IJG BALANCED FUND A1

MINIMUM DISCLOSURE DOCUMENT

31 AUGUST 2022

INVESTMENT AND RETURN OBJECTIVE

The Fund aims to return CPI + 5% per annum over a full market cycle with less capital risk than the average balanced fund. The Fund is Regulation 13 compliant and at least 45% is invested in Namibian assets.

INVESTMENT PROCESS

The Fund invests in a diversified portfolio including cash, capital markets, equities and property, with active asset allocation. Derivatives can be utilised to reduce downside risk when pricing warrants this. The equity selection is active. The Fund is well diversified globally and the offshore allocation and currency exposure is managed actively.

WHO SHOULD INVEST

The Fund is suited to investors with a medium to long term investment horizon, who are seeking capital growth, and downside volatility management.

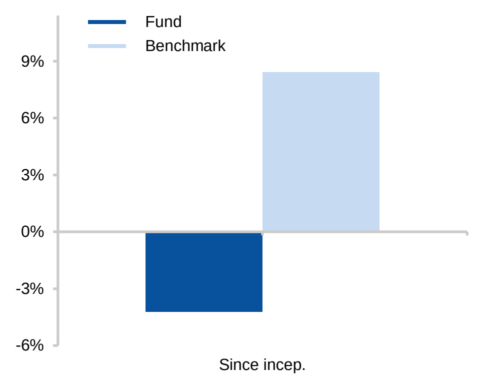
RISK INDICATOR DEFINITION

These portfolios typically have moderate equity exposure and exposure to offshore markets which may result in capital volatility over the shorter term. They are managed in such a manner that the probability of double digit capital losses over one year periods is unlikely. These portfolios typically target returns in the region of 4% - 5% above inflation over the long term.

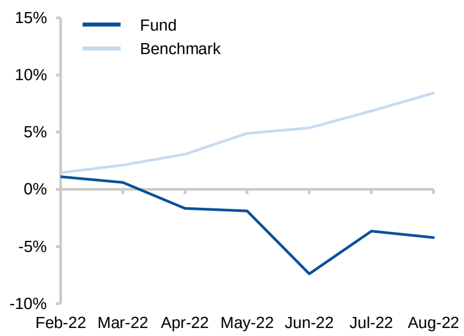
RISK INDICATOR

MODERATE

PERFORMANCE (%)



CUMULATIVE PERFORMANCE



PERFORMANCE (%)

	Fund	Benchmark
Since incep.	-4.21	8.41
Highest rolling 1 year	-	-
Lowest rolling 1 year	-	-

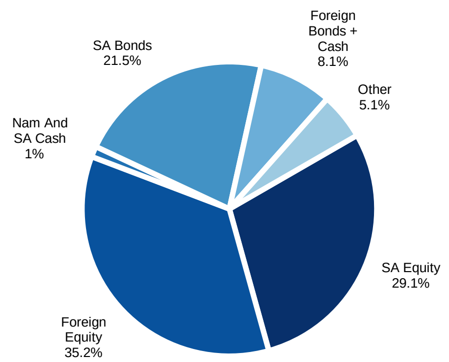
**All performance fees are net of fees.*

RISK AND FUND STATS

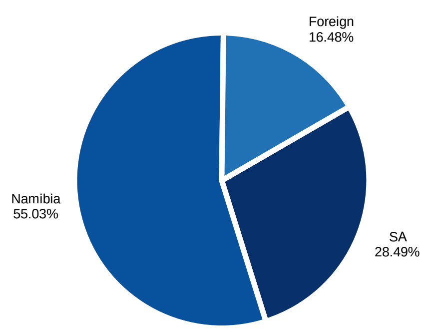
Since inception (p.a.)

	Fund	Benchmark
Alpha	-12.62%	
Sharpe Ratio	-1.22	6.83
Standard Deviation	9.47%	1.53%
Max Drawdown	-8.40%	

EFFECTIVE ASSET ALLOCATION



REGIONAL ALLOCATION



ABOUT THE FUND

Fund manager:
Prescient Balanced Team

Fund classification:
Domestic - Asset Allocation - Prudential Variable Equity

Benchmark:
Namibia Headline CPI + 5%

JSE Code:
IGBFA1

ISIN:
ZAE000307187

Fund Size:
NAD33.8 m

Inception date:
31 January 2022

Minimum Investment:
N$10 000
N$1000 per month

Income Distribution (annually):
31 March 2022 - 0.29 cpu

Initial Fee:
0.00%

Annual management fee:
1.00%

Fact sheet fee class:
A1

Fee breakdown:

Please note the Total Expense Ratio and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product and the funds TER will be available after one year.

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FUND MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022		1.10%	-0.50%	-2.25%	-0.21%	-5.61%	4.03%	-0.57%					

FUND COMMENTARY

The headline act in late August was the meeting of Fed officials at Jackson Hole, with investors to see when the Fed would begin tapering their hiking cycle from one of the most aggressive paths in history to more muted increases in the face of declining growth expectations. The Fed has the dual mandate of achieving maximum employment and stable prices, with a longer-term target of moderating interest rates towards the so-called natural rate of interest. Jerome Powell came out strongly in favour of stable prices at the expense of an already strong labour market, albeit marginally. This could be seen as yet another narrative to add to the challenge of navigating global growth towards a soft landing. As always, the Fed is not bound by what they say in this meeting to what they do in the next. Things change - and so does the Fed's response. Initially, there was a negative reaction from global growth markets, expecting some good news. Instead, they got more of the same.

Stresses in financial markets have quietened down over the last month, with measures like funding pressure (the market's pricing of risks in interbank lending) and the cross-currency basis (a proxy for Dollar shortage in the market) having come in below average. Notwithstanding, global markets finished August mostly lower, with the Fed reaffirming their current aggressive hiking path, wiping 5% off the tech-heavy NASDAQ in the hours following these comments.

Bringing it home, SA inflation remains high and outside the 3% to 6% target band set by the SARB for broad CPI, including fuel. However, it's important to note that when one digs deeper into the SARB's framework, they broaden the remit of the 3% to 6% band to be continuous, flexible, and forward-looking. The latter two are most important in that they are happy to see inflation breach the band over shorter-term periods (1-2 years) provided they see it as temporary ("policy does not have to offset the price effects of shocks, such as fuel price increases, provided they are purely temporary"). Secondly, they are not past-dependent, so despite inflation printing high right now, their job is to control future inflation irrespective of the past. Their role will be to assess as best they can the forward path for supply-side inputs driving inflation (such as oil price) as well as demand-side elements and hike/cut accordingly.

The South African economy is on a better path than the US and Europe. Our in-house nowcasting model, the Prescient Economic Indicator, shows positive pressure versus trend growth in SA compared to negative forces in developed markets.

After initially rallying at the start of the month local equity sold off, ending the month down 2.1%, while listed property lost 5.4% and preference shares lost 0.6%. Fixed Interest was overall positive for the month with the All Bond Index returning 0.3%, the Inflation Linked Bond Index was up 2.5% and the Short Term Fixed Interest Index increased by 0.5%.

On the global side the rand sold of by 3%, ending the month at 17.11, while global equity was significantly down, with the S&P500 losing -4.1%, Nasdaq -5.2%, the MSCI World -4.2%. The MSCI Emerging Markets Index was marginally positive at +0.4%.

Contributors to performance:

Inflation linked bonds as well as a depreciating rand were the major contributor to performance.

Detractors from performance:

The equity components of the fund, namely Top40 equity, listed property, preference shares and global equity detracted from fund performance.

Disclaimer

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.