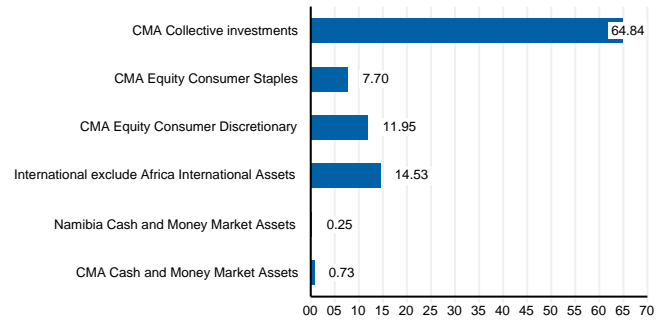
Retail Class	Fund (%)	Benchmark (%)
1 year	14.15	12.63
3 year	7.85	5.16
5 year	5.05	4.35
10 year	6.96	7.58

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

**Performance (Cumulative)**

Retail Class	Fund (%)	Benchmark (%)
1 year	14.15	12.63
3 year	25.46	16.29
5 year	27.96	23.73
10 year	95.94	107.64

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

**Asset Allocation**


**Portfolio Manager(s) Quarterly Comment - 31 Mar 2022****Market review****Global markets**

No commentary about the first quarter of 2022 can ignore the shocking invasion of Ukraine by Russia in late February. The loss of life and wilful destruction has been heart-breaking. There are three prevailing theories in the West about Putin's motivation for the invasion. These are (1) a desire to restore the Soviet Union, (2) a desire to restore imperial Russia, and (3) preventing the eastward expansion of the military/security alliance - the North American Treaty Organization. Ukrainian President Zelensky has offered the following during the peace negotiations in Turkey:

- Any peace agreement would have to be put to the Ukrainian people in a referendum.
  - Military neutrality, with guarantees from the West and Russia, are a must. "Ukraine's sovereignty and territorial integrity are beyond doubt. Effective security guarantees for our state are mandatory," said Zelensky.
  - Ukraine would not recognise an independent Crimea, but would commit to reunifying the country through peaceful means only.
- Global markets remain volatile. The ongoing economic uncertainty following the onset of the war, together with the risks of rising inflation and interest rates, is creating a 'risk off' environment. For the quarter, the MSCI World Index lost 5.2% in US dollar terms, with the European region shedding 7.2%, followed by North America (-4.8%) and the Pacific (-3%). MSCI Emerging Markets shed 6.9%, with the EMEA region down 13.6% (Asia down 8.6%).

A further sector level analysis of the MSCI World Index shows a massive divergence between the energy sector and the rest. The energy sector gained almost 31% in the quarter while consumer discretionary, communication services and information technology lost just over 10% each. Materials gained almost 3% for the quarter but industrials (-6.2%), consumer staples (-3.6%) and financials (-1.5%) were weak.

**South African markets**

The South African market performed well, relative to global markets, in the first quarter of 2022. The FTSE/JSE Capped Swix Alsi was up 6.7% for the quarter. The SA rand strengthened by 8.7% relative to the US dollar over the quarter. Resources was the best performing sector with a total return of 19%, followed by financials (up 16.7%). However, the industrial sector was down 13.1% for the quarter. This was exacerbated by the poor performance of both Prosus and Naspers, which fell 39.2% and 32.7% respectively. From a size perspective, the mid cap sector was the best performing (up 6.9%), followed by small caps (up 4%) and large caps (up 3%).

**Portfolio review**

The fund held up well over this volatile quarter, generating positive returns. The performance over 12 months was also pleasing and well ahead of the fund's benchmark. The stock picking within the team has been exemplary. This is a function of the disciplined investment approach we follow - identifying great businesses with good management teams that are trading well below our assessment of their intrinsic value.

Our investments in Investec, MTN, Royal Bafokeng Holdings, Combined Motor Holdings, Hudaco, Pepkor and Alvia have contributed significantly to performance. We follow a disciplined research process that is designed to uncover mispriced opportunities. We are steadfast and focused in identifying future opportunities that will add value to our clients, while continuing to monitor our existing holdings.

Although the macro environment remains uncertain, with elevated risks to global markets, we still believe that there are attractive investment opportunities - particularly in the South African mid and small cap space. This is an area where we have a competitive advantage.

We continue to see value in domestic cyclicals. We indicated in the last quarterly review that we had added to our domestic banks position. The banks have performed well recently and we expect a continued improvement in returns (return on equity) as banks benefit from rising interest rates (the endowment effect), while still seeing further benefits from the release of conservative bad debt provisioning through Covid. We continue to see select opportunities within the small cap sector. We run diversified portfolios, so we also have exposure to certain global stocks that are offering attractive upside to intrinsic value, like British American Tobacco, Reinet, and AB InBev. We have also added to selective domestic defensive positions where we see value, like AVI and Remgro. Resource stocks have performed extremely well over the past few years on the back of higher commodity prices.

Although commodity prices, in general, are likely to be supported as 'inflation hedges' in the current environment, we are mindful that they are cyclical. Margins and return on capital for many of the miners are at peak levels. We will continue to monitor our overall exposure to commodities given the increased risks. As we mentioned at the beginning of the year (in our last quarterly report), the strong performance from local and global developed market equities that we witnessed last year will be difficult to replicate. We are more modest with our expectations for 2022. However, we still expect real returns from equities in 2022, in particular SA local equities.

**Portfolio Manager(s)****Claude van Cuyck**

BCom (Hons), CFA

**Ricco Friedrich**

B Bus Sc (Finance), CA(SA), 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.



## Fund Fact Sheet

### Sanlam Namibia Value Fund

April 2022

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

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