



## INVESTMENT DESCRIPTION

The Pinnacle Portfolio invests in equities, bonds and property. The portfolio maximises short market opportunities and involves a moderate level of risk.

## QUARTERLY COMMENTARY

The first quarter of 2025 presented a notably more challenging environment compared to the relatively stable 2024. In South Africa, political uncertainty emerged following tensions within the Government of National Unity, disrupting market confidence and policy continuity. These developments have introduced volatility into the Southern African region's broader economic outlook.

Globally, geopolitical and trade tensions remain elevated. The US has escalated a strategic trade confrontation chiefly with China, initiating policies that appear aimed at curbing China's manufacturing dominance and rebalancing global supply chains. These actions have sparked renewed fears of a global trade war, contributing to heightened economic uncertainty. Meanwhile, longstanding geopolitical conflicts continue to shape global sentiment. The Russia-Ukraine war shows no signs of resolution, and conflict in the Middle East remains volatile, particularly between Israel and Palestine. Iraq has also become a renewed point of concern, with escalating hostilities contributing to regional instability.

From a macroeconomic perspective, 2024 saw central banks responding to slowing global growth and disinflationary trends. The US Federal Reserve cut its target federal funds rate three times over the course of 2024, totalling a 1% reduction. These accommodative moves supported financial markets and bolstered global equity valuations – especially in the US, where valuations entered 2025 at historically elevated levels.

Domestically, the Bank of Namibia eased monetary policy by reducing the repo rate twice by 25 basis points (bps) in 2024, and again by 25bps in early 2025. While this has offered some relief to the economy, persistently high real interest rates continue to weigh on credit uptake and overall economic activity.

In March 2025, the Namibia Statistics Agency released the country's 2024 GDP figures. Real GDP growth came in at 3.7% for the calendar year – down slightly from the revised 4.4% in 2023 and 5.4% in 2022. Growth was underpinned by robust performances in transport and storage, taxes on products, and wholesale and retail trade. Conversely, mining and quarrying, as well as agriculture and forestry were notable drags on overall growth. On a global scale, the IMF estimates world economic growth at 3.1% for 2024.

In line with our asset allocation philosophy and process we consider major trends that we expect to impact the global and local economy. We remain of the opinion that risky assets will continue to outperform in the medium to longer term with the risk that higher global inflation and interest rates would dampen shorter term outcomes. We expect inflation to remain higher for longer than the consensus driven by developed market labour shortages, supply chain constraints and the ongoing geopolitical tensions, trade wars, and wars. In response we hold short-term fixed interest assets to deploy into the market at depressed prices. In terms of the US, which represents the largest portion of the offshore allocations, valuations appear high due to the size and scale of key technology stocks and this more or less remained in place during the whole of 2024 with some correction during quarter one 2025.

Economic activity is expected to reflect more of 2024 during 2025 with perhaps developed markets doing a little better and emerging markets a little worse all else being equal. Inflation rates will likely continue to receive attention, but it appears from more recent central bank activity that concerns shifted towards growth outcomes and potentially lending more support to boost economic activity especially should the global economy be impacted by ongoing trade tensions or actions. We still see value in JSE equities and upside in international equities in the medium term, followed by fixed interest assets where the value proposition likely diminished compared to 2024. We also see value in specifically shorter dated inflation linked bonds in Namibia for long term investors with relative inflation targets. However, the asset class is constrained by low liquidity.

Globally important elections are behind us for now and policy implementation is likely to generally be more inwardly focussed across the world than in 2024 further dividing the world into the so-called Global West and Global South.

## ADDITIONAL INFORMATION

**Launch date:** July 1999

**Benchmark:** Asset Class Weighted

**Risk category:** Moderate to high

**Investment objective**

The investment objective of the portfolio is to consistently achieve upper-quartile performance over the medium term as surveyed by the leading investment consultants, and in line with the moderate to high risk that defines this portfolio, thus offering high real returns over the medium term.

### Fees

Domestic assets: 0.55% p.a.

International assets: 0.80% p.a.

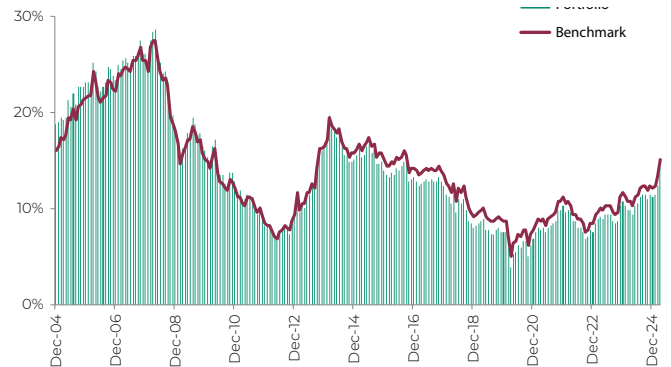
**Portfolio manager:** Tyrone van Wyk

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## PERFORMANCE

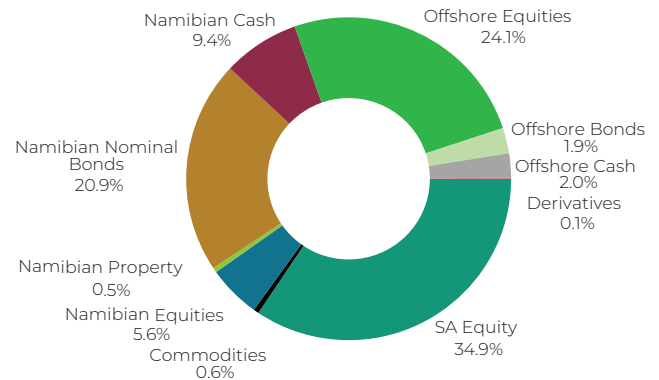
### 5-year rolling returns



## RETURNS



## ASSET ANALYSIS



## CURRENT PRINCIPAL HOLDINGS

HOLDING	SECTOR	% OF PORTFOLIO
Naspers Limited	Info Media	4.3
FirstRand NM	Banks	4.3
Stanbank NM	Banks	4.1
Gold Fields Limited	Gold	2.7
Capitec Bank Holdings Limited	Banks	1.9
Anglo-Amrc NM	Diamonds	1.7
Anglogold Ashanti Limited	Gold	1.6
Sanlam NM	Insurance	1.5
Mtn Group Limited	Info Telecomm	1.5
Prosus N.V.	Info Media	1.5
		<b>25.0</b>