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.

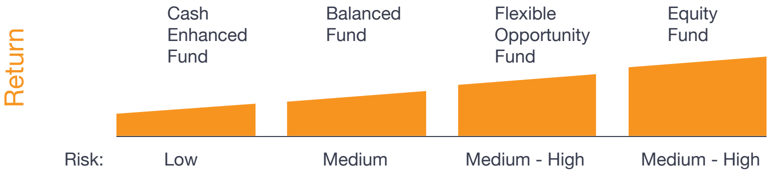
Fund Benchmark

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 March 2024

	Fund Net	Benchmark (IJG Call Index)	Out / Under
1 Month	0.67%	0.57%	0.10%
3 Months	2.01%	1.68%	0.33%
9 Months	6.18%	5.17%	1.01%
1 Year	8.36%	6.83%	1.54%
Annualised Since Inception	5.93%	5.75%	0.18%

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$ 44,303,700.70
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	Monthly
Lump Sum Investment	N$ 10,000
Monthly Investment	N$ 500
Total Expense Ratio	
Fees	
Initial Fees	0,00%
Financial Advisor Fee	2.50%
Management Fee	1.00%

FUND MANAGER COMMENTARY

MACRO LANDSCAPE: Q1

Reg No: 2016/1534

MARKET OVERVIEW

The initial months of 2024 displayed robust economic resilience in developed regions, with a surge in economic indicators. This bolstered the performance of commodities, prompting a revival of inflation concerns internationally. Consequently, expectations for monetary easing have lessened, with fewer rate reductions being anticipated.

Despite efforts by U.S. policymakers to decelerate economic expansion to control inflation, the economy has managed to steer clear of a severe downturn. The job sector remains strong, with employers actively recruiting, unemployment remaining below the 4% mark, and consumers, who are vital to the U.S. economy, continuing their spending habits. The European Central Bank has maintained interest rates during this period but has lowered its projections for both inflation and growth, potentially setting the stage for rate reductions in the near future. The UK economy contracted in the last quarter of 2023 but showed signs of recovery in January, suggesting the possibility of a brief recession.

South Africa's economy saw marginal growth of 0.1% q/q in the last quarter of 2023, avoiding recession after a slight contraction of 0.2% in the prior quarter. The South African Reserve Bank points to supply-side bottlenecks, notably in rail infrastructure, as significant hurdles. Although inflation is on a downtrend in the region, the risk of escalation persists, particularly due to the global surge in oil prices and the local currency's depreciation.

In Namibia, the National Accounts for 2023, disclosed in March 2024, show that the real GDP grew by 4.4% in Q4, marking an improvement from 3.2% in the preceding quarter and a year-on-year increase of 3.3%. Nonetheless, annual revisions have brought down the total GDP growth for 2023 to 4.2%, considerably below the initially projected 5.6%. The fiscal forecast has been slightly adjusted, with the debt-to-GDP ratio expected to peak at 67.6% in the fiscal year 2022/23 before tapering off to 57.7% by the fiscal year 2026/27. These revised projections highlight a preference for economic expansion over austerity as a means to enhance fiscal stability, especially as Namibia confronts both global and internal economic challenges.

To sum up, the initial quarter of 2024 was characterized by vigorous commodity markets, thriving equity sectors, especially in developed economies, and a revival in the U.S. bond market. Despite downturns in some Asian markets and the Financial sector, the overall market momentum has been optimistic. The disparity in Namibia's local market performance and the subdued success of Namibian bonds paints a complex picture, hinting that judicious investment strategies and diversification may have been beneficial for market participants.

STRATEGY AND POSITIONING

The fund will continue to benefit from the high interest rate environment. Moreover, the fund has reduced its overall duration from 151 during the previous quarter to 94 days. The fund is currently holding a significant amount of cash due to uncertain money policies across the globe and possible liquidations. The fund will opportunistically increase its exposure to attractively priced government assets to lock in higher yields and maintain its outperformance. TBs remained attractive relative to NCDs. The December NCPI number came in at 5.3% year-on-year, indicating disinflation from the 5.7% experienced in the previous month. We believe our fund is well-positioned to benefit from high interest rates as well as marginal rate cuts for the next 6 – 12 months. Going forward the fund continue to look for opportunities to diversify its investment jurisdiction such as ILB and look to invest in South African paper as these instruments are priced attractively compared to their Namibian counterparts.

FUND PERFORMANCE UPDATE

The Catalyst Cash Enhanced Fund demonstrated strong performance, delivering a 0.67% return in March, outperforming the IJG Call Index which returned 0.57%. Over the quarter, the fund achieved a 2.91% return, surpassing the benchmark by 1.23%. Much of this outperformance can be attributed to our strategic asset positioning and duration strategy.

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