

NAMIBIA ASSET MANAGEMENT LTD ("NAM")  
Registration No. 97/397  
Registered in Namibia  
ISIN Code: NA000AOJMZ44  
NSX Share Code: NAM

## **REVIEWED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

### **Overview**

The financial year under review was marked by the impact of the Covid-19 pandemic. As was the case with the rest of the world, Namibia implemented a hard lockdown, which had a significant impact on all Namibians. Even though this swift action by the government went a long way to containing the spread of the virus, the economic consequences are still unknown and will only become clear in the months and years to come.

In his October Mid-term Budget Review, Minister of Finance, Ipumbu Shiimi, provided an update on the prevailing socio-economic conditions. Namibia has been in recession for approximately five years and the country is now on track to record one of largest budget deficits on record, estimated to be in the region of 12% of GDP. This, coupled with an extremely challenging debt maturity profile, will require the bold implementation of the policy interventions announced in the March 2020 Budget Speech.

Globally, especially in developed markets, unparalleled accommodative monetary policy and fiscal stimulus have been employed to soften the recessionary effects of lockdowns. So far, this has been supportive of financial markets. However, risk levels remain elevated as it is still unknown as to how the pandemic will play out. Geopolitical tensions will likely continue to weigh as the trade stand-off between the US and China shows little sign of abating, despite the recent US election outcome. In the UK, Brexit uncertainties remain and there is no doubt that its impact will weigh heavily on the economy and investor sentiment.

### **Results**

Against this extraordinary backdrop, key outcomes from NAM's reviewed results for the 12 months ended 30 September 2020 are as follows:

- Operating profit was marginally down by 0.9% to N\$22.1 million (Sept 2019: N\$22.3 million).
- Headline earnings per share decreased by 8.9% to 9.79 cents (Sept 2019: 10.75 cents).

Over the 12 months to 30 September, global equity markets delivered strong returns, with the MSCI All Country World Index and the MSCI Emerging Markets Index returning 22.3% and 22.4%,

respectively, in Namibian dollars. Consequently, our global balanced portfolios with exposure to developed and emerging market equities benefited from strong market performance. The NSX Overall Index was down 13.2% in for the financial year, whereas the JSE All Share Index was up 2.0% over the same period, in Namibia dollar and South African rand, respectively.

From a performance perspective, we are pleased to see strong long-term returns generated across all our client portfolios and our ability to add value via active management is evident in:

- Clients representing more than 91% of our total institutional assets have been invested with us for more than 10 years. Of these client assets, 77% have outperformed their benchmarks since inception.
- 100% of our institutional portfolios have delivered positive returns since inception.

NAM's assets under management (AuM) as at 30 September 2020 were down by 11.0% to N\$17.0 billion (September 2019: N\$19.1 billion). While we have seen a gradual recovery in the market value of the assets we manage over the past six months, some of our institutional clients rebalanced their portfolios during the period under review. As a result, we have experienced a 12.9% decline in our institutional AuM to N\$14.8 billion (September 2019: N\$17.0 billion). Retail AuM increased marginally by 4.8% to N\$2.2 billion (September 2019: N\$2.1 billion), due to modest inflows across our unit trust funds and market performance.

### **Business update and corporate citizenship**

NAM is an active asset management firm and remains one of the largest custodians of savings assets in Namibia. We offer a diversified range of products to both retail and institutional clients, including offshore investment solutions.

We have continued to proactively engage our clients and stakeholders with a view to offering support and seeking opportunities for collaboration during these unusual times. In partnership with various NGO's and social welfare organisations, we have made financial contributions to assist those that were the hardest hit by the consequences of the economic shutdown. We will continue to look for opportunities where we can make further impactful contributions to society.

NAM employees and management adapted swiftly to remote working conditions and we have remained fully operational throughout the pandemic. We are gradually reverting to business as usual as restrictions are being eased.

As an innovative firm that continuously seeks to identify and provide investment solutions for our clients, we launched the NAM Coronation Optimum Growth Fund during the year. The new offering complements our current product range by providing a global investment solution that is not constrained by local

investment restrictions and can be used to provide further diversification to investors.

### **Governance**

Eino Emvula has resigned as CEO of NAM to pursue other professional endeavours. The members of the Board of Directors express their gratitude for the significant contribution he made during his time at the company.

The process to find a suitable replacement is underway and the Board is confident that the Company will be able to make an appointment soon.

### **Dividend**

The Board resolved to declare an ordinary dividend of 7 cents per share (2019: 8 cents per share). There is no special dividend declared for the period under review (2019: 1 cent per share).

The salient dates are as follows:

Last day to trade:	27 November 2020
Securities start trading ex:	30 November 2020
Record date:	04 December 2020
Payment date:	11 December 2020

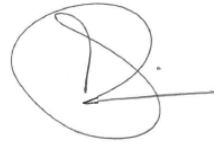
### **Prospects**

Amid the prevailing uncertainties, we will continue to construct diversified portfolios that can absorb unanticipated shocks and deliver investment performance over meaningful periods. With an ongoing focus on valuations and further integration of ESG factors, we will apply our in-depth proprietary research to identify investment opportunities that are attractive on a risk-adjusted basis to generate long-term value for all our stakeholders.

Overall, due to the prudent management of resources over the years, NAM is in a strong financial position, which bodes well for navigating through these uncertain times.

### **External audit review**

The external auditors, EY Namibia, have reviewed the condensed consolidated statement of the financial position of the Namibia Asset Management Limited Group as at 30 September 2020, and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and other explanatory notes. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of EY are available for inspection at the registered office of the company.



**A PILLAY**  
**CHAIRMAN and ACTING CEO**

**U EISEB**  
**CHIEF FINANCIAL OFFICER**

11 November 2020

**BOARD OF DIRECTORS**

A PILLAY\* (CHAIRMAN)  
U EISEB (CHIEF FINANCIAL OFFICER)  
R G YOUNG\*  
B ROSSOUW  
S WALTERS  
E ANGULA  
A RHODA\*  
T SHAANIKA  
(\* SOUTH AFRICAN)

**COMPANY SECRETARY**

U EISEB

**REGISTERED OFFICE**

1st Floor, Millennium House, Corner of Robert Mugabe Avenue and  
DR AB May Street, Windhoek  
P.O. Box 23329, Windhoek, Namibia

**AUDITORS**

Ernst & Young Namibia  
Registered Accountants and Auditors  
Cnr Otto Nitzsche and Maritz Street  
P.O Box 1857 Windhoek, Namibia

**SPONSOR**

IJG Securities (Pty) Ltd  
Member of the NSX  
4th Floor, 1@Steps, c/o Grove and Chasie Street, Windhoek  
Windhoek, Namibia

**TRANSFER SECRETARIES**

Transfer Secretaries (Pty) Ltd  
4 Robert Mugabe Avenue  
P.O. Box 2401  
Windhoek, Namibia

**Release date:** 16 November 2020

**NAMIBIA ASSET MANAGEMENT LTD**

**REVIEWED CONDENSED GROUP ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED  
30 SEPTEMBER 2020**

**CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME**

	Reviewed 30 Sept 2020 N\$	Audited 30 Sept 2019 N\$	%
			Change
Revenue (note 5)	99 721 719	83 330 820	19.7
Other income*	1 217 528	1 670 847	(27.1)
Operating expenditure	(78 852 257)	(62 714 145)	25.7
<b>Operating profit</b>	<b>22 086 990</b>	<b>22 287 522</b>	<b>(0.9)</b>
Finance income*	1 561 157	2 173 381	(28.2)
Finance costs	(516 576)	(382 793)	34.9
<b>Profit before tax</b>	<b>23 131 571</b>	<b>24 078 110</b>	<b>(3.9%)</b>
Taxation	(7 903 906)	(7 501 430)	5.4%
<b>Profit attributable to ordinary shareholders</b>	<b>15 227 665</b>	<b>16 576 680</b>	<b>(8.1%)</b>
<b>Other comprehensive income</b>			
<b>Items which will not be reclassified subsequently to profit or loss</b>			
Net change in fair value of financial assets designated at FVOCI (not subject to income tax)	165 425	113 895	45.2
<b>Other comprehensive income for the period</b>	<b>165 425</b>	<b>113 895</b>	<b>45.2</b>
<b>Total comprehensive income for the period</b>	<b>15 393 090</b>	<b>16 690 575</b>	<b>(7.8)</b>
<b>EARNINGS PER SHARE (cents)</b>			
- Basic	9.79	10.75	(8.9)
- Diluted	9.70	10.48	(7.4)

*\*Comparative amounts have been reclassified for improved disclosure purposes  
(N\$737,543 reclassified from Finance Income to Other Income). The reclassification  
did not have any impact on the profit reported on the SOCI nor on the SOCIE.*

**NAMIBIA ASSET MANAGEMENT LTD**

**REVIEWED CONDENSED GROUP ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED  
30 SEPTEMBER 2020**

**CONDENSED GROUP STATEMENT OF FINANCIAL POSITION**

	Reviewed 30 Sept 2020 N\$	Audited 30 Sept 2019 N\$
<b>ASSETS</b>		
<b>Non - current assets</b>	<b>12 133 756</b>	<b>8 527 169</b>
Equipment	1 170 080	1 366 379
Right-of use asset	3 517 349	-
Marketable securities - statutory investments	6 000 000	5 000 000
Deferred tax	1 446 327	2 160 790
<b>Current assets</b>	<b>74 914 678</b>	<b>52 113 382</b>
Marketable securities- additional investments	9 038 884	7 698 819
Trade and other receivables	29 423 106	12 486 440
Current tax asset	439 226	439 274
Cash and cash equivalents	36 013 462	31 488 849
<b>TOTAL ASSETS</b>	<b>87 048 434</b>	<b>60 640 551</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>31 420 102</b>	<b>32 778 234</b>
Issued capital	1 554 792	1 542 292
Share premium	2 251 860	2 251 860
Reserve for own shares	(9 310 500)	(9 579 250)
Share based payment reserve	3 149 875	3 788 704
Fair value reserve	2 133 080	1 967 655
Retained earnings	31 640 995	32 806 973
<b>Non-current liabilities</b>	<b>5 388 151</b>	<b>4 639 705</b>
Leased liability (note 3)	3 003 206	-
Interest-bearing liabilities	2 384 945	4 639 705
<b>Current liabilities</b>	<b>50 240 181</b>	<b>23 222 612</b>
Shareholders for dividends	340 151	253 439
Lease liability - current portion (note 3)	730 895	
Trade and other payables	49 169 135	22 969 173
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>87 048 434</b>	<b>60 640 551</b>

**NAMIBIA ASSET MANAGEMENT LTD**

**REVIEWED CONDENSED GROUP ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY**

	Ordinary share capital N\$	Share premium N\$	Retained earnings N\$	Share based payment reserve N\$	Reserve for own Shares N\$	Fair value reserve N\$	Total N\$
<b>Balance as at 01 October 2018 (audited)</b>	<b>1 542 292</b>	<b>2 251 860</b>	<b>29 411 486</b>	<b>3 263 009</b>	<b>(9 579 250)</b>	<b>1 853 760</b>	<b>28 743 157</b>
<b>Comprehensive income for the period</b>	-	-	<b>16 576 680</b>	-	-	<b>113 895</b>	<b>16 690 575</b>
Profit for the period	-	-	16 576 680	-	-	-	16 576 680
Other comprehensive income for the year	-	-	-	-	-	113 895	113 895
<b>Transactions with owners recorded directly to equity</b>	-	-	<b>(13 181 193)</b>	<b>525 695</b>	-	-	<b>(12 655 498)</b>
Share based payments	-	-	-	525 695	-	-	525 695
Dividends paid to equity holders	-	-	(13 181 193)	-	-	-	(13 181 193)
<b>Balance as at 30 September 2019 (audited)</b>	<b>1 542 292</b>	<b>2 251 860</b>	<b>32 806 973</b>	<b>3 788 704</b>	<b>(9 579 250)</b>	<b>1 967 655</b>	<b>32 778 234</b>
<b>Comprehensive income for the period</b>	-	-	<b>15 227 665</b>	-	-	<b>165 425</b>	<b>15 393 090</b>
Profit for the period	-	-	15 227 665	-	-	-	15 227 665
Other comprehensive income for the period	-	-	-	-	-	165 425	165 425
<b>Transactions with owners recorded directly to equity</b>	<b>12 500</b>	-	<b>(16 393 643)</b>	<b>(638 829)</b>	<b>268 750</b>	-	<b>(16 751 222)</b>
Share based payments	-	-	-	(638 829)	-	-	(638 829)
Dividends paid to equity holders	-	-	(16 393 643)	-	-	-	(16 393 643)
Share options exercised	12 500	-	-	-	268 750	-	281 250
<b>Balance as at 30 Sept 2020 (reviewed)</b>	<b>1 554 792</b>	<b>2 251 860</b>	<b>31 640 995</b>	<b>3 149 875</b>	<b>(9 310 500)</b>	<b>2 133 080</b>	<b>31 420 102</b>

**NAMIBIA ASSET MANAGEMENT LTD**

**REVIEWED CONDENSED GROUP ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED  
30 SEPTEMBER 2020**

**CONDENSED GROUP STATEMENT OF CASH FLOWS**

	Reviewed 30 Sept 2020 N\$	Audited 30 Sept 2019 N\$
<b>Cash flows from operating activities</b>		
Cash generated by operations	31 601 241	30 192 666
Finance income	1 768 620	2 626 798
Taxation paid	(7 189 397)	(7 310 016)
Dividends paid	(16 306 931)	(13 100 777)
<b>Net cash flow from operating activities</b>	<b>9 873 533</b>	<b>12 408 671</b>
<b>Cash flow from investing activities</b>		
Acquisitions of equipment to maintain operations	(146 133)	(1 238 391)
Marketable securities (investments)	(3 090 404)	(2 471 468)
Marketable securities disinvestments	1 040 288	1 569 586
<b>Net cash flows from investing activities</b>	<b>(2 196 249)</b>	<b>(2 140 273)</b>
<b>Cash flows from financing activities</b>		
Proceeds from staff share options exercised	281 250	-
Repayment of interest-bearing liabilities	(2 072 409)	(1 349 776)
Interest paid on interest-bearing liabilities	(364 462)	(429 242)
Repayment of lease liability	(662 585)	-
Interest paid on lease liability	(334 465)	-
<b>Net cash flows from financing activities</b>	<b>(3 152 671)</b>	<b>(1 779 018)</b>
Increase in cash and cash equivalents	4 524 613	8 489 380
<b>Cash and cash equivalents at the beginning of the period</b>	<b>31 488 849</b>	<b>22 999 469</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>36 013 462</b>	<b>31 488 849</b>



## **NOTES TO THE REVIEWED CONDENSED GROUP ANNUAL FINANCIAL STATEMENTS**

### **1. Reporting entity**

Namibia Asset Management Ltd (the "Company") is a Company incorporated in Namibia. The condensed Group financial statements for the year ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

### **2. Statement of compliance**

These condensed Group financial statements have been prepared using the framework principles, the recognition and measurement principles of the International Financial Reporting Standards (IFRS) and contain the presentation and disclosures required by IAS 34, Interim Financial Reporting and in the manner required by the Namibian Companies Act 28 of 2004. These condensed Group financial statements have not been audited but have been independently reviewed by the Group's external auditors.

The Group has only one operating segment and thus no segmental reporting has been provided.

These condensed Group annual financial statements were approved by the Board of Directors on 11 November 2020.

### **3. Significant accounting policies**

The accounting policies applied by the Group in these condensed Group financial statements are the same as those applied by the Group in its full Group financial statements as at and for the year ended 30 September 2019, except for the adoption of new and amended IFRS's that become effective on 01 October 2019. The following new standard has the most pertinent impact on the Group:

- **IFRS 16 - Leases**

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The Group did not reassess the definition of a lease on its current lease contracts but applied the requirements of IFRS 16 to all leases recognised as operating leases previously under IAS 17.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such small items of office furniture). For these leases, the Group

recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group's office premises rental contract, which commenced on 01 October 2019, represents the sole right-of-use asset and leased liability at reporting date. The below table provides a reconciliation of the opening balance to closing balance of the right-of-use asset and lease liability as at reporting date:

	Right-of-use asset	Lease liability
<b>Opening Balance as at 01 October 2019</b>	-	-
Additions on 01 October 2019	4 396 686	(4 396 686)
Interest	-	(334 465)
Depreciation	(879 336)	-
Repayments	-	997 050
<b>Closing Balance as at 30 September 2020</b>	<b>3 517 350</b>	<b>(3 734 101)</b>

The lease liability as at 01 October 2019 based on the total lease commitments over the lease term was determined as follows:

<b>Assets</b>	<b>N\$</b>
Operating lease commitments	5 432 817
Weighted average incremental borrowing rate	9%
<b>Discounted operating lease commitments - 01 October 2019</b>	<b>4 396 686</b>
Lease liability - 01 October 2019	<b>4 396 686</b>

<b>Lease liability</b>	<b>N\$</b>
Non-current portion	3 003 206
Current portion	730 895
<b>Total</b>	<b>3 734 101</b>

No other new or amended IFRS standards became effective for the year ended 30 September 2020 that impacted the Group's reported earnings, financial position or accounting policies.

#### **4. Fair value disclosure**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>30 September 2020 (reviewed)</b>	<b>Level 1</b>	<b>Total</b>
Financial assets designated at fair value through other comprehensive income	6 000 000	6 000 000
Financial assets designated at fair value through profit or loss	9 038 884	9 038 884
	<b>15 038 884</b>	<b>15 038 884</b>

<b>30 September 2019 (audited)</b>	<b>Level 1</b>	<b>Total</b>
Financial assets designated at fair value through other comprehensive income	5 000 000	5 000 000
Financial assets designated at fair value through profit or loss	7 698 819	7 698 819
	<b>12 698 819</b>	<b>12 698 819</b>

Management is of the view that the carrying amount of all other assets and liabilities approximates their fair value.

Marketable securities - statutory are designated at fair value through other comprehensive income whereas marketable securities- additional investments has been designated at fair value through profit and loss. Marketable securities - statutory are not held for trading whereas marketable securities - additional are in respect of additional investments made from excess cash and thus held for trading.

There were no transfers of financial instruments between levels during the period.

We also determined that the financial risk management framework has not changed significantly from those disclosed in the 2019 audited financial statements.

## **5. Revenue from contracts with customers**

Revenue comprises:

	<b>30 Sept 2020 (reviewed)</b>	<b>30 Sept 2019 (audited)</b>
Segregated fund fees	84 084 543	67 777 844
Unit trust fund fees	15 637 176	15 552 976
	<b>99 721 719</b>	<b>83 330 820</b>

Revenue from segregated funds includes performance fees of N\$29 322 310(2019: N\$9 044 424). All revenue from customers is earned over time.

## 6. Related party transactions

No new significant related party transactions arose during the current period which differ in nature to those disclosed in the Group's annual financial statements for the year ended 30 September 2019.

## 7. Events subsequent to the reporting date

The Directors are not aware of any material events, occurring between 30 September 2020 and the authorisation date of the announcement that would have an impact on these results.

The COVID-19 impact appears to continue unabated creating ongoing uncertainty in financial markets. This is of particular significance to the financial results of the Group since fee revenues, and related variable costs, are underpinned by the market valuation of AUM. There is no certainty regarding future movements in the financial markets, and the full economic impact of the pandemic is unknown at this stage.

We have performed various scenario and sensitivity analyses, and coupled with our business continuity plans, the directors remain confident that the Group will continue to deliver on its core strategy. We believe that the actions we take now will bode well for NAM in the future and we continue to look through the market noise to identify those opportunities that will deliver alpha through the cycle.

## 8. Earnings per share

	Reviewed 30 Sept 2020 N\$	Audited 30 Sept 2019 N\$
<b>Earnings</b>		
Earnings per share is based on basic earnings of:	15 227 665	16 576 680
Headline earnings per share is based on headline earnings of:	15 227 665	16 576 680
<b>Reconciliation of basic earnings to headline earnings</b>		
Basic earnings	15 227 665	16 576 680
<b>Headline earnings attributable to ordinary shareholders</b>	<b>15 227 665</b>	<b>16 576 680</b>
Weighted average number of ordinary shares in issue	155 479 200	154 229 200
Diluted weighted average number of ordinary shares in issue*	157 038 595	158 241 019

**Reconciliation of statutory shares in issue to diluted ordinary shares in issue**

Authorised and issued shares	200 000 000	200 000 000
<b>Treasury shares</b>		
- Shares held by NAM Staff Share Trust	(2 520 000)	(3 770 000)
- Shares held by The Orban Street Trust	(42 000 800)	(42 000 800)
Weighted average number of shares in issue**	155 479 200	154 229 200
Effect of share options outstanding	1 559 395	4 011 819
Diluted ordinary shares in issue	<b>157 038 595</b>	<b>158 241 019</b>

	(cents)	(cents)
Basic earnings per share	9.79	10.75
Headline earnings per share#	9.79	10.75
Diluted earnings per share	9.70	10.48

\* Dilution of ordinary shares takes place if all staff exercise their options

\*\*after consolidation of treasury shares held

# Calculated in terms of JSE's HEPS circular 1/2019