FUND

FACT SHEET

30 Sep 2024

Sanlam

Investments

Sanlam Namibia Active Fund

Fund Objective

The Sanlam Namibia Active Fund`s objective is to provide a high level of income and to maximise returns over the medium to long term. The fund is actively managed and invests across the income-yielding universe, including fixed-interest securities, corporate and government bonds, preference shares, money-market instruments and listed property. Investors in this fund accept the aggressive performance objectives that go hand in hand with higher volatility and higher risk characteristics.

Fund Strategy

Superior returns are sought through tactical asset allocation and high conviction bets across the income-yielding universe, including corporate and government bonds, money market instruments, preference shares and listed property. Opportunities are taken across the entire duration and credit spectrum. This is an actively managed and widely diversified income fund.

Why choose this fund?

*Actively and aggressively managed.
*Widely diversified - invest across all income-yielding asset classes.
*Can invest through the entire duration and credit spectrum.
*Specialist and experienced investment team implements high conviction investment views.
***This fund complies with holding a minimum of 35% Namibian Assets.**

Fund Information

Classification	Domestic - Fixed Interest - Varied Specialist
Risk profile	Cautious
Benchmark	*Stefi + 1% p.a.
Portfolio launch date	1 June 2007
Minimum investment	Lump Sum N$ 5 000 | Monthly N$ 500
Portfolio size	N$1.1 billion
Last two distributions	30 Sep 24: 22.11 cents per unit 30 Jun 24: 22.25 cents per unit
Income decl. dates	31 Mar | 30 Jun | 30 Sep | 31 Dec
Income price dates	1st working day of the month
Valuation time of fund	15:00
Transaction cut off time	13:00

Fees

	Retail Class (%)
Annaul Wholesale Fee	0.60
Annual Service Fee	1.00

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
Stanbank	6.43
FirstRand Bank Limited	5.87
Nedbank Limited	3.52
R2030 Republic of South Africa 8.00% 31012030	3.45
Sim Namibia Floating Rate Fund Class B2 (D)	2.95
IVC273 Investec Bank Limited	2.69
R2035 Republic of South Africa 8.875% 28022035	2.46
Bank Windhoek F/R 07082028	1.96
Standard Bank Namibia F/R 07082028	1.96
First National Bank Namibia F/R 07082028	1.96

Top 10 Holdings as at 30 Sep 2024

Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	12.21	9.55
3 year	7.84	7.87
5 year	6.78	7.12
10 year	7.21	7.63

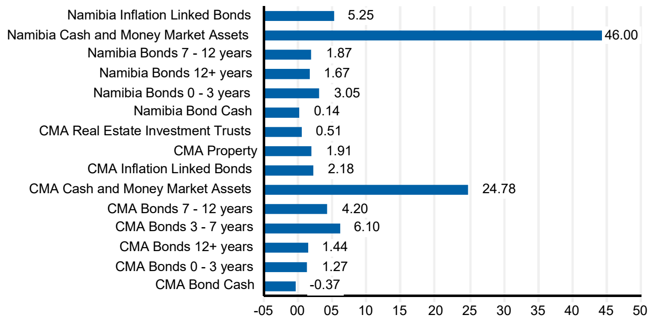
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	12.21	9.55
3 year	25.41	25.53
5 year	38.83	41.02
10 year	100.52	108.57

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

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 30 Sep 2024

Financial markets delivered strong performance for the quarter and the funds benefited from our favourable positioning for the current environment. Indeed, the funds delivered some of their strongest performance numbers to date. On the global front, we had equity and bond markets both ending on the front foot for the quarter despite elevated levels of volatility towards the middle on the back of markets fearing economic weakness in the US, which resulted in carry trade unwinds weighing down markets with some extreme price action. Locally, the optimism following the favourable local election outcome continued to lift local markets and we ended the quarter on a positive footing on the fixed-income front, particularly following a cut in the policy rate by the South African Reserve Bank (SARB) towards the end of September.

A closer look at the returns over the quarter shows some exceptional numbers on the board. Firstly, local cash as measured by the Alexander Forbes Short-Term Fixed-Interest (STeFI) Index, delivered 2.1% for the quarter as the 'underperformer' for the month as pretty much all other asset classes on the local front delivered exceptional relative performance. Local bonds as measured by the All Bond Index (ALBI) delivered 10.6% while inflation-linked bonds as measured by IGOV delivered 4.8%. Equities as measured by the FTSE/JSE All Share total return index delivered 9.6% while listed property delivered a stellar 18.7%. The rolling 12-month performance numbers are also quite notable – taking a look at cash, which delivered 8.5%, we again see all other asset classes delivering very decent gains. Local nominal bonds were up 26.1%, inflation-linked bonds were up 13.5%, equities up 23.9% and listed property up a massive 51.5%. The rand has continued to be volatile but overall has strengthened significantly against the US dollar, making it the top performing emerging market currency this year. The rand rallied to a year-to-date high as it approached the R17.00 level and gained further ground against the dollar towards the end of the quarter, in particular also following China's announcement of economic stimulus measures.

Globally, equity markets delivered strong returns despite the volatility intra-quarter. Emerging market equities again outperformed compared to developed markets, with the MSCI World Index delivering 6.5% for the quarter, while the MSCI Emerging Markets Index delivered 8.9% by comparison. In the US, the S&P500 delivered 5.9% while the Stoxx 600 in Europe delivered 2.7% and the Hang Seng in Hong Kong 21.7%, which was the best return seen since 2009. The main exception was the Nikkei, which fell 3.6% on the back of the stronger yen. It was also a strong quarter for sovereign bond markets as markets continued to price in more and more rate cuts. US Treasuries led the way with a performance of 4.9% while euro area sovereign bonds were closely behind at 4.1% for the quarter. Commodities delivered a more mixed performance. The price of Brent crude plunged from a high of more than $85 a barrel at the beginning of the quarter to a near three-year low of just below $70 a barrel on 11 September, despite continued inventory reductions. Gold prices continued to rise to all-time high levels, closing the quarter at $2652/oz. The rapid decline in global demand for oil in recent months, led by China, fuelled a sharp sell-off in oil prices.

Central banks are now in the midst of a global monetary policy easing cycle as domestic and global inflation levels seem to have moderated. The US Federal Reserve (Fed) kicked off the anticipated series of interest rate cuts with a larger than expected 50-bps reduction in the federal funds rate to a range between 4.75%-5.00%. The Federal Open Market Committee (FOMC)'s projection for the unemployment rate showed a significant jump from 4.0% forecast in June to 4.4%. Fed Chair Jerome Powell affirmed that the decision to cut by 50 bps was meant to show policymakers commitment to sustaining a low unemployment rate, as inflation forecasts have improved. Inflation in the US continues to move closer to the Fed's inflation target rate of 2.0%. The personal consumption expenditures (PCE) index moderated from 2.50% in July to 2.20% year-on-year in August. The fed funds futures market anticipates two additional 25-bps rate cuts this year, however, the risk of another larger than expected cut remains. Markets will now shift their focus to the upcoming US elections in November.

The SARB's Monetary Policy Committee (MPC) followed suit and cautiously reduced the repo rate by 25 bps in a unanimous decision at its September meeting. The decision brought the repo rate to 8.00% and the prime lending rate to 11.50%. This marked the first rate cut since the hiking cycle began in November 2021, during which the repo rate was increased by a cumulative 475 basis points. The SARB revised inflation notably lower after headline inflation eased more than expected, to 4.4% y/y in August from 4.6% in July. The SARB now expects headline inflation to average 4.6% from 4.9% in 2024 and 4.0% from 4.4% in 2025. The forecast for the growth outlook remained unchanged at 1.10% for 2024. Reserve Bank Governor Lesetja Kganyago indicated that while global inflation has notably decelerated and countries are approaching their policy targets, there are still risks given the unpredictable geopolitical environment, which poses inflationary shocks through trade restrictions and supply chain disruptions. The MPC's decision to cut by 25 bps and not 50 bps reflects their commitment to measured policy rate adjustments, however, the lower inflation environment increases the potential for a 50-bps rate cut in November.

South African Government Bond (SAGB) yields fell significantly over the quarter supported by the stronger currency, the first interest rate cut in four years and sustained demand for duration. The bond yield curve continued to flatten as the yield on the R2030 bond fell by a massive 114 bps to 8.825% from 9.97%, while the longer-dated R2048 bond yield fell by 135 bps to 10.66%. US treasuries also rallied, with the yield on the US 10-year benchmark treasury bond falling from 4.39% to 3.76%. Money market yields in South Africa declined across the board over the quarter with yield curves marginally steeper after the MPC's 25-bps rate cut. The forward rate agreement (FRA) curve has discounted the probability of a further 25-bps cut at the November MPC meeting and a total of 100 bps over 12 months. The 3-month JIBAR rate fell from 8.35% to settle at 8.05% at the end of the quarter, while the 12-month negotiable certificate of deposit (NCD) continued to decline from 8.80% to 8.125%.

Going forward, we remain constructive on the outlook for the funds and local asset classes. As inflation remains contained and is more than likely to even surprise us on the downside, it would further help pave the way for cuts in the repo rate. Valuations across South African asset classes have been undervalued for several years. The recent upswing in equity and bond markets alike has been from a very depressed place. Despite the recent rallies, South African assets remain attractive compared to historical benchmarks, as well as relative to emerging market peers and developed markets. Current valuations indicate potential for further upside in the coming months, which is a promising sign for investors looking to capitalise on South Africa's evolving economic landscape.

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Portfolio Manager(s)

Melville du Plessis

MSc Finance, B.Com (Hons), CFA, CAIA, FRM