

Momentum Namibia Money Market Fund

Momentum outcome-based investing philosophy

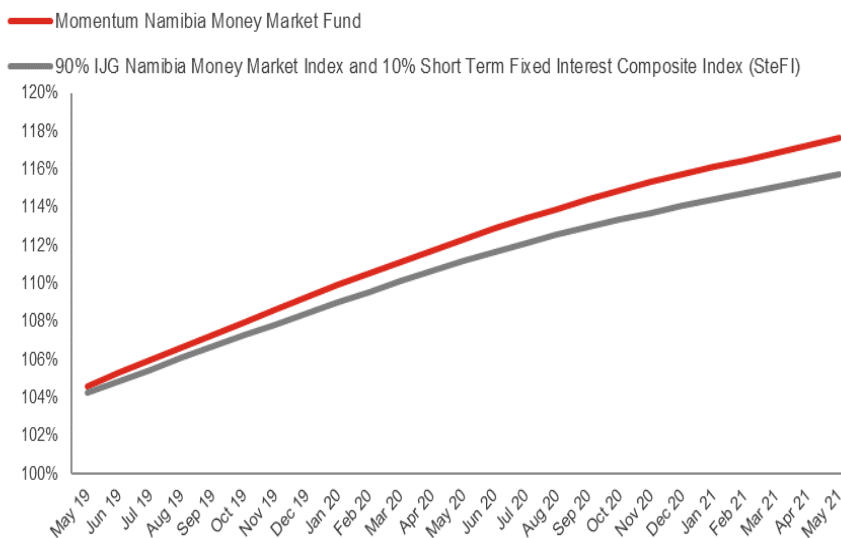
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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 aimed at investors who have a short-term investment horizon and should be invested in predominantly fixed interest instruments and preserving the purchasing power of the capital accumulated, such as bonds and money market instruments with the aim of preserving the purchasing power of money. The primary return objective of the investment fund is to obtain as high a level of income as is consistent with capital preservation and liquidity. Capital gains will be of an incidental nature. The investment manager is mandated to invest in a fully discretionary, actively managed fund of fixed interest instruments with active decisions being taken across multiple dimensions, including, among others, interest rate direction, yield curve shape changes, credit and derivative strategies.

Investment returns

Cumulative returns graph



Investment returns

	One month	Three months	Six months	One year	Launch
Fund	0.38%	1.16%	2.33%	5.44%	7.04%
Benchmark	0.33%	0.99%	2.02%	4.63%	6.26%

Monthly returns

	May'21	Apr'21	Mar'21	Feb'21	Jan'21	Dec'20	Nov'20	Oct'20	Sep'20	Aug'20	Jul'20	Jun'20
Fund	0.38%	0.38%	0.40%	0.35%	0.40%	0.40%	0.44%	0.49%	0.48%	0.51%	0.55%	0.54%
Benchmark	0.33%	0.32%	0.34%	0.31%	0.35%	0.36%	0.36%	0.40%	0.40%	0.44%	0.46%	0.47%

Fund information

Benchmark 90% IJG Namibia Money Market Index and 10% Short-term Fixed Interest Composite Index (SteFI)

Fund size N\$ 306.65 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 100.00 (cpu)

Codes

JSE alpha code MNMMF3

ISIN number ZAE000263034

Minimum investment amounts

Lump sum N\$ 2000 **Monthly** N\$ 200

Fund managers

Zisanda Gila
BCom (Acc), Certificate in Financial Mathematics (Unisa)

Fund fees

Initial management fee 0%
Annual management fee 0.6%

Cost ratios to 30 June 2020

Total expense ratio (TER) 0.88%
Transactions costs (TC) 0.00%
Transactions investment costs (TIC) 0.88%

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

Income distribution (cpu)

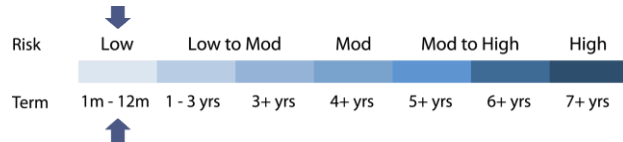
Date	Distribution (cpu)	Effective yield
Jun'20	0.018	6.80
Jul'20	0.017	6.57
Aug'20	0.015	6.16
Sep'20	0.016	5.94
Oct'20	0.016	5.90
Nov'20	0.014	5.12
Dec'20	0.013	4.83
Jan'21	0.013	4.73
Feb'21	0.012	4.58
Mar'21	0.012	4.73
Apr'21	0.012	4.58
May'21	0.012	4.60
Total	0.171	

Distributions take place monthly

Fund statistics

Modified duration 70 days

Risk/reward profile

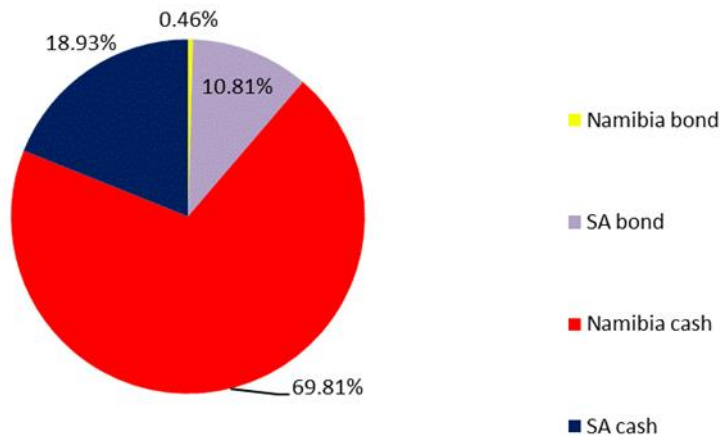


Specific risks

Assets must be invested in accordance with legal requirements set out in the Namibian Unit Trust Control Act, 1981, as may be amended from time to time. The average weighted modified duration (based on time to next reset date) of the investment fund may not exceed 180 days. The minimum allocation to Namibian investments is 70% and the maximum is 100%. Investments in South Africa: The term to maturity of any individual instrument is limited to five years with a maximum of 15% of the investment fund allowed to be invested longer than three years and the weighted average term to maturity of the investment fund may not exceed two years. Investments in Namibia: The term to maturity of any individual instrument is limited to five years with a maximum of 15% of the investment fund allowed to be invested longer than three years and the weighted average term to maturity of the investment fund may not exceed two years. Exposure to government, government-guaranteed and Namibian subsidiaries of Standard Bank, Nedbank, First National Bank and Bank of Windhoek will not require pre-approval from the client. However, exposure to any other issuer will require that the investment manager obtain pre-approval per issuer before inclusion in the investment fund. The Investment manager shall comply with the provisions of Momentum Investments' Credit Risk Policy, which may be amended from time to time. Weighted average modified duration is 180 days.

Holdings

Sector (%)



Fund objective/investment policy

The primary performance objective of the Portfolio is to obtain as high a level of current income as is consistent with capital preservation and liquidity. Capital gains will be of an incidental nature.

Regulatory and investment constraints

Assets must be invested in accordance with legal requirements set out in the Namibian Unit Trust Control Act, 1981 as may be replaced or amended from time to time. The average weighted modified duration (based on time to next reset date) of the Fund may not exceed 180 (one hundred and eighty) days. The minimum allocation to Namibian Investments is 70% (seventy percent) and the maximum shall be 100% (one hundred percent). Investments in South Africa: The term to maturity of any individual instrument is limited to 5 (five) years with a maximum of 15% (fifteen percent) of the Fund allowed to be invested longer than 3 (three) years and the weighted average term to maturity of the Fund may not exceed 2 (two) years. Investments in Namibia: The term to maturity of any individual instrument is limited to 5 (five) years with a maximum of 15% (fifteen percent) of the Fund allowed to be invested longer than 3 (three) years and the weighted average term-to-maturity of the Fund may not exceed 2 (two) years. Exposure to government, government guaranteed and Namibian subsidiaries of the following three banks: Standard Bank, Nedbank, First National Bank and Bank of Windhoek will not require pre-approval from the Client. However, exposure to any other issuer will require that the Investment manager obtain pre-approval per issuer prior to inclusion in the Fund. The Investment manager shall comply with the provisions of Momentum Investments' Credit Risk Policy, which may be amended from time to time.

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.

Quarterly Economic and market overview as at 30 September 2020

Economic and market overview

To 'balance the need for further monetary stimulus in the face of the COVID-19-pandemic-induced weaknesses of the economy against the importance to not undermine sound savings and investments in the economy', the Bank of Namibia (BoN) MPC has cut its lending rate by 25bps to 3.75% in its August meeting. This decision to cut the rate was in line with market expectations and follows the similarly sized rate cut by the South African Reserve Bank (SARB) in July. The rate cut comes a day after the release of the bank's latest Economic Outlook report, which showed a revised economic growth outlook for 2020. Instead of the previous contraction of 6.9% it pencilled in for 2020, the bank now expects the economy to contract 7.8%. The MPC also noted that it now views the repo rate as 'appropriate to support domestic economic activity, while at the same time safeguarding the one-to-one currency peg with SA'. Namibia's MPC meeting is scheduled for 21 October and we expect no change in the policy stance following the SARB's decision to leave its repo rate at 3.5% at the September meeting. However, a risk to the downside of 25bps due to contraction in Q2 number remains. Money markets locally support the view of flat interest rates over period; FRAs trading marginally flat to Jibar in the belly of the curve to 1y and an implied probability of rate hikes beyond that point. Currently, the forward curve is pricing in a mere 3% chance of further 25bps reduction in repo rate in the SARB's coming November MPC meeting.



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Contact and other information

Scheme

Momentum Namibia Collective Investments 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 Ltd

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

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Registration no.: 2016/0954

Investment manager

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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 Money Market Fund 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 Money Market Fund is not a bank deposit account. The net asset value of each unit in the investment fund does not have a constant value of N\$1. The total return to investors in this investment fund is primarily made up of capital gains but, may also include any gain or loss made on any particular instrument held. In most cases, this will merely have the effect of increasing or decreasing the daily yield but, in the case of an extreme loss, it can have the effect of reducing the capital value of the investment fund. The effective yield is calculated using an annualised seven-day rolling average of the daily income of the investment fund. In the instance of excessive withdrawals from the investment fund, it may be placed under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

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



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