NAM CORONATION MONEY MARKET FUND

QUARTERLY COMMENTARY Q1-25

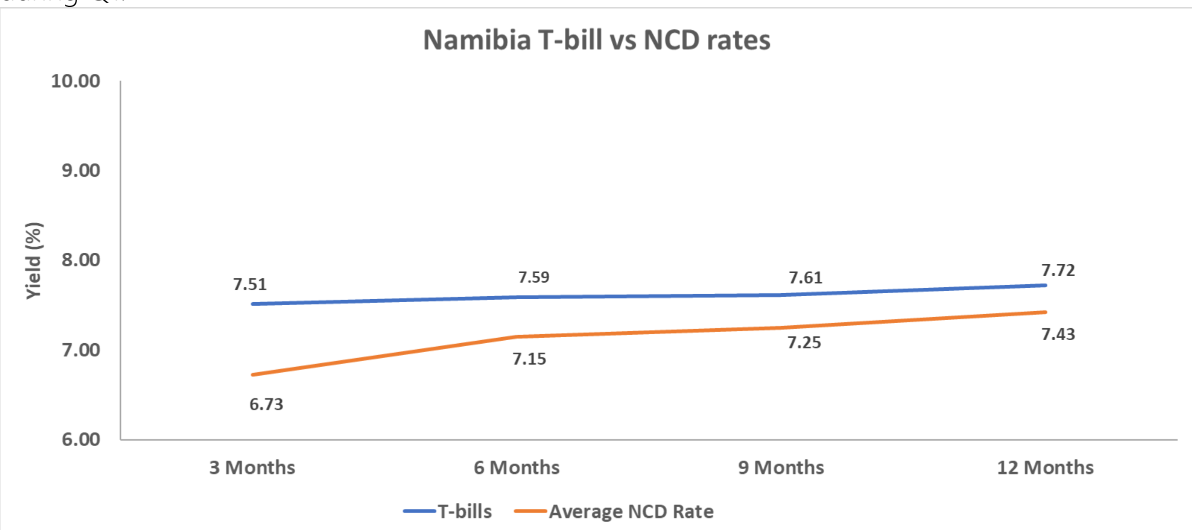
Please note that the commentary is for the retail class of the Fund.

The NAM Coronation Money Market Fund generated a return of 1.82% for the first quarter of 2025 (Q1). Over the rolling 12-month period, it returned 8.10%, which is ahead of the benchmark (IJG 3-month NCD Index) return of 7.45%.

The Bank of Namibia (BoN) cut its repo rate by 0.25% to 6.75% at the February Monetary Policy Committee (MPC) meeting. In deciding on this policy stance, the MPC considered several factors in support of a rate cut. These included the most recent slowdown in inflation, the relatively high level of domestic real interest rates and the adequate level of foreign reserves. The MPC is expecting the economy to rebound to 4.0% y/y in 2025 from 3.5% y/y in 2024 owing to an improvement in the mining, electricity generation, wholesale and retail trade, tourism, communication and transport sectors, as well as the livestock marketing subsector.

Headline inflation accelerated to 4.2% year on year (y/y) in March from 3.6% y/y in February. The food and non-alcoholic beverages basket was the largest contributor to annual inflation. The transport basket marginally increased its contribution due to fuel price increases in both petrol and diesel. For 2025, the BoN expects inflation to average at 4.0%.

During Q1, the 3-month Johannesburg Interbank Average Rate (Jibar) reduced by 0.192% to 7.558%, reflecting the market's view of an easing policy environment. As at the end of Q1, local Namibian banks were offering a spread of nine 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 0.03% to 7.43% from the 7.46% offered in Q4-24. 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 Q1.



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 31 March 2025