

# CATALYST FLEXIBLE OPPORTUNITY FUND

## Fund Objective

The objective of the fund is to provide total returns that is in excess of Namibian Inflation over the medium term. Furthermore, the fund seeks to provide a high level of capital stability and minimize losses over any 1-year period.

Therefore, the fund aims to:

- Beat Namibian Inflation +4%
- Protect 90% of the net investment over a 12 months period

## Fund Benchmark

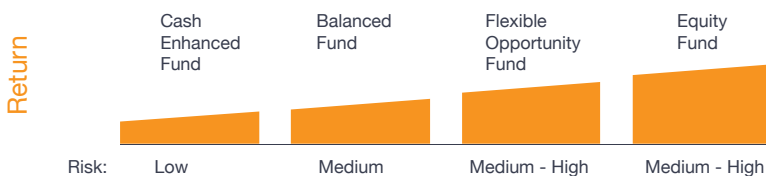
The fund investment benchmark is Namibian Inflation (NCPI) + 4%.

## Fund Investment Strategy

The portfolio is actively managed through a combination of top-down asset allocation and bottom up stock selection.

The fund can invest in a wide variety of domestic (Namibia & South Africa) and international asset classes such as equities, commodities, listed property, conventional bonds, inflation linked bonds, and cash.

The maximum fund equity exposure is either 100% equity exposure or 100% cash exposure depending on market conditions.



## Fund Performance June 2024

	CIM Net	Benchmark (Nam CPI +4%)	Out / Under
1 Month	2.09%	0.74%	1.35%
3 Months	3.19%	2.28%	0.91%

## Fund Asset Allocation

South Africa & Namibian Equities	36.90%
Offshore Equity	29.80%
Fixed Income	28.40%
Cash	4.90%

## Fund Key Holdings

Satrix MSCI World ETF	
Naspers Limited-N SHS	Prosus
FirstRand Limited - Namibia	Standard Bank Group Limited
FNB Namibia Holdings Ltd	Standard Bank Group Namibia
Shoprite Holdings Limited NAD	Anglo American Plc



**CATALYST**  
INVESTMENT MANAGERS

## Fund Managers

### Mr. Brown Amuenje

Principal & Chief Investment Officer

### Mr. Cheryl Emvula

Head of Research

## Fund Information

**Fund Size** N\$4,170,633.48  
**Fund Classification** Interest Bearing - Short Term Risk Profile

**Risk Profile** Medium-High

**Bench Mark** NCPI +4%

**Launch Date** April 2024

**Distribution Dates** 1st Business Day

**Income Distribution** Semi-Annually

**Lump Sum Investment** N\$ 10,000

**Monthly Investment** N\$ 500

## Fees

**Initial Fees** 0,00%

**Financial Advisor Fee** 2.50%

**Management Fee** 1.25%

# FUND MANAGER COMMENTARY

MACRO LANDSCAPE: Q2'2024

Reg No: 2016/1534

## MACRO LANDSCAPE

Interest rate cuts remain a central topic in financial markets, with investors and economists scrutinising inflation and labour market data to gauge their influence on the likelihood and timing of rate cuts.

While the Federal Reserve waits for clearer signs that U.S. inflation will return to target, the global trend among central banks has shifted away from tightening policies. With global inflation easing, more than 10 central banks, including Canada, Switzerland and the European Central Bank, have begun cutting rates. The monetary policy environment is shifting towards rate cuts. Investors expect this trend to grow stronger in the coming quarters, albeit at varying speeds depending on each country's inflation and economic growth conditions.

In Q2, negative economic surprises increased as the U.S. economy underperformed expectations. Job growth slowed in April, and the unemployment rate rose to 4% in May. Retail sales declined in April, raising concerns about consumer strength, especially for lower-income households. May manufacturing survey data indicat-

ed a slowdown and the U.S. Census Bureau reported slower-than-expected economic growth in Q1. Investors are debating whether these negative surprises signal a trend towards slower growth. Markets will closely watch economic data in Q3 however, the index reflects economic performance relative to investor expectations rather than growth rates. The key question may be whether the U.S. economy is returning to its pre-pandemic trend after years of above-average growth, necessitating adjusted investor expectations.

Furthermore, Namibia reported its 12th consecutive quarter of positive real GDP growth in Q1 '24, with a 4.7% y/y increase. The electricity and water sector led growth at 9.8%, followed by wholesale and retail trade (8.4%), transport and storage (7.6%), and health (7.5%). Real growth was observed in all broad sectors except manufacturing. The primary sector grew 5.1%, driven by mining and quarrying. The secondary sector saw a slight growth of 1.5%, hindered by declines in diamond cutting, basic metals, and meat processing. The tertiary sector grew 4.7%, with wholesale and retail trade continuing its positive streak.

## STRATEGY AND POSITIONING

Commodities exhibited a mixed performance this quarter. Copper surged significantly, gaining 12.97%, while Brent Crude and Gold also posted strong returns of 12.15% and 11.98%, respectively. In contrast, Platinum experienced a marginal increase of 0.54%, whereas Iron-Ore declined sharply by 22.01%.

In the equity markets, the MSCI EM and MSCI World indices recorded healthy gains of 5.95% and 10.64%, reflecting sustained investor confidence in global markets. The S&P 500 and NASDAQ Composite outperformed, achieving impressive returns of 14.31% and 17.95%, respectively. The DAX rose by 5.46%, while ASX remained flat with a negligible gain of 0.003%. The FTSE 100 saw a modest increase of 4.53%. Notably, the Hang Seng posted a 3.80% rise and the Nikkei reported a 3.51% gain.

South African indices displayed mixed results. The JSE ALSH index grew by 3.66%, with the JSE Top 40 and JSE MID CAP indices increasing by 3.53% and 3.75%, respectively. The JSE SMALL CAP performed better, advancing by 6.73%. Among the sector indices, INDUSTRIAL 25 rose by 4.35%, Financial 15 increased by 5.57%, and Resource 10 edged up by 2.65%. The NSX LOCAL and NSX OVERALL indices also showed positive movements, up by 1.12%

and 10.06%, respectively.

In fixed income, the 20-year Treasury Bond saw a significant decline of 7.32%, indicating pressures from rising yields due to inflation concerns. The SA ALBI and NAM ALBI both increased by 5.55% and 4.82%, respectively.

During the period the fund drastically brought down its cash exposure to take advantage of the recent financial market. As a result, the fund is nearly fully invested with cash amounting to 4.9%.

Over the last quarter, the following portfolio adjustments were made:

- To capitalize on heightened optimism in the South African market driven by the GNU euphoria, the fund expanded its SA equity holdings.
- Several fixed income instruments were added to the portfolio.
- Equites Property Fund Ltd (EQU) was integrated into the equity mix.

formance of 1.35% and 0.91% relative to the benchmark.

## FUND UPDATE

The Catalyst Flexible Opportunity Fund delivered a return of 2.09% in June and 3.19% over the quarter which led to respective outper-

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