

M&G Namibian Money Market Fund: Celebrating 14 years of consistent returns

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M&G Investments

In an environment marked by global economic uncertainties and market volatility, there are options for Namibian investors seeking stable, low-risk options to preserve capital while generating income and consistent returns.

The M&G Namibian Money Market Fund's objective is to achieve a high level of current income while preserving capital and liquidity. This makes it ideal for investors looking to increase their cash exposure or those in need of a low-risk parking bay for their funds during times of market volatility. The fund offers investors a liquid investment, with a focus on short-term, high-yielding, and high-quality money market instruments.

Recognised for its excellence in the Namibian investment landscape, the [M&G Namibian Money Market Fund](#) won the prestigious "Best Cash Asset Manager" award at the Namibia Top Company Awards 2023. This recognition reflects the fund's performance and its ability to navigate the complexities of the market.

With a 14-year track record of consistent returns, the fund has outperformed its benchmark, the IJG Call Index, over one, three, five, ten-year periods and since inception. Most recently, the fund's monthly return was 0.7% (after fees). While the fund has a short-term focus, it is worth noting the 8.4% (after fees) return over the latest one-year period outpacing its benchmark, which returned 6.9%, as well as comfortably outpacing Namibian CPI at 3.4% in September (all returns in Namibian dollars to 31 October 2024). The fund achieved this outperformance by investing in high-quality credit issuers, steering clear of the higher risks associated with lower-quality credit issuers, while still delivering superior returns. The fund is strategically positioned with a strong focus on floating-rate instruments, which currently make up around 80% of its holdings. These instruments are benefiting from the interest rate differentials between the South African Reserve Bank (SARB) and the Bank of Namibia (BON), at 8.0% and 7.25%, respectively. As these instruments reference the South African JIBAR rate, which is in turn influenced by South African monetary policy dynamics, the 75bps gap between the two repo rates means that Namibian floating-rate instruments deliver more attractive yields relative to fixed rate alternatives.

We believe that Namibian Treasury Bills continue to offer attractive spreads and price relative to other instruments in the Namibian money market universe. Over the first half of 2024, the fund gradually increased its treasury bill exposure from 7% in the first quarter to 21% in the third quarter, a strategic move to capitalise on favourable valuations.

The fund is invested solely in high quality credit issuers, namely, the Bank Windhoek Ltd, First National Bank Namibia, Nedbank Namibia, and Standard Bank Namibia as well as the Namibian government.

With a focus on capital preservation and income generation, the fund remains a solid option for those looking to safeguard their investments during uncertain times while also benefiting from favourable market conditions. Whether you are an institutional investor managing cash reserves or a retail investor looking for short-term income, this fund's ability to navigate changing interest rates and inflation dynamics positions it favourably. With a strong track record of short- and medium-term consistent performance with a low level of risk, the [M&G Namibian Money Market Fund](#) presents a compelling opportunity.

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