

Momentum Namibia Defensive Growth Fund

Momentum outcome-based investing philosophy

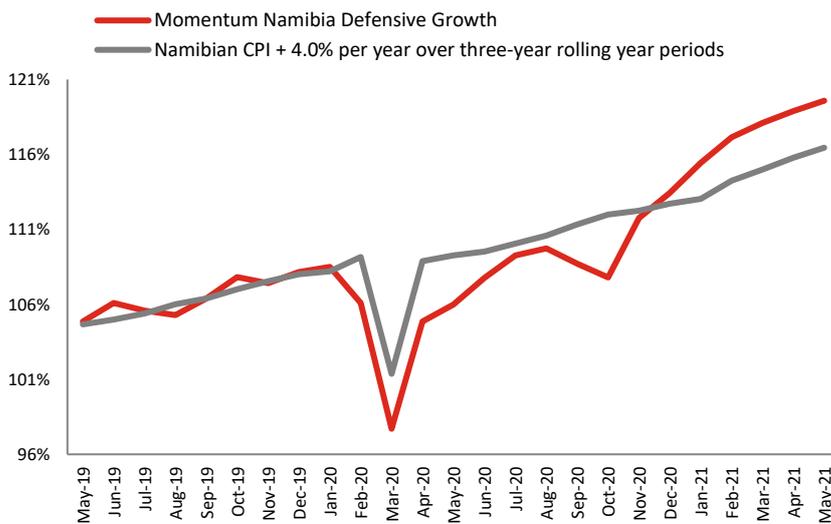
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, we have constructed a leading range of outcome-based solutions that set their sights beyond mere benchmarks and instead focus on the things that matter the most to you – ensuring we maximise the probability of you achieving your investment goals. Outcome-based investing is about placing your goals at the centre of our investment process.

Investor profile and strategy

This investment fund is a low to medium equity, multi-asset-class fund with the objective of delivering a consistent real total return above inflation plus 4% a year over three-year rolling periods. The investment fund is aimed at investors who have an intended investment horizon of three years or longer. It has a medium- to long-term investment horizon and, therefore, they tend to have a moderate exposure to growth asset classes (local and global equities and property). The investment fund consists of the full universe of asset classes, including global investments of up to 30% (excluding Africa). The remaining exposure is to asset classes that should preserve the purchasing power of the capital accumulated. Through the optimum selection of asset classes, the probability of achieving the outcome is maximised within acceptable risk parameters.

Investment returns

Cumulative returns graph



Investment returns

	One month	Three months	Six months	One year	Launch
Fund	0.69%	2.45%	8.07%	14.37%	7.49%
Benchmark	0.66%	2.21%	4.27%	7.87%	7.11%

Fund information

Benchmark Namibian CPI + 4.0% per year over three year rolling year periods

Fund size N\$ 87.54 million

Fund inception 1 November 2018

The inception date depicts the start date of this fund on the scheme and the launch date depicts the start date of returns from the relevant class of this fund.

Launch date 1 November 2018

Launch price 100.00 (cpu)

Latest price 109.63 (cpu)

JSE alpha code MNDGB2

ISIN number ZAE000262911

ZAE000262887

Minimum investment amount

Lump sum	Monthly
N\$2000	N\$200

Fund manager

Taruona Mashamhanda

BBusSci (Hons) FASSA

Fund fees

Initial management fee	0%
Annual management fee	1.10%

Cost ratios to 30 June 2020

Total expense ratio (TER)	0.36%
Transactions costs (TC)	0.10%
Transactions investment costs (TIC)	0.46%

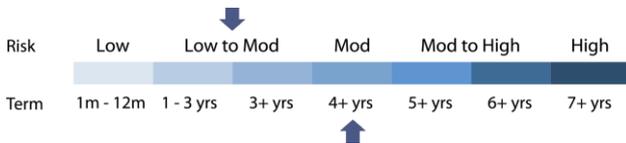
Please see the disclosures section for further information on the cost ratios.

Income distribution (cpu)

Date	Dividend	Interest	Total
Jun'20	0.399	0.399	0.681
Sep'20	0.339	0.957	1.296
Dec'20	0.075	0.329	0.405
Mar'21	0.504	1.000	1.504

Distribution takes place quarterly at March, June, September and December.

Risk/reward profile

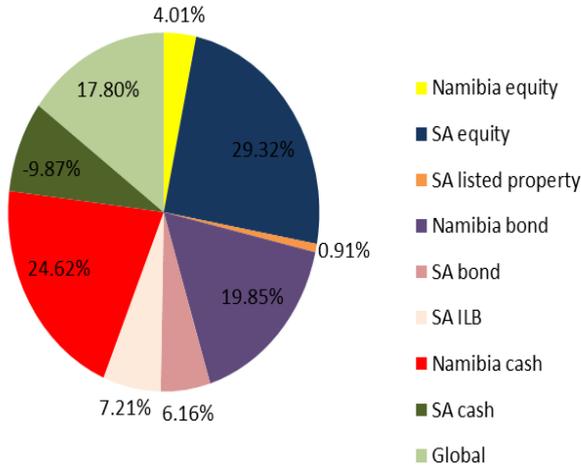


Specific risks

This investment fund is permitted to invest in foreign securities which, within investment funds, may have additional material risks, depending on the specific risks affecting that country, such as potential constraints on liquidity and the repatriation of investment funds, macroeconomic risks, political risks, foreign-exchange risks, tax risks, settlement risks and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign-exchange risk.

Holdings

Exposure (%)



Top holdings (%)

Prudential Namibian Inflation	38.79
J430 Capped Swix Index Future	12.82
Cash	8.85
Nedbank Namibia Call Acc 3.30%	7.08
Vanguard Tot World Stk Index	6.96
Mom Infl Linked Bond B1	6.40
Bnk Of Windhoek Call 3.40%	5.47
United States Of America Dollar	1.80
NAMIGB 9% 150432	1.31
Safex Initial Margin	1.30

Fund objective/investment policy

The Portfolio is a multi-asset absolute return fund designed for cautiously minded individuals and funds. It is ideal for members who are close to retirement, in retirement and/or for protection of general savings from inflation. Investors would have a shorter investment horizon compared to members investing in balanced funds or general equity funds. The Portfolio's aim is to provide investors with low to moderate long term real returns with a limited level of capital protection.

Management of withdrawals

Due to the lower liquidity and the lack of diversification in the Namibian market, the investment manager requires advance notice for large withdrawals from the investment fund. Where the client cash flow activity results in breaches of the investment mandate the investment manager will need a reasonable period to rectify the breach/es.

Regulatory and investment constraints

The investment fund must comply with Namibian local asset requirements, as determined by Regulation 13 of the Pension Funds Act, number 24 of 1956. Assets must be invested in accordance with the requirements set out in the Namibian Unit Trust Control Act, 1981, as may be amended or replaced from time to time. Global investments may be included to a level not exceeding restrictions as determined by the Exchange Control Act regulations and any other limits specified in this investment mandate. If the allowable regulatory limit is raised in Namibia, approval will need to be obtained from the Namibian Central Bank to increase the exposure. The investment fund will not be leveraged in any form. The investment fund will, apart from assets in liquid form, consist solely of units in a unit trust/collective investment scheme and other forms of participation in local unit trust/collective investment schemes, or other similar schemes operated in territories with a regulatory environment that is to the satisfaction of the client and of a sufficient standard to provide investor protection, at least equivalent to that in Namibia, which is consistent with the investment fund's primary objective, investing in equity securities, property securities, money market instruments, preference shares, government and corporate bonds, inflation-linked bonds and other interest-bearing securities and investments. The investment fund is managed in line with applicable prudential investment guidelines with a minimum local asset requirement allocation to Namibian investments. The investment fund may from time to time be invested in listed and unlisted derivative instruments, for the purpose of hedging exchange rate risk. All income accruals due to the investment fund will be re-invested upon receipt thereof, unless otherwise instructed by the client.



+264 61 297 3678



CIONamibia@momentum.com.na



momentum.com.na

Economic and market overview

During the quarter, the race for the White House was concluded with Democratic Party leader, Joe Biden, winning the US Presidential election defeating incumbent president, Donald Trump. One of the key criticisms of the Trump administration was their handling of the corona virus pandemic during the first and second wave as the number of infections in the US far exceeds that of many other countries. Amid many countries experiencing a second wave with higher daily infection rates than the first wave, there was a big sigh of relief when it was announced that a few vaccines were approved and started being rolled out from early December. This news, together with news that the US stimulus deal was approved, provided financial markets with its own shot in the arm.

Locally, the data prints continue to be poor, especially considering the covid-19 prevention strategies undertaken by the government which have impacted economic activity. The latest inflation readings show that the inflation rate decelerated to 2.2%, on the back of a reading of 2.3% in October. The decline in inflation is being largely driven by lower food and fuel costs. 3Q20 GDP print revealed that the economy contracted by 10.5%, which follows contractions in both the first and second quarter. Due to the second wave being experienced by numerous countries, any near-term recovery is looking unlikely.

During the quarter, the equity markets rallied on the back of this news with developed market (DM) and emerging market (EM) equities posting gains of c.14% and c.20% respectively in US Dollars. Locally, the NSX overall index advanced by 5.8% in December, bringing the yearly return to -1.8%; whilst the NSX local index declined by 2.5% in the month reflecting a total return for the year of -22.6%. The market performance was driven by resources, banks, insurers, and general industrials.

In SA, the Rand, helped by news of a current account surplus, in Q3 gained c.12% against the US Dollar, local bonds gained 6.7% and the FTSE/JSE All Share index was up 9.7%. Locally all the major equity sectors performed well. Within Resources, an excellent performance from the Platinum sector (+29%) compensated for the disappointing performance from the Gold sector (-24.8%). The Financials sector was boosted by Listed Property (+22%) and Banks (25.8%).

Portfolio positioning, investment strategy & activity

The fund delivered 1.68% for the month of December, 4.74% for the quarter and 4.61% for the year. The fund remains well diversified across asset classes, managers and strategies.

There was no material portfolio activity over the quarter for the Momentum Investments mandate. The Momentum Investments manager is overweight SA equity, Namibia and SA bonds. The only underweight is to Namibia and SA cash with the balance of the asset classes largely in a neutral position. The Prudential manager overweight positions include Global equity and a combined SA & Namibia equity. Contributing to absolute performance was the fund's exposure to SA and Namibian Equity (excluding property), SA and Namibian bonds (excluding inflation-linked bonds), Namibian inflation-linked bonds, and SA listed property.

The effective asset allocation within the Momentum Defensive Growth Fund at the end of December 2020 was 16.3% Namibian bonds, 30.6% Namibian cash, 11.4% SA inflation-linked bonds and 42% SA equity including property, -16.2% SA cash. In terms of global assets, the fund held 12.5% global equity, 2.1% global cash and 1.3% global bonds.



+264 61 297 3678

CIONamibia@momentum.com.na

momentum.com.na

Contact and other information

Scheme

Momentum collective investments Namibia Scheme

Custodian/Trustee

RMB Namibia, a division of First National Bank of Namibia

Telephone: +264 299 8317/8101

Registration no.: 2002/0180

Management company

Momentum Collective Investments Namibia Limited

5th floor, MM House, Corner of Dr Frans Indongo and

Werner List Streets, Windhoek, Namibia

PO Box 3785, Windhoek, Namibia

Facsimile: +264 61 297 3679

Call centre: +264 61 297 3678

Email: CIONamibia@momentum.com.na

Web: momentum.com.na

Registration no.: 2016/0954

Investment manager

Momentum Asset Management Namibia (Pty) Ltd

5th floor, MM House, Corner of Dr Frans Indongo and

Werner List Streets, Windhoek, Namibia

PO Box 3785, Windhoek, Namibia

An authorised financial services provider,

Telephone: +264 61 297 3634

Facsimile: +264 61 297 3679

Email: evangelina.nailenge@momentum.com.na

Web: momentum.com.na

Registration no.: 2003/781

Disclosures

This investment fund is administered by Momentum Collective Investments Namibia Limited (the management company), registration number 2016/0954, which is authorised in terms of the Unit Trust Control Act to administer collective investment schemes (CIS) in securities. The management company is the manager of the Momentum Collective Namibia Investments Scheme (the scheme) and a part of Momentum Metropolitan Namibia Limited, registration number 89/327, a long-term insurer, registered with the Namibian Financial Institutions Supervisory Authority, registration number 98/LT/03, under the Long-term Insurance Act, Act 5 of 1998. RMB Namibia, a division of First National Bank of Namibia, registration number 2002/0180 is the trustee of the scheme. Momentum Namibia Defensive Growth Fund of Funds is an investment fund of the Momentum Collective Investments Namibia Scheme and Momentum Asset Management Namibia (Pty) Ltd, registration number 2003/781, an authorised financial services provider is the investment manager of this investment fund.

Momentum Namibia Defensive Growth Fund of Funds is a fund of funds CIS. A fund of funds, apart from investments in liquid form, consists solely of participatory interests in investment funds of CIS, which may levy their own charges and could result in a higher fee structure for fund of funds than some other forms of CISs.

The total expense ratio (TER) is the percentage of the net asset value of the class of the investment fund incurred as expenses relating to the administration of the investment fund. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TERs. The disclosed TER is shown as an annual percentage based on data for the period from 24 October 2018 to 30 June 2020. The transaction costs (TC) ratio is the percentage of the net asset value of the investment fund incurred as costs relating to the buying and selling of the investments underlying the investment fund. Transaction costs are a necessary cost in administering the investment fund and affects investment fund returns. The TC should not be considered in isolation, as returns may be affected by many other factors over time, including market returns, the type of investment fund, the investment decisions of the investment manager and the TER. The disclosed TC is shown as an annual percentage based on data for the period from 24 October 2018 to 30 June 2020. The total investment charges (TIC) is the sum of the TER and the TC, and is shown as a percentage depicting the annual costs relating to the investment of the investment fund. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

All investment fund returns are calculated for a class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. All investment fund returns shown are after the deduction of the total investment charges (TIC) but exclude any initial or ongoing advisory fees that may, if applicable, be charged separately. Annualised returns, also known as compound annualised growth rates, are calculated from cumulative returns and provide an indication of the average annual return achieved from an investment that was held for the stated period. Actual annual figures are available from the management company on request. All investment fund return figures quoted (tables and charts where present) are at 31 May 2021 based on a lump sum investment, using net asset value (NAV) to NAV prices with income distributions reinvested on the ex-dividend date. Inflation figures, where present, are lagged by one month. Cash figures, where present, are Short-term Fixed Interest Composite Index returns. All figures quoted in are in Namibian dollar terms.

CISs are generally medium- to long-term investments. The value of participatory interests may go down as well as up and past returns are not necessarily a guide to the future. CISs are traded at ruling prices and can engage in borrowing and securities lending. The CIS may borrow up to 10% of the market value of the investment fund to bridge insufficient liquidity. Different classes of units apply to investment funds, which are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the management company. The management company reserves the right to close and reopen certain investment funds to new investors from time to time to manage them more efficiently in accordance with their mandate. This investment fund is valued daily at 24h00. Latest prices can be viewed at momentum.com.na and in some national newspapers. Forward pricing is used. Instructions must reach the management company before 14h00 to ensure same-day value. The management company does not provide any guarantee, either with respect to the capital or the return of this investment fund. Additional information on the proposed investment including, but not limited to, brochures, application forms, the annual report and any half-yearly report can be obtained, free of charge, at momentum.com.na or on request from the management company.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the management company's products.

Sources: Morningstar, Momentum Investments



+264 61 297 3678



CIONamibia@momentum.com.na



momentum.com.na