



OLD MUTUAL NAMIBIA ENHANCED INCOME FUND

DECEMBER 2023

FUND INFORMATION

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



FUND OBJECTIVE

The fund aims to outperform money market investments and produce a relatively high level of income. It aims not to lose money over any 6-month period.

WHO IS THIS FUND FOR?

The fund is suitable for investors needing a relatively high level of income together with some capital appreciation. These are investors who are able to live with volatility in income distribution levels. Income is paid in the form of quarterly distributions and can be supplemented with regular automatic withdrawals.

The fund conforms to the legislation governing retirement funds and is thus a suitable investment vehicle for retirement funds.

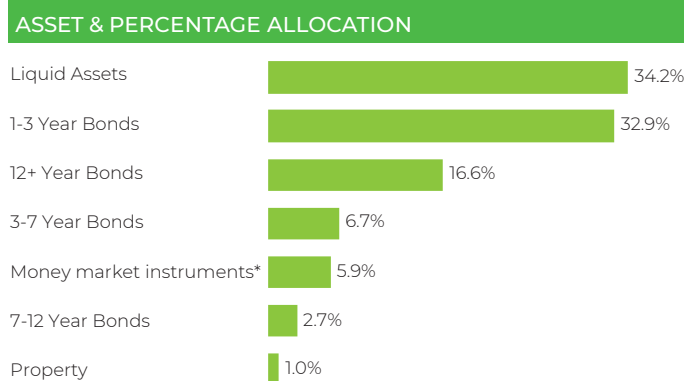
INVESTMENT MANDATE

This actively managed fund invests in a wide range of Namibian and South African interest-bearing assets (for example, money market instruments, bonds, listed property and preference shares). The fund manager moves actively between these assets, based on a relative value approach.

With no restrictions on the average duration of the portfolio, the fund may hold both short- and long-term securities. This gives greater flexibility in taking advantage of interest rate trends and thus to maximise capital gains and income yields. Interest income can be reinvested to generate further growth, or paid out to supplement income. With a secondary focus on capital gains, the fund will maintain a high quality bond exposure and seek out listed property companies showing good prospects for growth and yield.

BENCHMARK:	BEASSA ALBI (1-3 Year) Index
RISK OBJECTIVE:	The fund aims to protect capital over rolling 6-month periods.
FUND CATEGORY:	Namibia Managed Prudential Funds
FUND MANAGER(S):	Tommy Mbundu
LAUNCH DATE:	01/02/2005
SIZE OF FUND:	N\$88m
DISTRIBUTIONS:	No direct distributions are paid to unitholders. Any unitholder who wishes to receive periodic income should request that this be effected by way of a sale of units.

FUND COMPOSITION



* Money market instruments include cash, NCDs and treasury bills.

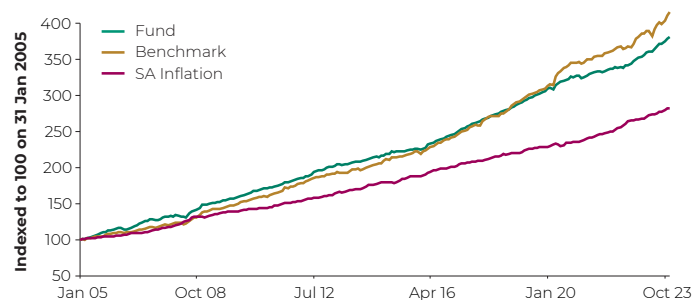
FUND PERFORMANCE AS AT 31/12/2023

	% PERFORMANCE (ANNUALISED)					
	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr	Since Inception*
Fund	8.1%	5.2%	6.0%	6.5%	6.2%	7.3%
Benchmark	9.2%	6.3%	7.6%	8.1%	7.7%	7.8%

* Performance since inception of the fund. Performance measurements over periods shorter than the recommended investment term may not be appropriate. Past performance is no indication of future performance. Fund returns are net of fees and measured against the benchmark.

Rolling 12-Month Return	Highest	Average	Lowest
Fund (Since Inception)	16.6%	7.2%	1.8%

Performance Since Inception

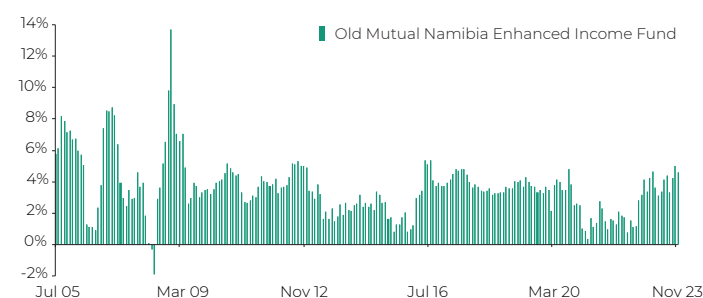


Past performance is no indication of future performance.

Risk Statistics (Since Inception)

Maximum Drawdown	-2.5%
Months to Recover	2
% Positive Months	87.2%
Annual Standard Deviation	2.2%

6 Month Rolling Returns



PRINCIPAL HOLDINGS

HOLDING	% OF FUND
ASN849 FRN 29/04/2025	11.5%
Namibia TBLNA372 14/06/2024	10.0%
GC40 9.8% 15/10/2040	9.6%
NJBSB53 FRN 07/07/2027	7.0%
GI27 ILB 4% 15/10/2027	6.4%
GC26 8.50% 15/04/2026	5.7%
BWJF26S 02/06/2026	5.7%
SBNG25 07/07/2025	5.7%
NJBBW72 26/02/2027	4.6%
Namibia TBLNA373 22/03/2024	4.0%

THIS IS THE MINIMUM DISCLOSURE DOCUMENT AS REQUIRED BY BOARD NOTICE 92

Helpline: 061 239 513/22 Internet: www.oldmutual.com.na Email: Namibianunittrust@oldmutual.com or OMNAMUTTrans@oldmutual.com



OLD MUTUAL NAMIBIA ENHANCED INCOME FUND

DECEMBER 2023

FUND MANAGER INFORMATION



TOMMY MBUNDU |
PORTFOLIO MANAGER
· CA(Nam) (SA)
· 12 years of investment experience

FUND COMMENTARY

In the Q4 2023, the Merrill Lynch Option Volatility Estimate (MOVE) Index saw a marginal increase, moving to 114.62 from the previous quarter's 113.55. Notably, there was a significant reduction in the negative spread between the US 10-year and two-year yields, narrowing from -47.66 at the end of September 2023 to -37.29.

The global inflation rate experienced a notable decline of 14.49% on a quarter-on-quarter basis, as indicated by the Bloomberg World Economy WA Inflation index. The Federal Reserve's (Fed) dot plots and Futures Implied Rates suggest anticipated rate cuts as early as March 2024, and for key rates to be 100 basis points lower by the end of 2024. Investors displayed increased risk tolerance, leading to decreased demand for the US dollar as a haven, as evident in the DXY index's 4.56% decline by the end of December 2023, compared to its level of 106.17 at the end of September 2023.

Global bond markets reflected a similar sentiment, with growing expectations that central banks would lower interest rates in 2024. The lower inflation figures signalled to markets that the battle against inflation had been successful, resulting in traders

pricing in 150bps rate cuts in the US. Consequently, the US 10-year experienced a contraction of 115bps from its high in October 2023, and global bonds, as reflected by the Bloomberg Global Aggregate Index, saw an almost 8.10% return from October to December 2023.

Following a period of lacklustre performance, South Africa's (SA) local-currency bonds are now yielding some of the most substantial returns among emerging-market nations in a relief rally expected to extend into 2024. Government securities in the country experienced a post-pandemic peak in yields in September, turning them to the worst performers in emerging markets at that time, alongside Turkey. This decline was fuelled by concerns about a growing budget deficit, leading to a prolonged selloff. However, since then, SA Credit Default Swaps (CDS) have decreased to 203.16 as of 30 December 2023, compared to the 280.86 level three months earlier. This coincided with an 8.11% return in rand terms.

The rebound commenced as global bonds surged on speculation that the Fed had concluded its interest rate hikes. It gained momentum after SA's mid-term budget announcement on 1 November, which reassured investors that the issuance of nominal bonds would not increase despite an overall rise in borrowing. The demand for bonds is further supported by the South African Reserve Bank's maintenance of high real interest rates, with a policy rate of 8.25% for five months as annual inflation slowed to 5.5%. However, concerns about SA's long-term outlook led to longer-dated bonds closing the year 50bps higher.

Nonetheless, as major central banks worldwide approach the peak of their tightening cycles, the macroeconomic environment has shifted in favour of bonds. This shift may attract foreign investors back to SA's bonds, benefiting from their relatively high yields following a selloff that reduced their share of the nation's debt to 25%, down from a peak of 42% five years ago.

Longer-dated Namibian bonds experienced a significant demand in both the primary and secondary markets throughout the year. This is due to the high absolute yields and wide spreads, which persisted amid significant shifts in the economic outlooks for Namibia and SA. Factors such as increased liquidity from record foreign direct investment (FDI) levels, coupled with reduced issuances amidst a tightening budget deficit, further contributed to the attractiveness of Namibian bonds. As a result, Namibian bonds outpaced the performance of the SA curve, delivering a notable return of 17.4%.

We are of the opinion that we are close to the end of the interest rate hiking cycle and that inflation has reached its peak or is at least close to doing so. We however remain cognisant to upside risk on this metric. We are actively looking to increase our duration within the fund, mainly because we have been lagging on this metric during the last interest rate cycle.

Source: Old Mutual Investment Group as at 31/12/2023

OTHER INVESTMENT CONSIDERATIONS

MINIMUM INVESTMENTS:

- Monthly: N\$100
- Lump sum: N\$300
- Ad hoc: N\$100

CHARGES:

An initial charge of maximum 1%, which may include commission.

	Admin	Commission
< N\$100 000	0.4%	Max. 0.6%
≥ N\$100 000	0.25%	Max. 0.6%

Annual service fee: 1.00%

The fee is accrued daily and paid to the management company on a monthly basis. Other charges incurred by the fund, and deducted from its portfolio, are included in the TER.

Total Expenses (30/09/2023)	
Total Expense Ratio (TER)	1.15%
Transaction Cost (TC)	0.01%
Total Investment Charge	1.16%

Helpline: 061 239 513/22 **Internet:** www.oldmutual.com.na **Email:** Namibianunittrust@oldmutual.com or OMNAMUTTrans@oldmutual.com

Figures as at 31 December 2023, based on a lump sum investment excluding charges (bid-bid prices). Source: Morningstar. To ensure that the portfolio is always managed in accordance with its mandate, Old Mutual Unit Trusts Namibia reserves the right to close the fund to new investors. Unit trusts are generally medium- to long-term investments. Past performance is no indication of future growth. It is important that you are prepared for some shorter-term fluctuations as your investment moves in line with the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The daily price is the current value of the fund's assets plus interest income (minus expenses) divided by the number of units in issue. Unit trusts can engage in borrowing and scrip lending. The fund's TER reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. You can easily sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis).