



NAMIBIA ASSET MANAGEMENT

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NAM CORONATION MONEY MARKET FUND QUARTERLY COMMENTARY Q4-22

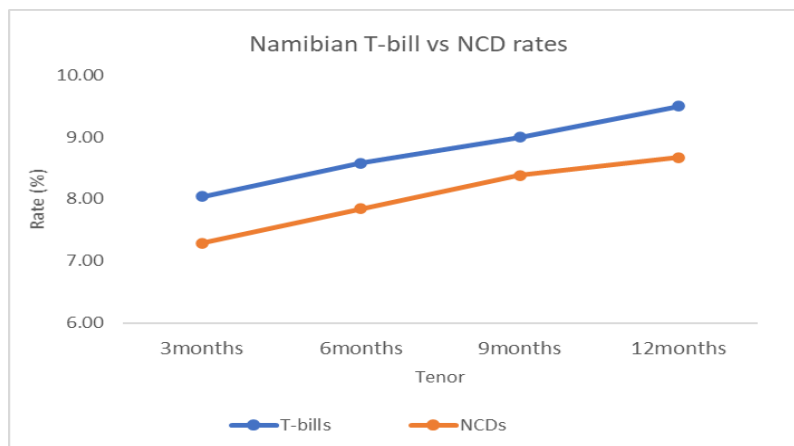
Please note that the commentary is for the retail class of the Fund.

31 December 2022 commentary

The NAM Coronation Money Market Fund generated a return (net of management fees) of 1.67% for the fourth quarter of 2022 (Q4-22) and 5.32% over a rolling 12-month period. This is ahead of the benchmark (IJG 3-month NCD Index) return of 5.0%.

The Bank of Namibia (BoN) raised the repo rate by 50 basis points (bps), moving it to 6.75% from 6.25%, at the November monetary policy committee (MPC) meeting. The rate hike comes on the back of easing inflationary pressures, currency appreciation and higher-than-expected revenue forecasts. BoN expects inflation to average at 6.1% in 2022 and 5.2% in 2023. This rate hike was less than the 75bps implemented by the South African Reserve Bank (SARB) at their November MPC meeting and usually BoN moves in line with the SARB to maintain the currency peg (Namibian dollar to the South African rand). The MPC saw the smaller rate hike sufficient to maintain the currency peg and believe to be facing lesser inflationary pressures in comparison to South Africa.

As at end of Q4-22, local banks were offering a spread of 95bps above the 3-month South African Johannesburg Interbank Average Rate (Jibar) for 1-year tenor floating-rate notes. The one-year fixed rate NCD yield increased to 8.32% in Q4-22 from 7.95% offered in the third quarter of 2022. Treasury Bill (T-Bills) remain attractive relative to fixed-rate NCDs, and we have increased our T-Bill exposure in the Fund in Q4-22. 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.



Source: IJG Research

Portfolio manager
Nishan Maharaj as at 31 December 2022