

**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 2024 were characterised by a host of non-systemic crisis's which include high but declining global inflation, ongoing stern policy response thereto, the continued invasion of Ukraine by Russia and the response of Israel following an attack by Hamas on 7 October 2023. Globally world markets remain focussed on the inflation which was shocked by Russia followed by a potential middle eastern crisis through potential impact on oil. For the most part this did not have a significant impact on oil prices. However, more recently Ukraine started to attack Russian oil facilities which could potentially impact prices and eventually Global Inflation.

The Namibia Statistics Agency published the 2023 Gross Domestic Product numbers on the 28th of March 2024. The positive is that economic activities in Namibia continued to recover following COVID registering a positive outturn for eleven consecutive quarters since the 2020 lows. Real Gross Domestic Product rose 4.2% compared to 5.3% during 2022. The economic sectors that supported the growth number include Mining and quarrying, Electricity and Water as well as Wholesale and Retail Trade. The strong growth in Mining were supported by exploration, in specific oil, and Uranium mining. The Electricity sub sector contributed whilst water lagged, and trade continued to increase. The sectors that detracted from overall growth were Manufacturing, Agriculture, and Public Administration. Manufacturing was impacted by weak outcomes for sub sectors Beverages and Diamond processing. The Agricultural sector was negatively impacted by crop processing whilst livestock farming and fishing were positives. These strong GDP prints relative to inflation that remains contained provide support for the Bank of Namibia's restrictive monetary stance. Globally the GDP outlook remains under pressure and Central Banks continue to maintain a stern approach to inflation in what continues to be an environment of higher for longer than general initial consensus outlooks. Noteworthy recent data includes the Namibian Census results recording the population of the country to exceed 3 million with a third of the population being under the age of 35.

The year under review 2023 were characterised by a host of non-systemic crisis's which include high but declining global inflation, stern policy response thereto, a US and Swiss mini banking crisis, the ongoing invasion of Ukraine by Russia, ongoing South African Load Shedding, and the attack of Hamas on Israel. Globally world markets are still focussed on the inflation which was shocked by Russia followed by a potential middle eastern crisis through a likely impact on oil, which in turn remain unfazed for 2023 in terms of pricing.

In line with our asset allocation philosophy and process we consider major trends that we expect to impact the global and local economy in the near future. We are still 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 near term outcomes until such time that inflation is put to bed. Inflation is expected to remain more unpredictable and higher for longer than we previously expected driven by developed market labour shortages, supply chain constraints and the ongoing geopolitical tensions and wars as highlighted earlier combined with a growing divide between the Global West and the Global South. In response we hold extra cash and short-term fixed interest to deploy into the market at depressed prices which rewarded us during the quarter under review. It is our opinion that a muted outlook is still encapsulated in the prices of risky assets based on the monetary policy response especially locally and globally ex US. In terms of the US apparent pricing appears high due to the size and scale of the significant seven (technology stocks).

Economic activity will have slowed down in many parts of the world. Inflation rates will likely continue to receive attention but started to roll over since the end of 2022 with central banks likely to continue to respond aggressively to avoid anchoring inflation expectations at the expense of short-term economic growth creating more instability and a lower willingness to support growth than in the past (the usual growth put). We furthermore need to consider that as inflation dissipate these high rates becomes increasingly restrictive as real rates increase with lower inflation and constant interest rates. We still see value in JSE equities and upside in International Equities in the medium term, followed by Money Market and bonds as our least preferred asset class. 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 and therefore difficult to acquire.

Globally this year will see short term policy uncertainty impacting due to several elections which include South Africa and Namibia as well as the USA.

**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**

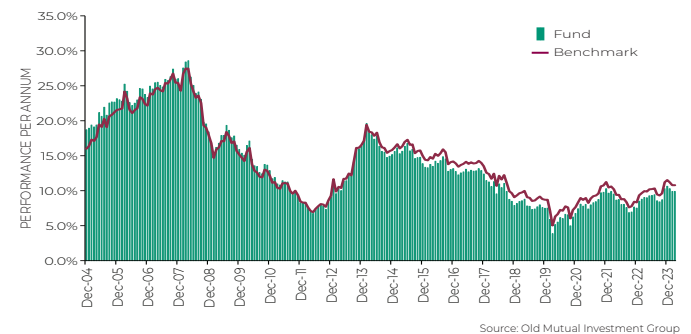
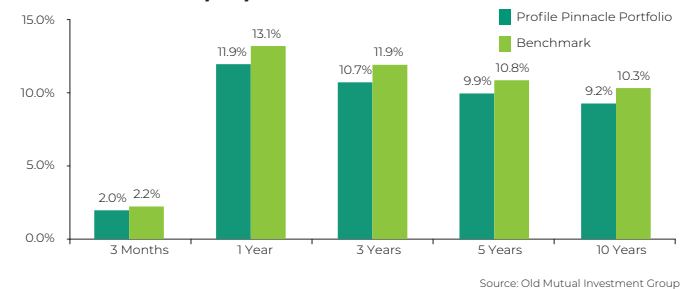
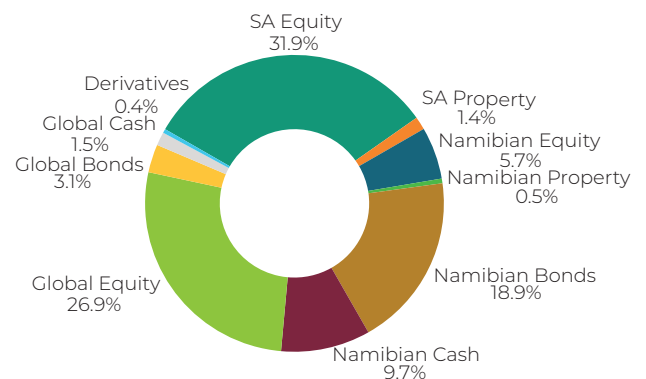
Domestic assets: 0.55% p.a.

International assets: 0.80% p.a.

**Portfolio manager:** Tyrone van Wyk

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**PERFORMANCE AS AT 31/03/2024****5-year rolling returns****RETURNS TO 31/03/2024****ASSET ANALYSIS TO 31/03/2024****CURRENT PRINCIPAL HOLDINGS AS AT 31/03/2024**

HOLDING	SECTOR	% OF FUND
Naspers Ltd	Info Media	3.3%
FirstRand NM	Banks	2.7%
Stanbank NM	Banks	2.2%
Gold Fields Ltd	Gold	1.5%
Anglo-amrc Nm	Diamonds	1.4%
Compagnie Fin Richemont	Industrial Rand	1.1%
British American Tobacco Plc	Industrial Rand	1.1%
Prosus N.V.	Info Media	1.1%
BID Corporation Ltd	Unclass Conglom	1.0%
Sanlam NM	Insurance	0.9%
		<b>16.3%</b>