Momentum Namibia Diversified Income Fund

Momentum outcome-based investing philosophy

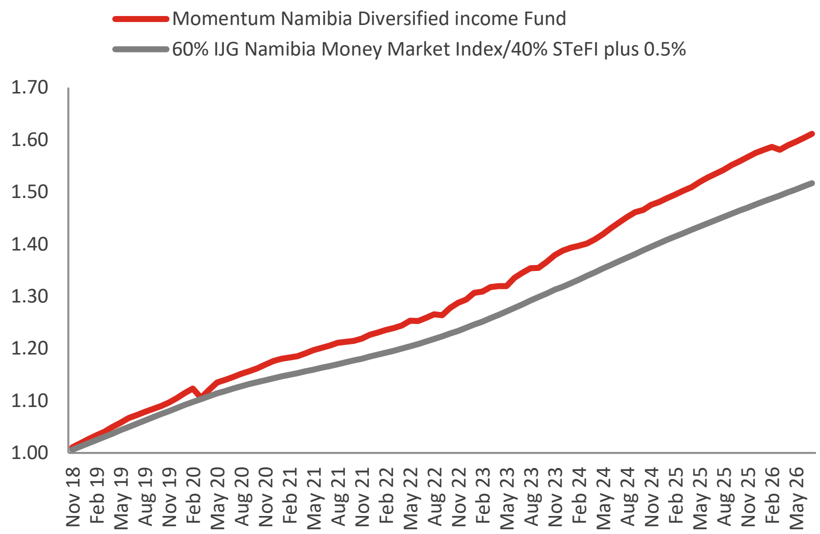
Investment success is about consistently maximising the probability of you achieving your investment goals – whether that is to preserve capital, generate an income stream in retirement or grow wealth within the parameters of a certain risk profile. In response to the ever-evolving investment landscape, 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.

Investment outcome and fund objectives

This low to moderate risk, largely local, flexible income investment fund, is aimed at delivering 60% IJG Namibia Money Market Index plus 40% SteFI plus 0.5% through the interest rate cycle. The investment fund is suited to investors who require a regular, reliable source of income, while being prepared to take some risk in exchange for modest capital gains. The investment fund has a flexible income mandate under a multi-mandate approach, which allows for investment across the fixed income universe including property. It provides diversification benefits through different investment mandates, styles and strategies.

Investment returns

Cumulative returns graph



Investment returns

	One month	Three months	Six months	One year	Launch
Fund	0.78%	2.20%	3.12%	8.32%	8.22%
Benchmark	0.60%	1.77%	3.53%	7.35%	6.91%

Fund information

Benchmark	60% IJG Namibia Money Market Index and 40% SteFI plus 0.5%
Fund size	N$ 103.67 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	103.26 (cpu)
JSE	MNDIF1
ISIN	ZAE000262952

Minimum investment amounts

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

Fund manager

Taruvona Mashamhanda
BBusSci (Hons) FASSA

Fund fees

Initial management fee	0%
Annual management fee	0.85%

Cost ratios to 30 June 2026

Total Expense Ratio (TER)	0.85%
Transactions Costs (TC)	0.00%
Total Investment Charges (TIC)	1.04%

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

Income distribution (cpu)

	Dividend	Interest	Total
Jun'25	0.000	1.874	1.874
Dec'25	0.000	1.741	1.741
Mar'26	0.000	1.663	1.663
Jun'26	0.000	1.663	1.663

Distributions take place quarterly: March, June, September and December

Risk/reward profile

Risk	Low	Low to Mod	Mod	Mod to High	High

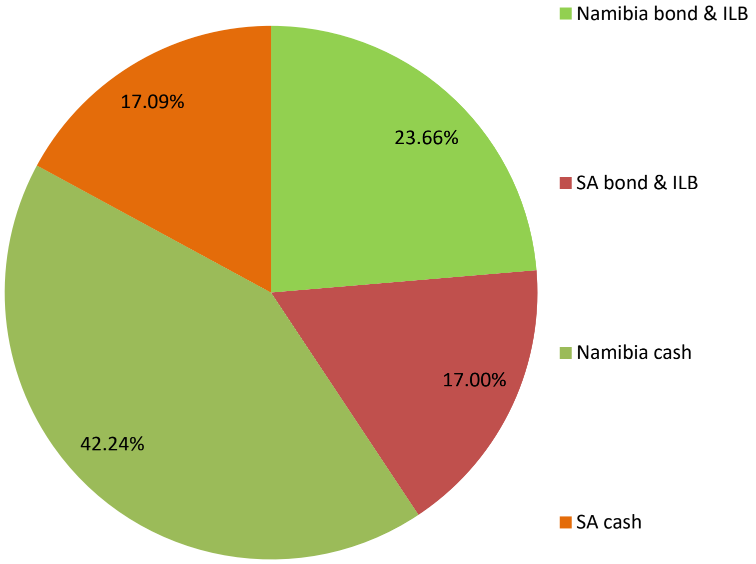
Term	1m - 12m	1 - 3 yrs	3+ yrs	4+ yrs	5+ yrs	6+ yrs	7+ yrs

Specific risks

Modified duration (interest rate risk), which is fully flexible can result in relatively significant short-term capital volatility. Permanent capital loss for investors is possible if an issuer of one of the instruments held in the investment fund defaults.

Holdings

Exposure (%)



Top holdings (%)

NAMIGB 9% 150432	8.53%
FNBNMB 7.3% 290127	8.00%
NEDNAM 7.35% 300327	6.92%
NAMIGB 9.5% 150735	4.62%
Cash_NAD	4.47%
FNBJ28S 8.338% 240328	3.40%
SBKNAM 7.35% 211026	3.06%
BWLTD ZARONL1+0.42% 310527	2.93%
BWLTD ZARONL1+0.42% 310527	2.93%
NEDNAM ZARONL1+0.45% 010627	2.93%

Fund objective/investment policy

The Momentum Namibia Diversified income fund is established in terms hereof will be a flexible income fund with the investment objective to provide investors with a high income yield. The fund will, consist of domestic and South African cash on deposit, money market instruments, government and corporate bonds, inflation linked bonds and other interest bearing securities and investments. Limited exposure to property securities and listed preference shares could be included when valuations warrant this. The manager may include unlisted interest rate swap transactions. The fund may include participatory interests or any other form of participation in unit funds or other similar schemes in Namibia or other similar schemes operated in territories with a regulatory environment that is to the satisfaction of the Manager and Trustee, of a sufficient standard to provide investor protection, at least equivalent to that in Namibia. With the purpose to seek opportunities to enhance the fund's income return, the fund may also invest in non-equity securities such as equity linked notes that are exposed to price movements in the equity markets. The fund will be managed in line with prudential investment guidelines for pension funds in Namibia with a minimum domestic asset requirement allocation to Namibian assets.

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 legal requirements set out in the Unit Trust Control Act, as may be amended or replaced 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.

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Economic and market overview

The Bank of Namibia's MPC hiked policy rate by 25 basis points at its Jun 2026 meeting, with a hawkish tone. Even with the Iran ceasefire deal, some of the shocks would have already worked through the economy, which may see spending unwinding with a lag. Headline inflation accelerated to 4.1% year-on-year in May 2026, up from 2.9% in January, reinforcing the Bank's cautious approach. Should inflationary pressures moderate over the coming months, we expect any easing cycle to commence only in the latter half of 2026 or early 2027, and likely in tandem with policy easing by the South African Reserve Bank, given Namibia's exchange rate peg and close monetary policy alignment. Economic growth is expected to remain subdued at 2.4% through 2026 before recovering modestly to around 2.6% year-on-year in 2027. The anticipated improvement is expected to be supported amongst others by a gradual recovery in the agricultural sector, assuming more favourable weather conditions with the severe El Niño-related disruptions projected to affect activity during the second half of 2026.

The US Federal Reserve kept the target range for the federal funds rate at 3.50% to 3.75% since start of the year, maintaining a cautious and data-dependent approach amid resilient economic activity and persistent inflationary pressures. Inflation remains elevated relative to the Fed's 2% goal, partly reflecting supply shocks that have driven price increases in certain sectors, including energy. While headline inflation continued to moderate due to declining oil prices, underlying inflation remained persistent with core inflation excluding volatile energy and food remained sticky above the 2% target. Despite the easing in headline price pressures, markets continue to price in the possibility of further policy tightening later this year. However, a stronger-than-expected core inflation reading in July would reinforce the case for the Fed to resume tightening monetary policy in the near term.

The ECB raised its key interest rate by 25 basis points to 2.25% at its June meeting for the first time since 2023 after seven consecutive meetings where interest rates were kept on hold and now sees inflation hitting 3% in 2026. The inflation outlook was revised up as higher energy prices are expected to feed into food, goods, and services inflation while economic growth projections were lowered as the ECB sees a more pronounced impact of the war on commodity markets, real incomes and confidence. It remains to be seen whether a more restrictive monetary policy can truly help curb inflationary pressures without further hurting an economy that is already showing signs of weakness and whether this marks the beginning of a new monetary tightening cycle. Markets are pricing in close to three rate hikes in 2026 but if the reopening of the Strait of Hormuz results in cooling inflation, while the risk of a recession continues to increase, the ECB could even cut interest rates in the second half of the year.

Interest rate expectations in the UK have remained highly volatile this year, driven in part by the US–Iran conflict, which pushed energy prices higher and heightened inflation concerns given its reliance on imported Gulf energy. As a result, market pricing has shifted materially, with futures implying the possibility of several Bank of England rate hikes through 2026 as investors reassess the inflation outlook. While inflation is expected to rise in the near term, many economists continue to anticipate a gradual return towards the Bank's 2% target by year-end, which could create scope for policy easing later in 2026. However, the outlook remains uncertain. Markets continue to price a more hawkish policy path, while some forecasts suggest rates may remain on hold at around 3.75% into 2027. On balance, we view the risk of an additional rate hike this year as credible despite a backdrop of subdued economic growth and rising unemployment, with the ultimate policy trajectory likely to depend on the persistence of geopolitical tensions and their impact on inflation.

The South African Reserve Bank pre-emptively increased the repo rate by 25 basis points to 7% in May. The decision reflected concerns that rising fuel prices and global inflationary pressures stemming from Middle Eastern tensions could threaten the inflation outlook. Headline inflation accelerated during the quarter, while the SARB maintained a cautious stance amid heightened global uncertainty. The Bank reiterated its commitment to anchoring inflation expectations and preserving price stability, with market participants subsequently pricing in the possibility of further tightening later in the year. Looking ahead, the path of inflation remains the key determinant of monetary policy. While easing energy prices could reduce some of the near-term inflation risks, the central bank remains vigilant regarding persistent core inflation. As a result, monetary policy is expected to remain restrictive for longer, supporting elevated money market yields and creating opportunities to lock in attractive rates across short- to medium-term maturities.

Portfolio positioning, investment strategy & activity

The fund is managed as an income-oriented strategy with tactical allocation to fixed-rate government bonds. It invests across bonds, money market instruments, and credit assets to enhance yield. Consistent with recent auction trends, investor demand has remained concentrated in the shorter-dated maturities and treasury bills. While the reintroduction of the GC30, GC32 and GC35 may potentially bring back demand for longer-dated bonds, where investors extending duration may continue to find attractive value opportunities further out the curve. As a multi-managed strategy, the fund allocates across the Momentum Diversified Income Fund and the Aluwani Income Fund.

SAGBs experienced heightened volatility during the second quarter as geopolitical tensions and higher oil prices drove a sharp repricing of inflation and interest rate expectations. Bond yields rose materially early in the quarter amid foreign selling, a weaker rand and increased risk aversion. However, sentiment improved towards quarter-end following the de-escalation of Middle East tensions and reopening of the Strait, easing energy prices and renewed foreign demand for local bonds, allowing yields to retrace a significant portion of their earlier sell off. Despite the SARB's rate hike, the combination of improving fiscal fundamentals and attractive real yields continued to underpin investor demand for SAGBs, particularly at the longer end.

Q2 delivered a strong recovery for fixed income asset classes, driven largely by a relief rally in yields following the highs reached during the Middle East crisis. Nominal bond yields rallied an average 78 bps across the curve, with the ALBI returning 7.87%, while ILB yields declined 48 bps on average, boosting the IGOV to a 6.60% return. Listed property returned 10.03% and the ZAR gained 3.24% against the USD. Cash was a distant laggard, with STeFi returning 1.67%. In Namibia, bonds delivered 6.67%, lagging South African counterparts as GC spreads widened further, while ILBs returned 3.22% and the IJG Money Market Index returned 1.73% for the quarter.

Despite the sharp pullback in bond yields, they remain approximately 50 bps higher than pre-war levels, reflecting a structurally different risk environment with wider risk premia now embedded in yields. Our view is that H2 2026 will be characterised by stable growth but higher-than-expected inflation, resulting in tighter monetary policy. A return of U.S. exceptionalism, elevated geopolitical risk, a stronger dollar, and pressure on commodities are likely to moderate the strong EM investment inflows that drove markets in Q1, presenting a challenging backdrop for income portfolios.

Aluwani's maturity profile remains concentrated in floating-rate exposure, which accounts for the majority of the portfolio at 61.93%. Fixed-rate exposure is spread across the curve, with 12.41% allocated to the 1–3 year bucket, 9.89% to 3–7 year tenors, 6.56% to 7–12 year tenors, and 2.22% to maturities beyond 12 years. Inflation-linked bonds account for the remaining 6.99%.

Portfolio Composition: Momentum Investments

Holdings

Maturity spread

Tenor	31-Mar -26	30-Jun -26	Change
Cash	14.94%	16.55%	1.61%
Bonds: 0 to 3 years	64.50%	64.27%	-0.23%
3 to 7 years	20.56%	19.18%	-1.38%
7+ years	0.00%	0.00%	0.00%

Q1 2026 to Q2 2026

Sector (%)	Q4:25	Q1:26	Change
Cash/Money Market	14.94%	16.55%	1.61%
Bonds - Fixed	85.06%	83.45%	-1.61%

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Scheme

Momentum collective investments Namibia Scheme

Custodian/Trustee

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Registration no.: 2002/0180

Management company

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Managing Director

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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 Diversified Income 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 Diversified Income Fund derives its income primarily from interest-bearing instruments. The yield (where present) is current and calculated daily.

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 01 July 2023 to 30 June 2026. 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 01 July 2023 to 30 June 2026. 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 July 2026, 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