NAM CORONATION MONEY MARKET FUND
QUARTERLY COMMENTARY Q2-25

Please note that the commentary is for the retail class of the Fund.

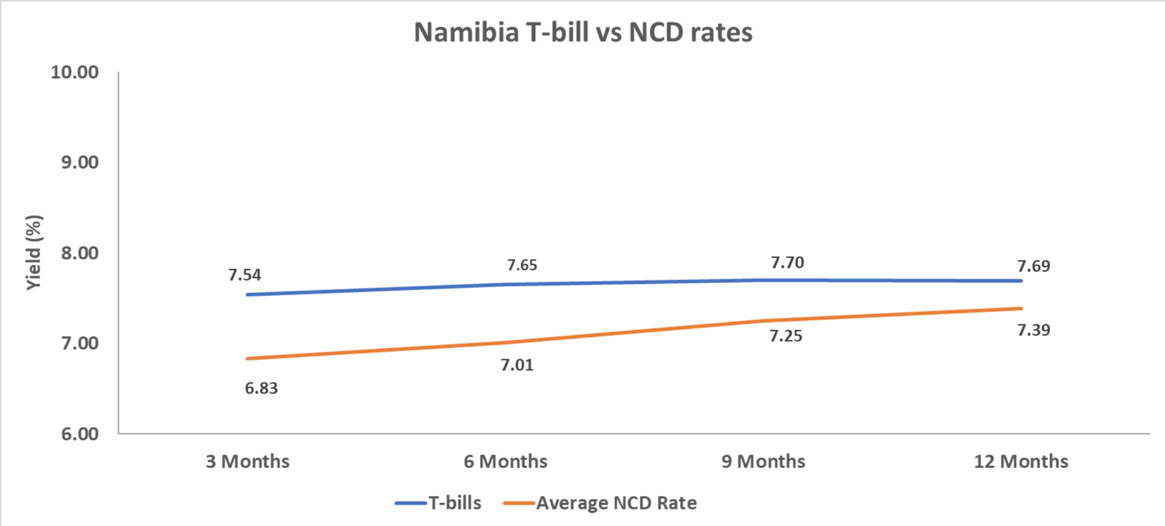
30 June 2025 commentary

The NAM Coronation Money Market Fund generated a return (net of management fees) of 1.78% for the second quarter of 2025 (Q2). Over the rolling 12-month period, it returned 7.84%, which is ahead of the benchmark (IJG 3-month NCD Index) return of 7.15%.

The Bank of Namibia (BoN) kept the repo rate unchanged at 6.75% at the April Monetary Policy Committee (MPC) meeting. The "no change" in rate was considered appropriate regarding safeguarding the currency peg between Namibia and South Africa and is supportive of domestic economic activity. The MPC expects the economy to marginally improve to 3.8% year on year (y/y) in 2025 from 3.7% in 2024. This outlook, however, is susceptible to downside risks including tariff restrictions, depressed international diamond prices as well as slow execution of the development budget.

Headline inflation edged down to 3.5% y/y in May from 3.6% y/y in April, mainly on account of slower inflation in housing, augmented by deflation in transport. For 2025, the BoN expects inflation to average at 3.9% y/y (adjusted from 4.2%) reflective of the smaller-than-anticipated increment in administered prices and a stronger exchange rate.

During Q2, the 3-month Johannesburg Interbank Average Rate (Jibar) reduced by 0.266% to 7.292%, reflecting the market's view of an easing policy environment. As at the end of Q2, local Namibian banks were offering a spread of 10 basis points (bps) above the Jibar for one-year tenor floating-rate notes. The one-year fixed rate negotiable certificate of deposit (NCD) yield decreased by 0.04% to 7.39% from the 7.43% offered in Q1. The decrease in rates is reflective of Namibia's downward trend in the interest rate environment and increased liquidity in the economy. Treasury Bills (T-Bills) remain attractive relative to fixed-rate NCDs; however, floating rate notes offer reasonable returns without taking the duration risk. The Fund increased its holdings in floating rate NCDs over T-Bills during Q2.



Source: IJG Research

We remain cautious and continue to invest only in instruments that are attractively priced relative to their underlying risk profile. Capital preservation and liquidity remain our key focus areas for the Fund.

Portfolio manager
Nishan Maharaj as at 30 June 2025