

Who are the investment managers?

STANLIB Namibia (Pty) Ltd, a registered Investment Manager in terms of the Stock Exchanges Control Act, No. 1 of 1985, manage the investments of the fund.



Nthabiseng Malebatja
BCom (Hons)(Economics)
Portfolio manager

Nthabiseng joined STANLIB in May 2011 and currently holds the position of portfolio manager in the Money Market team. She began her career with Investec Private Bank in 2006, and moved to CitiBank the following year, where she gained experience in their Fixed Income and Money Market departments. For her BCom honours degree, Nthabiseng majored in economics (public finance and development). She has also completed her SAIFM Dealer exams, and has completed an Investments and Portfolio Management Certificate through UNISA.

Fund review

The Standard Bank Namibia Money Market Fund had N\$1.136 billion under management at the end of June 2020. The fund remained mostly overweight floating rate notes linked to the 3-month JIBAR, with a weighted average duration of 40 days. Our SA asset exposure moved slightly higher during the period. This was due to higher spread differentials between SA and Namibian assets, with SA spreads trading between 15 bps to 25 bps) above Namibian assets. This resulted in a 51% total exposure to the local market, with the remaining 49% exposed to SA assets. On average, spreads in SA traded between 90 bps-125 bps at the beginning of the quarter. We took advantage of this, locking in good value at these higher spreads in the current rate cutting cycle. These spreads have since moved lower as banks are expecting little asset growth for the remainder of the year. Given that retail clients remain under pressure, banks need to build up liquidity even though most are fully funded.

For the second quarter, money market rates moved lower across the curve, with the 12-month negotiable certificates of deposit (NCD) rate closing off at 4.3%, while floating rate notes linked to the 3-month JIBAR closed off at spreads of 70 bps. 12-month fixed deposit rates closed off at 4.45%. Overall the fund remained well positioned given the prevailing market dynamics.

Market overview

Economies around the world moved into the second quarter of 2020 under strict lockdown restrictions. The data suggests that April was a difficult month, brought on by business closures, effected to contain the spread of COVID-19. This compromised all sectors of the economy, negatively impacting revenue and, therefore, future tax collection. Most central banks around the globe maintained accommodative monetary policy regimes, including asset purchasing and extending lending facilities to provide a continuous flow of credit and liquidity in their economies. The Bank of Namibia cut the repo rate by 100bps from 5.25% to 4.25% at its emergency meeting in April. This was done to provide short-term relief from the effects of COVID-19. This was followed by another rate cut of 25bps from 4.25% to 4.0%.

There was a pickup in economic activity towards the end of the quarter as most countries relaxed their lockdown restrictions, allowing businesses around the globe to start operating again. While some corporates have gone back to operating at full capacity, it remains uncertain how long it will take the global economy to recover. Given these uncertainties, global economic activity is projected to remain under pressure with 2020 GDP expected to contract by 3.0%. Apart from the COVID-19 risks, the continued tensions between the US and China poses a further threat to global trade. Domestic economic activity declined in the first four months of 2020 due to slowdowns in sectors like mining, manufacturing, wholesale & retail, transport, and tourism. Namibian GDP is expected to remain under pressure as a result, following the 0.8% contraction from Q1 2020.

Annual average inflation declined to 2.1% during the first five months of 2020, mainly on the back of a decrease in inflation in categories such as transport, housing, and food components. Inflation is expected to average around 2.0% in 2020.

Looking ahead

The Monetary Policy Committee (MPC) will continue to monitor global, regional, and domestic economic developments. It is of the view that a repo rate of 4.0% will be enough to support domestic economic activity, while maintaining the one-to-one currency peg between the Namibian dollar and the South African rand. The next MPC meeting is scheduled to take place on 18 August 2020.

The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.

Change in allocation of the fund over the quarter

Asset type	Q2 2020	Q1 2020	Change
Namibia Cash & Mny Mkt	51.20	64.33	-13.13
Namibia Fixed Interest	0.00	4.09	-4.09
South Africa Cash & Mny Mkt	48.80	31.58	17.22

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (N\$)
A	Retail	0.68	100.00	429,528,534.26	429,528,861.57
B4	Institutional	0.33	100.00	87,643,067.41	87,643,134.02
B5	Retail	0.58	100.00	418,547,433.97	418,547,752.33
R	Retail	0.08	100.00	193,182,268.47	193,182,414.64

All Price, Units and NAV data as at 30 June 2020.

Units - amount of participatory interests (units) in issue in relevant class.

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/03/2020. The Total Expense ratio (TER) shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.

Disclosures

Unit Trusts are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. Unit Trusts are traded at ruling prices and can engage in borrowing and scrip lending.

The Standard Bank Namibia Money Market Fund is a unit portfolio (portfolio) of the STANLIB Namibia Unit Trust Scheme (the Scheme).

The manager of the Scheme is STANLIB Namibia Unit Trust Management Company Limited (the Manager). The Manager is an approved Management Company in terms of the Unit Trusts Control Act, No. 54 of 1981. The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. A schedule of fees and charges and maximum commissions is available on request from the Manager.

The trustee of the Scheme is First National Bank Nominees (Namibia) (Pty) Ltd.

The investments of this portfolio are managed, on behalf of the Manager, by Investment Manager 1 Legal Name, a registered Investment Manager in terms of the Stock Exchanges Control Act, No. 1 of 1985.

Prices are calculated and published on each working day, these prices are available on the Manager's website (<http://ww2.stanlib.com/Namibia>) and in Namibian printed news media. This portfolio is valued at 12h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 12h00.

This portfolio is a Money Market portfolio. A Money Market portfolio is not a bank deposit account. The price of a participatory interest is targeted at a constant value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument and in most cases the return will merely have the effect of increasing or decreasing the daily yield, however, in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield (if shown) is a current 7-day average effective yield calculated daily. Excessive withdrawals from the portfolio could place the portfolio under liquidity pressures and, under such circumstances, a process of rein-fencing of withdrawal instructions and managed pay-outs over time may be followed.

All performance returns/figures quoted are shown in NAD and are based on data sourced from Morningstar or Statpro and are as at 30 June 2020.

Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager.

Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for all periods of 1 year or longer, where blank no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).

Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Manager and from the Manager's website (<http://ww2.stanlib.com/Namibia>).

Contact details

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