NAM CORONATION MONEY MARKET FUND
QUARTERLY COMMENTARY Q4-24

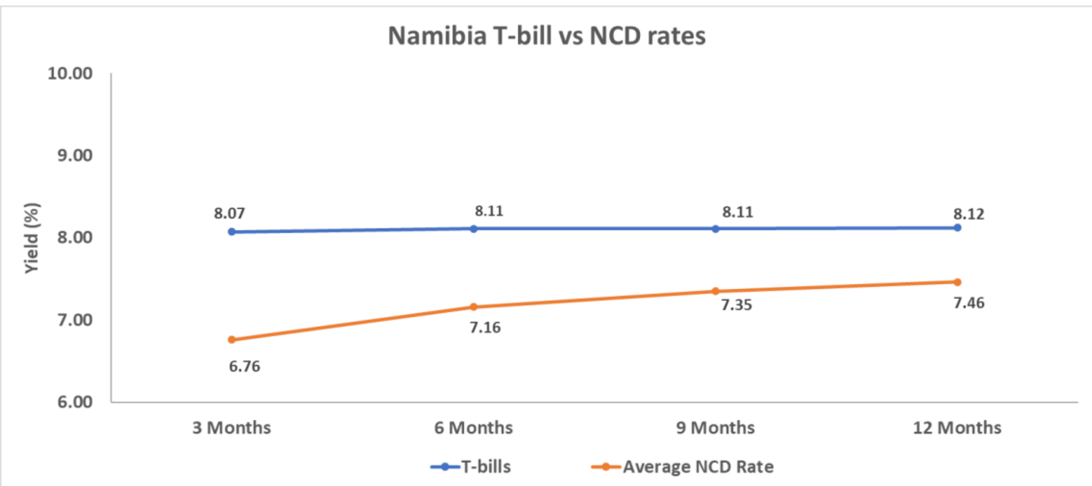
Please note that the commentary is for the retail class of the Fund.

The NAM Coronation Money Market Fund generated a return of 1.97% for the fourth quarter of 2024 (Q4-24). Over the rolling 12-month period, it returned 8.34%, which is ahead of the benchmark (IJG 3-month NCD Index) return of 7.71%.

The Bank of Namibia (BON) reduced its repo rate to 7.00% at the December Monetary Policy Committee (MPC) meeting. In deciding on this policy stance, the MPC considered the policy rate differential with the South African Reserve Bank, with a keen desire to close the gap over the medium term. The change in rate was considered appropriate to continue supporting the domestic economy while safeguarding the peg between the Namibian dollar and the South African rand. The BON noted that the Namibian economy has strengthened in 2024, with positive performances coming from the mining, electricity generation, wholesale and retail trade, transport, communications, and tourism sectors.

Headline inflation accelerated to 3.4% year on year (y/y) in December from 3.0% y/y in October and November, respectively. The uptick was due to an acceleration in food inflation, moving from 5.3% in November to 5.9% in December. For the 2024 calendar year, inflation averaged at 4.2% from 5.9% in 2023.

During Q4-24, the 3-month Johannesburg Interbank Average Rate (Jibar) reduced from 8.050% to 7.750%, reflecting the market's view of an easing policy environment. As at the end of Q4-24, local Namibian banks were offering a spread of 8 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 0.53% to 7.46% from the 7.99% offered in the third quarter of 2024. The decrease in NCD yields is reflective of Namibia's interest rate environment and comes at a time when a moderate easing monetary policy is warranted. Treasury Bills (T-bills) remain attractive relative to fixed-rate NCDs, and the Fund increased its holdings in T-bills over Q4-24.



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 December 2024