FUND FACT SHEET

30 Sep 2024

Sanlam Investments

Sanlam Namibia Inflation Linked Fund

Fund Objective

The fund invests in a flexible combination of investments in the equity, bond and money markets, both locally and abroad, aiming for positive real returns (comprising capital and income growth) over the medium to long term. The fund complies with holding a minimum of 45% Namibian Asset. The fund is ideally suited to the cautious investor wanting to save for e.g. retirement. The fund is suited for any investor wanting to earn a real return.

Fund Strategy

The fund can invest in local and international equity, gilt and money markets. Up to 20% of the value of the fund may be invested in other unit portfolios.

Why choose this fund?

*The fund aims to smooth returns and reduce volatility and is thus an ideal investment for times of market instability.
*Capital protection is of primary importance. This makes it an ideal investment for the client who has a medium-term (or longer) investment in mind and who requires capital stability.
*The fund is recommended for use as a core fund when following a core/satellite approach, particularly for the more risk-averse client.
*The fund aims to outperform inflation (CPIX) by a margin of 4% (gross of fees) over any rolling 3-year period, while also aiming to prevent any capital losses over any rolling 12-month period.
*This fund is only cognizant of its target and not of any peer group.
*This fund complies with the minimum holding of 45% Namibian Assets.

Fund Information

Classification	Namibian Asset Allocation Funds
Risk profile	Cautious
Benchmark	NCPI+4% over a rolling three year period (gross of fees) with Capital Preservation over 12 month rolling period.
Portfolio launch date	1 February 2004
Minimum investment	Lump Sum N$ 2 000 | Monthly N$ 500
Portfolio size	N$2 290.8 million
Last two distributions	30 Jun 24: 14.74 cents per unit 31 Dec 23: 14.02 cents per unit
Income decl. dates	30 Jun | 31 Dec
Income price dates	1st working day of the month
Valuation time of fund	15:00
Trading closing Time	13:00

Fees

	Retail Class (%)
Annual Wholesale Fee	0.75
Annual Service Fee	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
SBS53 Stanbank	8.36
First National Bank Namibia NCD 8.55% 21082026	7.13
R214 RSA 6.5% 280241	6.84
Namibia ILB 4.50% 15012029	6.53
GC30 Namibia 8.00% 150130	4.96
R209 RSA 6.25% 310336	4.83
NBKB58 Nedbank Limited	4.52
FRJ27 FirstRand Bank Limited	3.75
First National Bank Namibia NCD 8.55% 14082026	3.34
Bank Windhoek NCD 8.75% 25072028	3.30

Top 10 Holdings as at 30 Sep 2024

Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	14.99	7.39
3 year	9.34	9.28
5 year	8.21	8.34
10 year	7.60	8.55

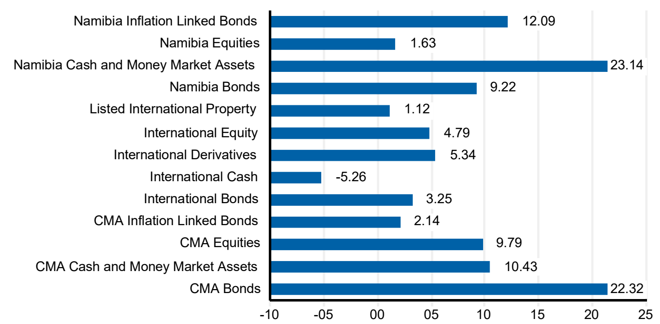
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	14.99	7.39
3 year	30.71	30.49
5 year	48.35	49.24
10 year	108.04	127.10

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

Asset Allocation



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Portfolio Manager(s) Quarterly Comment - 30 Sep 2024

September Market Snapshot

Over the month, the major event was the 50-bps reduction in the US' federal funds interest rate; the quantum of this hike was significant. Rate cuts of 50 bps or more have only been delivered by the US Federal Reserve (Fed) during the Covid-19 pandemic, the global financial crisis, the dotcom bubble and the 1990s and 1980s recessions. This cut signalled that the Fed is as deeply concerned about the current environment as it was during these past recessionary periods. This is important for risky assets, since recessionary periods are all else equal, very negative for equity prices. The Fed has also indicated that, despite US CPI not being at its desired 2% level, they believe it to be on a sustainable downtrend. What our analysis shows, is that their view may not be that unreasonable, since inflation generally slows as well, during periods of slowing growth.

Added to this, China's ruling party delivered a significant stimulus package aimed at boosting economic growth, a further tailwind to markets. Global inflation appears to have stabilised, so it's all looking like the world could be experiencing the sort of immaculate disinflation markets are yearning for. In our analysis, this is not a foregone conclusion. As stated above, cuts of this magnitude are generally an indication that the Fed is concerned about the labour market cooling too fast. US elections, becoming tighter as we get closer to election day, are still to take place. Geopolitical tensions are not abating, and in the Middle East in particular, are growing in intensity, fast.

The European Central Bank (ECB) cut its interest rate by 25 bps after the previous 25-bps cut in June, this as inflation appears to be on track to reach its 2% target but more concerningly, as growth slows. Meanwhile the UK cut its benchmark rate by 25 bps in July and kept it unchanged since then.

The South African Reserve Bank (SARB)'s Monetary Policy Committee (MPC) cut rates by 25 bps over the month, to a level of 8%. From the bank: 'Moving to inflation, headline eased to 4.4% in August, a 3-year low, and close to the middle of our target range. Our forecast suggests this progress will be sustained, with inflation contained below the 4.5% midpoint of our range through to the end of the forecast horizon, in 2026. In the near term, we continue to see a dip in headline inflation, supported by the stronger exchange rate and lower oil prices. The implied starting point of the rand is R18.04 to the US dollar, an appreciation of nearly 2% relative to our July assumption. This contributes to fuel price deflation, which helps keep headline below 4% through the first half of next year. As usual, we will look through this near-term supply shock, focusing on the medium-term outlook. Lower headline inflation also reflects a better food price outlook, with inflation for this category below the midpoint through 2025 and 2026. However, these benefits are partly offset by higher electricity prices, with an expected inflation rate more than double that of headline. For core inflation, we expect the trajectory to be slightly below 4.5% over the medium term. Again, this is primarily due to the exchange rate, which affects core mainly through import prices.'

Looking ahead, we are on balance still concerned about the potential headwinds to risky assets, more than we are positive on the tailwinds. These include the historically large rate cut (and the implicit signal that goes with it), still elevated equity valuations, US elections, Middle East tensions and EU geopolitical tensions. Yields have come down, but real yields remain attractive, given the reduction in SA inflation as well. No changes in asset allocation over the month. Looking ahead however, given the reduction in global bond yields, our tactical analysis indicates an overall increase in equity exposure; given the headwinds above, we look for an opportune time to implement this. Once implemented, you'll also see more tactical adjustments in the fund's risky exposure, as we look to achieve the target of inflation plus, but also managing the dual objective of minimising capital loss over the shorter term.

Portfolio Manager(s)

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