



CATALYST CASH ENHANCED FUND



CATALYST
INVESTMENT MANAGERS

Fund Objective

The portfolio objective is to provide a high level of income from fixed income instruments and preserve capital. The aim is, to provide returns in excess of traditional money market portfolios.

The mandate is more flexible and the weighted average portfolio duration will be longer than that of traditional money market portfolios but less than two years.

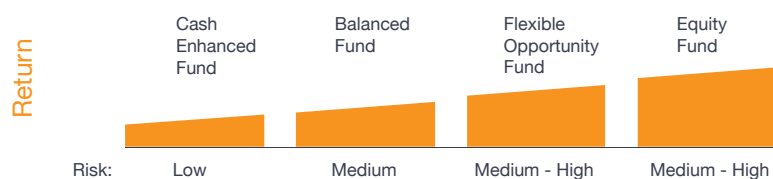
Fund Benchmark

The fund investment benchmark is the IJG Call Index

Fund Investment Strategy

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

The fund invests in a combination of Namibian and South African fixed income investments such as cash, bonds, preference shares, debenture stock, debenture bonds and money markets that offer a highly predictable level of current income and a moderate protection of capital depending on term invested.



Fund Performance September 2024

	Fund Net	Benchmark (IJG Call Index)	Out / Under
1 Month	0.68%	0.54%	0.14%
3 Months	2.12%	1.68%	0.45%
9 Months	6.06%	5.12%	0.94%
1 Year	8.09%	6.92%	1.17%
Annualised Since Inception	6.12%	5.85%	0.27%

Fund Key Holdings

Government of Namibia
Nampost

Fund Managers

Mr. Brown Amuenje

Principal & Chief Investment Officer

Mr. Cheryl Emvula

Head of Research

Fund Information

Fund Size	N\$ 73,417,391.86
Fund Classification	Interest Bearing - Short Term Risk Profile
Risk Profile	Low Risk
Bench Mark	IJG Call Index
Launch Date	March 2019
Distribution Dates	1st Business Day
Income Distribution	Quarterly
Lump Sum Investment	N\$ 10,000
Monthly Investment	N\$ 500
Fees	
Initial Fees	0,00%
Financial Advisor Fee	2.50%
Management Fee	0.60%

FUND MANAGER COMMENTARY

MACRO LANDSCAPE: Q3'2024

Reg No: 2016/1534

MARKET OVERVIEW

Global

The third quarter of 2024 was characterised by a global shift towards monetary policy easing as central banks responded to economic uncertainties. The U.S. Federal Reserve Bank initiated a rate-cutting cycle with a significant 50 bps reduction, followed by similar moves from the European Central Bank and the Bank of England.

China also implemented a substantial economic stimulus package, in September, to bolster its economy and support its property sector.

Despite global headwinds, the US economy remains resilient. While employment data showed a cooling labour market, a strong September jobs report mitigated recession fears. The IMF forecasts US GDP growth of 2.6% in 2024 and 1.9% in 2025. The global economy is forecasted to grow moderately at 3.2% and 3.3% in 2024 and 2025, respectively.

South Africa

South Africa's economy expanded by 0.4% in Q2 2024, driven by the financial and business services sectors. The country's economic outlook is improving driven by the stabilisation of its load-shedding issues.

STRATEGY AND POSITIONING

Looking ahead, we anticipate an overall decline in yields due to an expected lower interest rate environment. Recent rate cuts by the U.S. Federal Reserve, Namibia, and South Africa signal the start of a broader rate-cutting cycle. Further reductions are expected, with South Africa potentially cutting rates by 50 basis points by year-end.

Further rate reductions are expected in the coming periods, with the Forward Rate Agreement curve anticipating further cuts, particularly in South Africa and subsequently Namibia.

FUND PERFORMANCE UPDATE

In September, the Catalyst Cash Enhanced Fund delivered a strong return of 0.68%, outperforming the IJG Call Index which returned 0.54%. Over the quarter, the Fund continued to perform well, achieving a return of 2.12%, compared to

Overall, the local financial markets experienced a boom from the post-GNU optimism with the South African Reserve Bank (SARB) cutting interest rates for the first time since 2020, as inflation eased to its lowest in three years at 4.4%. Real yields remain elevated, while the rand strengthened against the dollar trading at a record low of 17.12.

The IMF projects modest economic growth of 0.9% in 2024 and 1.2% in 2025 for South Africa.

Namibia

Namibia's economy continued its positive trajectory in Q2 2024, recording a 3.5% year-on-year growth. The transport and storage sector led the growth at 8%, followed by wholesale and retail trade at 5%. However, the agriculture & forestry; mining & quarrying sectors experienced declines, of -5% and -7% respectively, due to global demand weakness and drought conditions. The Bank of Namibia (BoN) unexpectedly cut interest rates in August, followed by a similar move from the SARB. BoN expects GDP growth to moderate from 4.2% in 2023 to 3.1% in 2024.

To capitalise on this, the Fund will maintain its strategy of locking in higher yields with extended durations.

Additionally, our focus will be to explore the possibility of allocating a portion of the portfolio to South African money market instruments, which offer higher yields than the Namibian counterparts due to a higher risk premium. We believe that this strategic shift will add great value to the fund.

the benchmark's 1.68%, maintaining the fund's historic outperformance of the benchmark. Much of this outperformance can be attributed to our strategic asset positioning and duration strategy.

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