IJG BALANCED FUND A1

MINIMUM DISCLOSURE DOCUMENT

31 JANUARY 2023

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.

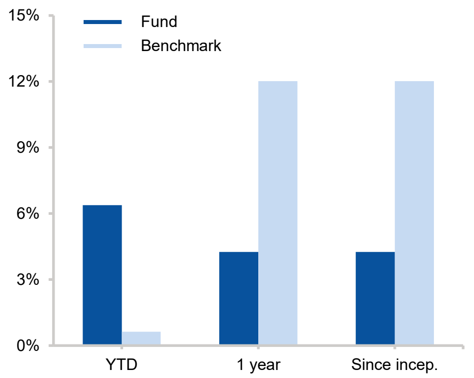
RISK INDICATOR DEFINITION

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.

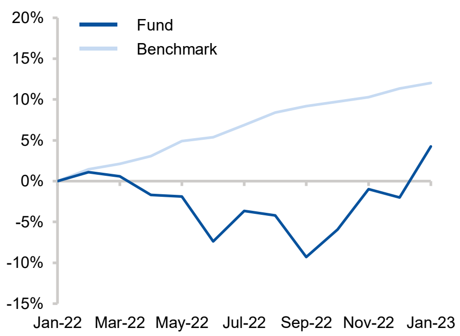
RISK INDICATOR

MODERATELY AGGRESSIVE

PERFORMANCE (%)



CUMULATIVE PERFORMANCE



PERFORMANCE (%)

	Fund	Benchmark
1 year	4.25	12.02
Since incep.	4.25	12.02
Highest rolling 1 year	4.25	12.02
Lowest rolling 1 year	4.25	12.02

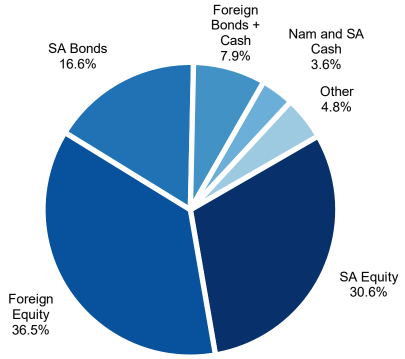
All performance fees are net of fees.

RISK AND FUND STATS

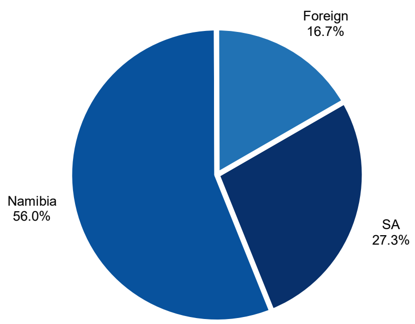
Since inception (p.a.)

	Fund	Benchmark
Alpha	-7.77%	
Sharpe Ratio	-0.07	4.58
Standard Deviation	12.80%	1.49%
Max Drawdown	-10.28%	

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:
NAD35.1 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.

Tel: +264 61 383 529

Web: www.ijg.net

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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%	-5.30%	3.69%	5.28%	-1.03%	-2.00%
2023	6.38%												6.38%

FUND COMMENTARY

January was a good month for investors across most asset classes. This is on the back of a catch-22 scenario in global macroeconomics. Markets expect the Fed to slow down and start cutting rates in the latter half of 2023 to stimulate global growth, removing the headwinds of higher key rates on corporate borrowings. The catch is that if the Fed (or any other central bank like the SARB) were to cut rates, it would be to add stimulus to a floundering economy (generally not a good thing for growth assets like equities).

One benefit of the strong sell-off in US equities (-20%) in 2022 is that the valuation metrics aren't nearly as astronomical as they were in 2021. US stocks are now trading at a P/E ratio of around 19x versus more than 30x at the start of last year. The difference between then and now is that the global growth outlook has deteriorated substantially, so much so that the P/E would have to be significantly lower to offer a strong value case.

The SARB hiked rates in January by 25bps in a three-two split between 25bps and 50bps. While this does come in below the 50bps double hike trend we've seen over the past year, it still does have a significant effect on consumers who have already been at the receiving end of inflation (mainly through fuel price increases) and are now taking the knock-on effects of increasing debt service costs. Similarly, a higher cost of borrowing is detrimental to corporate debt and a headwind for bottom-line corporate earnings and growth. According to SARB, the recent rolling blackouts from Eskom have detracted around 2% from South Africa's growth outlook, now standing at a paltry 0.3% for 2023. In January, Eskom declared stage 4 load shedding on average compared to stage 2 and 3 last year.

Looking to the East, China's reopening seems to be counteracting the anticipated global economic slowdown. Chinese manufacturing and non-manufacturing purchasing managers' index (PMI) increased to 50.1 from 47 and 54.4 from 41.6, respectively, in December. A reading above 50bps usually indicates an expansion. The International Monetary Fund expected that China would grow 5.2% in 2023. The concern lies in whether and at what level global demand will remain, given the already evident slowdown that could impact Chinese exports. On the other hand, the reopening also poses a risk to the inflation problem. With China the largest consumer of commodities, there is a risk that we again see increases in fuel, metals and food prices.

Over the course of January most asset classes posted strong returns, with SA equities up more than 8%, the S&P500 Index increasing 6.3%, while the MSCI World and MSCI Emerging Market index were both up above 7% . Local and offshore bonds returned 2.9% and 2.5% respectively. Local ILBs and listed property were the under-performers this month both declining by 1%.

Contributors to performance:

The major contributor to the Fund's performance for the month was the continued recovery in local and offshore equity markets.

Detractors from performance:

Listed property marginally detracted from performance this month.