CATALYST FLEXIBLE OPPORTUNITY FUND

CATALYST
INVESTMENT MANAGERS

Fund Objective

The objective of the fund is to provide total returns that is in excess of Namibian Inflation over the medium term. Furthermore, the fund seeks to provide a high level of capital stability and minimize losses over any 1-year period.

Therefore, the fund aims to:
• Beat Namibian Inflation +4% over a rolling 3 year period
• Protect 90% of the net investment over a 12 months period

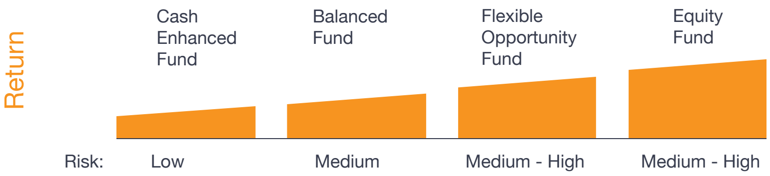
Fund Benchmark

The fund investment benchmark is Namibian Inflation (NCPI) + 4% over a rolling 3 year period.

Fund Investment Strategy

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

The fund can invest in a wide variety of domestic (Namibia & South Africa) and international asset classes such as equities, commodities, listed property, conventional bonds, inflation linked bonds, and cash.
The maximum fund equity exposure is either 100% equity exposure or 100% cash exposure depending on market conditions.



Fund Asset Allocation

South Africa & Namibian Equities	15.40%
Offshore Equity	15.40%
Fixed Income	29.00%
Cash	40.20%

Fund Key Holdings

Anglo American Plc
Naspers Limited-N SHS
Standard Bank Group Limited
British American Tobacco Plc
Clicks Group Ltd
FNB Namibia Holdings Ltd
Anheuser-Busch InBev SA/NV
Glencore Xstrata Plc
Netcare Limited
MTN Group Limited

Fund Managers

Mr. Brown Amuenje
Principal & Chief Investment Officer

Mr. Cheryl Emvula
Head of Research

Fund Information

Fund Size	N$14,592,127.22
Fund Classification	Interest Bearing - Short Term Risk Profile
Risk Profile	Medium-High
Bench Mark	NCPI +4% over a rolling 3-year period
Launch Date	April 2024
Distribution Dates	TBC
Income Distribution	Semi-Annually
Lump Sum Investment	N$ 10,000
Monthly Investment	N$ 500
Total Expense Ratio	
Fees	
Initial Fees	0,00%
Financial Advisor Fee	2.50%
Management Fee	1.25%

FUND MANAGER COMMENTARY

MACRO LANDSCAPE: Q1

Reg No: 2016/1534

MACRO LANDSCAPE

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

Commodities generally had a strong quarter, with Copper rising by 3.17%, Brent Crude by 10.92% and Gold, benefitting from economic uncertainty, rose by 6.54%. However, Platinum and Iron-Ore faced declined by 8.77% and a substantial 19.68%, respectively.

All commodity returns are based on USD pricing

In the Equity Markets, growth dominated with the MSCI EM and MSCI World indices reporting increases of 5.23% and 12.91%, reflecting continued investor optimism especially in developed global markets. The S&P 500 and NASDAQ Composite, recorded growths of 12.98% and 9.97%, respectively, while the DAX soared by 11.76%. ASX and FTSE 100 also grew by 3.00% and 5.52%, respectively however the ASX declined in USD terms. Finally, the Hang Seng and Nikkei 225 continued with diverging performances seeing returns of 0.24% and 16.36%, respectively.

All Equity market returns are based on ZAR pricing

South African counters declined across the board with the JSE Top 40, JSE MID CAP and JSE SMALL CAP decreasing by 3.05%, 4.15% and 1.55%, respectively. Furthermore, the INDUSTRIAL 25 index was up marginally by 0.21%, the FINANCIAL 15 index faced a violent dip of 7.67% and the RESOURCE 10 index saw marginal decreases of 0.49%. Locally, the NSX Overall index dropped by -9.61% and the NSX Local declined slightly by 2.63% however, a slowdown is natural given the enormous rally in 2023.

Turning to fixed income, US Treasuries, as measured by the 20Y, saw pressures losing 4.31% (in USD terms) over the quarter largely driven by rebounding yields due to inflationary pressures. The SA ALBI saw a quarterly drop of 5.16%, signalling negative sentiment to the South African bonds. Meanwhile, the Namibian All Bonds Index underperformed in the quarter returning -7.87% however still outperforming on an annual basis.
Strategic allocation to developed markets and cash delivered strong returns for the fund. Within the equity exposure, the largest contributors to quarterly returns were British American Tobacco, Mr Price and Truworths. Meanwhile, the largest detractors from performance were MTN, Standard Bank, and Anglo-American Plc.

FUND UPDATE

The fund, Catalyst Flexible Opportunity Fund, saw a positive return of 0.70% in March and 1.33% over the quarter.

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