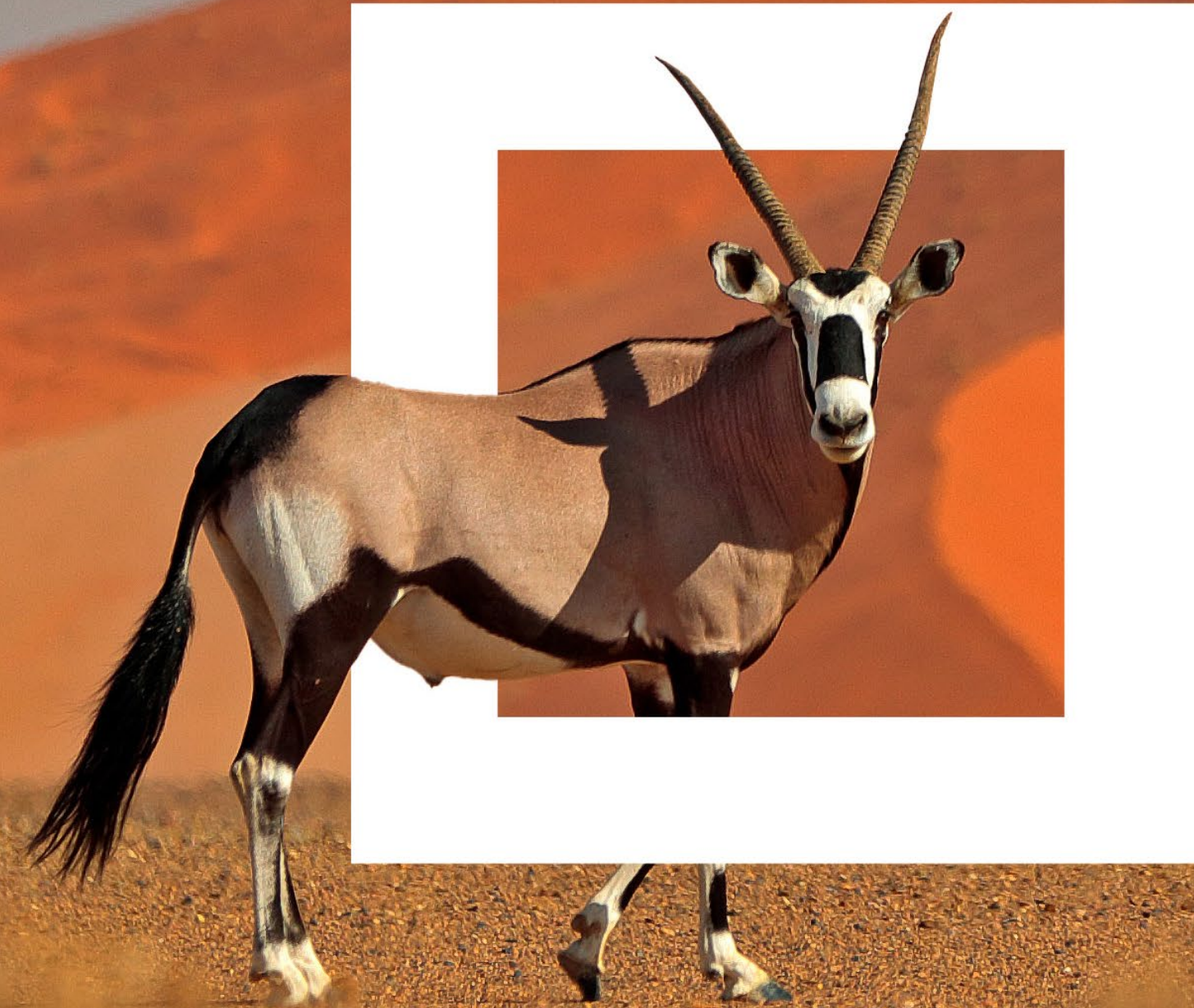


MandG Investments
Unit Trusts (Namibia) Ltd
Abridged Annual Report 2022



Managing director's message to unit holders

Despite global turmoil, M&G funds outperform in 2022

In the uncertain and challenging market conditions that characterised 2022, we were disappointed to see global assets produce negative returns for the year, but pleased that Namibian stocks and bonds recorded robust returns, and that Namibian assets also outperformed their global counterparts. Despite the negative impacts of the Russia-Ukraine war, supply chain disruptions, sharply rising inflation and interest rates that drove double-digit losses in global financial markets, we weathered the storm by sticking to our successful, long-held, valuation-based investment approach.

It was also another eventful year for M&G Investments operationally, as we aligned many of our processes and standards even more closely with those of our global parent after they increased their stake in our business during the fourth quarter of 2021. Importantly, there was considerable progress in further integrating our global and local investment teams, and sharing knowledge and skills across geographies. Technology transfer was also a key focus. Equally, surveys indicated that we made meaningful inroads into enhancing M&G's brand recognition in Southern Africa among all audiences.

Global equities and bonds disappoint, local assets outperform

Amid sharply rising interest rates and fears of slower growth global equities (the MSCI All Country World Index) returned a very disappointing -18.4% in US\$ for the year, with emerging markets underperforming developed

markets producing -18.1% and -20.1%, respectively. Global bonds were not able to add diversification protection, delivering -16.3%, while global property recorded a -25.5% return after being the strongest-performing asset class in 2021 (all in US\$).

The South African and Namibian equity markets outperformed many of their peers for the year, boosted by their substantial undervaluation at the start of the year and positive performances from banking shares, turnarounds in Naspers and Prosus, and impressive gains in global consumer giants like Richemont, British American Tobacco and AB InBev. Meanwhile, mining and resource companies, including Sasol, broadly recorded weaker performances amid falls in global commodity prices after having excelled in 2021. The FTSE/JSE Capped SWIX Index closed 2022 with a total return of 4.4%, while SA listed property was in the red at -1.9%. SA bonds also significantly outperformed again for the year with a return of 4.3% versus -11.2% from their global counterparts in rands. Inflation-linked bonds (ILBs) also registered a 4.3% annual return in rands. However, the Namibian dollar weakened versus the major global currencies, finishing the year 6.0% lower against a much stronger US dollar. This would have boosted local investors' offshore returns in rand terms.

In Namibia, the NSX All Share Index returned 9.7% for 2022 (in N\$). Excluding the 50.1% return from Healthcare (with Mediclinic as the only stock), Financials were the strongest performers with a 12.9% return,

followed by Industrials with 11.8% and Resources with 7.7%. Namibian bonds also beat global bonds, as the IJG Bond Index recorded an exceptional 8.4% return for the year. The IJG Money Market Index delivered 5.7% for the year.

M&G Investments fund performance

We are pleased to report that the M&G Namibian Balanced Fund outperformed its benchmark over all periods to the end of 2022, contributing 1.8% alpha to clients' returns over the past 12 months. The Namibian Enhanced Income Fund also produced 1% outperformance for the year, and the Namibian Money Market Fund has consistently beaten its benchmark over all periods through 10 years.

A closer examination of the Namibian Balanced Fund shows that its robust performance stemmed from a number of factors, including our astute asset allocation across global assets, where we were underweight global equities and bonds for the entire year. Our overweight positions in local equities and bonds also added value, as did our stock choices. Over the one-year period, Namibian and South African equity holdings added the most value to the fund's absolute returns, followed by Namibian cash. Other meaningful contributions came from Namibian bonds and property, and inflation-linked bonds to a lesser extent. The only significant detractor the from the fund's absolute returns in 2022 was global equities.

M&G Investments Fund Performance 2022

Green indicates outperformance of benchmark for period

Fund name	1-year return (% p.a.)	3-year return (% p.a.)	5-year return (% p.a.)	10-year return (% p.a.)
M&G Namibian Balanced Fund	5.1	7.8	5.6	8.7
M&G Namibian Inflation Plus Fund	5.1	7.1	6.4	8.1
M&G Namibian Enhanced Income Fund	6.7	4.7	5.3	N/A
M&G Namibian Money Market Fund	5.2	4.5	5.7	6.0

Source: Morningstar, data to 31 December 2022

Managing Director's message to unit holders (continued)

In terms of equity holdings for 2022, the strongest positive contributors to absolute returns were our overweight positions in Glencore, Naspers/Prosus, Standard Bank Namibia, Investec Namibia, Exxaro, FirstRand, British American Tobacco and Absa. The top detractor from absolute performance was MTN, followed to a much lesser extent by Ninety One and Northam Platinum. We also added value from our bond positioning across nominal and inflation-linked bonds.

The annualised returns of our Namibian retail (A Class) funds to the end of 2022 are listed below (net of fees in Namibian dollars), with green highlights indicating outperformance of the benchmark over the period.

What is ahead for 2023?

The headwinds to growth seen in 2022 have remained factors in the new year, in the form of stubborn global inflation, sharply higher global and local interest rates and geopolitical tensions. Global (namely US) monetary policy continues to be the primary factor driving financial markets, and its direction remains uncertain based on the conflicting economic data emerging out of the US. Most recently, the US Federal Reserve has proved hawkish on inflation, suggesting higher interest rates for longer as the US labour market and economy remain resilient, but the more recent weakness seen in the US banking sector has cast some doubt on this stance, creating even more uncertainty.

It is easy for investors to be pessimistic given the news headlines, but there are positive factors to be aware of. For instance, South Africa's CPI inflation has been falling and we may be nearing the peak of the local interest rate cycle (although this does depend on US rate moves to some extent). Also, political risk has abated over the near-term now that President Cyril Ramaphosa has consolidated his support within the ANC, and the government's fiscal position has improved in the past year. And in terms of market valuations, we believe SA equity and nominal bond valuations remain cheap, both relatively and compared to their own history, reflecting overly pessimistic views on risk. As such, we would expect these assets to deliver above-average returns from current levels over the next three to five years. Our portfolios are positioned accordingly, and we are confident that, as we did in 2022, we should be able to deliver outperformance for our clients in 2023.

To conclude, it's important to remember that markets always experience some degree of volatility, and that returns are never delivered in a straight line. There are likely to be more difficult periods ahead, but those investors who stick with their investments should be well rewarded for their patience over the medium term. Our closer integration with M&G's global investment teams means that we are bringing even more of their

impressive wealth of expertise and group resources to bear on managing portfolios, to the benefit of our clients. The result is that, as a global investment manager with the benefit of many years of experience in the Namibian and South African markets, we feel we are better positioned than ever to keep consistently delivering benchmark-beating returns and the highest levels of service to our clients.



Ben Bertolini

Managing Director

M&G Investments Unit Trusts (Namibia) Ltd

Trustee Report On The Mandg Investments Unit Trust (Namibia) Limited

As Trustees to the MandG Investments Unit Trusts (Namibia) Scheme (“the Scheme”), we are entrusted by the scheme to report to unit holders on the administration of the Scheme during the accounting period under review.

We advise for the period 1 January 2022 to 31 December 2022 we reasonably believe that the Manager has administered the Scheme in accordance with:

- (i) the limitations imposed on the investment by the Act; and
- (ii) the provisions of the Act and the relevant deeds.

We confirm that according to the records available to us there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolio in the year, due to breaches of relevant Trust Deed.

Yours faithfully,



Ian Erlank
Markets Head

23 March 2022

MandG Investments Unit Trusts (Namibia) Ltd Collective Investment Schemes Annual Report for the year ended 31 December 2022

This summarised report is extracted from the audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Namibia, who expressed an unmodified opinion on 20 March 2023. The audited annual financial statements and the auditor’s report thereon are available for inspection at the Schemes’ registered office.

The directors take full responsibility for the preparation of the abridged report and the financial information has been correctly extracted from the underlying annual financial statements.

Disclaimer

MandG Investments Unit Trusts (Namibia) Ltd is an approved Management Company in terms of the Namibian Unit Trusts Control Act, 1981. Unit trust funds are generally medium- to long-term investments. The value of a unit may go down as well as up. Past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total book value of all assets in the portfolio divided by the number of units in issue. Fluctuations or movements in exchange rates may also be the cause of the value of underlying international investments going up or down. Unit trusts are traded at ruling prices and can engage in borrowing and scrip

lending. Commissions and incentives may be paid and if so, would be included in the overall costs. Different classes of units apply to the MandG Investments Unit Trusts (Namibia) Ltd Schemes and are subject to different fees and charges. Permissible deductions may include management fees, NAMFISA levies and auditor’s fees. A detailed schedule of fees and charges and maximum commissions is available on request from the management company. Forward pricing is used. All of the unit trusts may be capped at any time in order for them to be managed in accordance with their mandates.

The M&G Namibian Money Market Fund aims to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this may have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the Fund, it can have the effect of a capital loss. Such losses will be borne by the M&G Namibian Money Market Fund and its investors and in order to maintain a constant price of 100 cents per unit, investors’ unit holdings will be reduced to the extent of such losses.

MandG Investments Unit Trusts (Namibia) Ltd
Physical address: 6 Feld Street, Windhoek, Namibia

M&G Annual Management Fee

There are no initial charges levied by MandG Investments Unit Trusts (Namibia) Ltd. Initial fees may be agreed between the investor and the financial adviser.

M&G annual management fee (Excl. VAT)	Retail Units: (A Class)	Institutional: (B Class)
M&G Namibian Balanced Fund	1.25%	0.75%
M&G Namibian Inflation Plus Fund	1.00%	0.60%
M&G Namibian Enhanced Income Fund	0.85%	0.50%
M&G Namibian Money Market Fund	0.50%	0.00%

Distributions

Note: Only the funds that have distributed for 2022 have been included in the distribution tables.

Fund	Declaration period	Retail (A Class) Cents per unit	Institutional (B Class) Cents per unit
M&G Namibian Balanced Fund	31-Dec-22	4.08	4.64
	30-Jun-22	2.37	2.93
M&G Namibian Inflation Plus Fund	31-Dec-22	6.36	6.98
	30-Jun-22	4.96	5.56
M&G Namibian Enhanced Income Fund	31-Dec-22	1.28	1.37
	30-Sep-22	1.79	1.89
	30-Jun-22	2.40	2.49
M&G Namibian Money Market Fund	31-Mar-22	2.13	2.22
	31-Dec-22	0.43	
	30-Nov-22	0.54	
	31-Oct-22	0.54	
	30-Sep-22	0.47	
	31-Aug-22	0.44	
	31-Jul-22	0.42	
	30-Jun-22	0.40	
	31-May-22	0.40	
	30-Apr-22	0.37	
31-Mar-22	0.31		
28-Feb-22	0.32		
31-Jan-22	0.34		

Retail (A Class) Units

Annualised Performance (%) as at 31 December 2022

Fund	1 year	2 years	3 years	4 years	5 years	Since inception	Fund inception date
M&G Namibian Balanced Fund	2.35	10.26	7.81	8.17	6.18	8.16	1 August 2008
M&G Namibian Inflation Plus Fund	5.13	9.05	7.11	7.60	6.38	10.26	15 September 2003
M&G Namibian Money Market Fund	5.08	4.30	4.47	5.18	5.64	5.88	12 March 2010
M&G Namibian Enhanced Income Fund	6.67	5.10	4.69	5.40	5.30	5.91	19 June 2014

Source: Morningstar performance figures for the Funds are based on NAV price.

Institutional (B Class) Units

Annualised Performance (%) as at 31 December 2022

Fund	1 year	2 years	3 years	4 years	5 years	Since inception	Fund inception date
M&G Namibian Balanced Fund	2.87	10.82	8.34	8.72	6.73	8.73	1 August 2008
M&G Namibian Inflation Plus Fund	5.55	9.46	7.52	8.02	6.80	9.73	1 July 2011
M&G Namibian Enhanced Income Fund	7.04	5.47	5.06	5.76	5.66	6.29	19 June 2014

Source: Morningstar performance figures for the Funds are based on NAV price.

Our financial information

Statement of financial position as at 31 December 2022

	M&G Namibian Inflation Plus Fund	M&G Namibian Balanced Fund	M&G Namibian Money Market Fund	M&G Namibian Enhanced Income Fund
Securities at market value	2 108 673 983	513 138 309	1 379 859 407	6 054 533
Other assets	35 367 377	10 312 631	147 178 812	49 729
Total	2 144 041 360	523 450 940	1 527 038 219	6 104 262
Total unitholder funds	2 094 776 342	513 191 315	1 517 086 468	6 020 632
Total liabilities	49 265 018	10 259 625	9 951 751	83 630
Total	2 144 041 360	523 450 940	1 527 038 219	6 104 262
Net income/(loss) distributable to unitholders	81 568 057	15 638 988	78 970 474	367 557
Distributions	81 175 049	15 442 698	78 979 743	348 226
Undistributed income/(deficit) at year end	393 008	196 290	(9 269)	19 331
Net income/(loss) after distributions*	390 006	201 498	(9 267)	19 332
Difference (income attributable to unitholders opening balance)	3 002	(5 208)	(2)	(1)

*Net income/(loss) per statement of comprehensive income after adjusting for net fair value gains & losses and transaction costs

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