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.

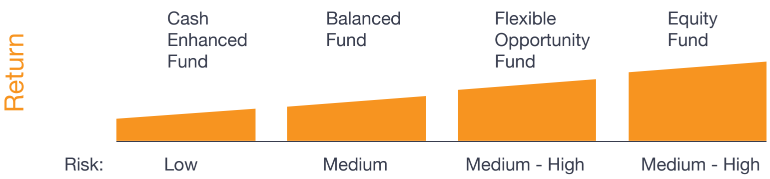
Fund Benchmark

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 December 2024

	Fund Net	Benchmark (IJG Call Index)	Out / Under
1 Month	0.66%	0.52%	0.13%
3 Months	2.12%	1.61%	0.50%
9 Months	6.28%	5.06%	1.23%
1 Year	8.31%	6.82%	1.49%
Annualised Since Inception	6.23%	5.88%	0.35%

Fund Key Holdings

Government of Namibia

Fund Managers

Mr. Brown Amuenje
Principal & Chief Investment Officer

Fund Information

Fund Size	N$ 88,387,113
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: Q4’2024

Reg No: 2016/1534

MARKET OVERVIEW

Global

The U.S. economy displayed resilience, despite persistent global challenges. The labour market remained strong, with unemployment holding steady at 4.1% for the quarter. Consumer spending also remained firm, supported by relatively stable inflation, though CPI saw a modest increase from 2.4% in September to 2.7% in December. This slight uptick in inflation, caused concern about the U.S. Federal Reserve Bank's monetary policy, leading to a significant rise in U.S. Treasury bond yields. The 10-year yield jumped from 3.81% to 4.58% between September and December, reflecting market anxieties about potential interest rate adjustments. Adding to the complexity, ongoing geopolitical tensions in the Middle East and Europe created further uncertainty in the global economic landscape.

South Africa

The South African economy showed signs of cautious optimism in Q3 2024, embarking on a gradual recovery, with quarterly GDP growth for Q3’2024 reflecting at 0.3%. This growth was mainly driven by electricity, finance and mining demonstrating encouraging growth. The construction sector, boosted by interest rate cuts, grew by 1.1%, and mining rebounded with 1.2% growth. However, on the downside, the agricultural sector was hit hard by El Niño, contracting by -28.8%, and other sectors like transport, trade, and government services also underperformed. The South African Reserve Bank's accommodative monetary policy, including interest rate cuts, is expected to support this recovery, with SARB forecasting a 1.1% growth for 2024, a modest 1.7% for 2025 and 2026 remains 1.8%.

Namibia

Namibia’s economy showed resilience in Q3 2024, achieving 2.8% year-on-year growth largely driven by strong performance in the health and logistics sectors, with health expanding by an impressive 16.0%. However, the agricultural sector faced challenges due to drought, while mining contracted due to lower global commodity demand. Despite these challenges, the Bank of Namibia maintained an accommodative monetary policy stance, further reducing interest rates to support growth. BON projects Namibia’s GDP to grow by 3.5% in 2024, with Q4 2024 expected to contribute approximately 0.8% to this figure, and accelerate to 4.0% in 2025.

STRATEGY AND POSITIONING

Given the uncertain global economic outlook, our fund adopted a balanced approach strategy which combines stability and flexibility. With short-term Namibian T-Bill yields rising in December, we aim to capitalise on the higher yields offered by the 3- and 6-month T-Bills. This strategy allows us to take advantage of the current short-term yield premium while maintaining the flexibility to reinvest as market conditions evolve.

Furthermore, a portion of the fund will be allocated to longer-term instruments, specifically the 12-month T-Bills, which provide greater predictability amidst potential rate cuts. This dual approach enables us to respond effectively to shifts in monetary policies, including anticipated rate cuts by SARB, the Fed and BON in 2025. By strategically combining short- and long-term allocations, we aim to mitigate reinvestment risk, optimise yield, and ensure the fund is well-positioned to navigate economic volatility and adapt to changing interest rate conditions.

FUND PERFORMANCE UPDATE

In December, the Catalyst Cash Enhanced Fund delivered a return of 0.66%, outperforming the IJG Call Index, which returned 0.52%. During the quarter under review, the fund continued its strong performance, achieving a return of 2.12%, surpassing the benchmark’s 1.61%. This consistent outperformance reinforces the fund's historical track record of exceeding the benchmark since its inception. This success is largely attributed to our active strategic asset allocation and duration management.

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