Securities (Pty) Ltd.
Member of the NSX

NAMIBIA ASSET MANAGEMENT LIMITED
FY16 Initial Impression
November 2016

Namibia Asset Management

FY16 Initial Impression

Target Price (c)	88
Current Price (c)	75

Year End 30 September	2014	2015	2016	F2017	F2018
Revenues (N$m)	80.5	85.8	72.4	82.1	84.6
Profit/(Loss)(N$m)	13.0	15.9	15.8	15.5	16.0
HEPS (c)	7.5	9.2	10.1	9.8	10.2
HEPS growth (%)	24.6	23.8	9.3	-2.7	3.7
P/E (x)	8.7	7.8	7.4	7.6	7.4
DPS (c)	5.5	7.5	7.5	7.4	7.6
Dividend Yield (%)	8.5	10.4	10.0	9.8	10.2

Recommendation	BUY
NSX Code	NAM
Market Cap (N$m)	149.2
Shares in Issue (m)	154
Free float (%)	39
P/B (x)	5.0
52 week high	85
52 week low	72

Source: NAM, IJG

FY16 Financial Results

Namibia Asset Management (NAM) released its condensed results for the financial year ended 30 September 2016. Operating profit and profit after tax were flat at N$21.9 million and N$23.5 million respectively. Basic EPS increased by 9.3% to 10.1 cps while diluted EPS increased by 6.3% to 9.7cps.

NAM declared a final dividend of 7.5 cps, bringing its dividend yield to 10%. The last day to trade the share cum dividend is 11 November 2016 and the dividend will be paid 28 November 2016.

Although net profit was stagnant, the buyback of 16 million shares by the Orban Street Trust pushed EPS higher. The shares were repurchased from Coronation Investment Management for a consideration of N$8.4 million, or a price of 52.5 cps, on 1 April 2016.

Revenue decreased by 15.6% due lower asset management fees as a result of portfolio outflows. Net outflows amounted to N$2.1 billion, comprising of N$806 million from the retail business and N$1.3 billion from institutional clients.

Due to underlying asset performance, total assets under management decreased only marginally, by N$79.9 million to N$20.0 billion. Management cited client rebalancing to comply with new regulations as the main reason for the outflows.

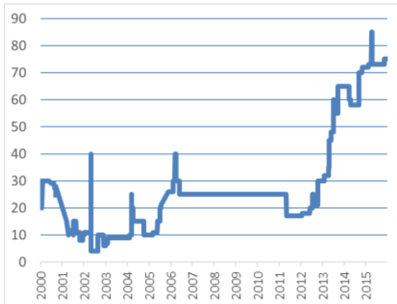
The unit's trusts did not perform particularly well during the review period. With the exception of the Strategic Income Fund, which created alpha of 0.1%, all the unit trust portfolios underperformed their benchmark over a one year horizon.

However, over a 5-year period the opposite was true, with only the Balanced plus slightly below benchmark. Management reiterated their long-term value driven investment philosophy and solid track record in the release. Furthermore, NAM added a money market portfolio to expand their product offering to the retail market, which now consists of five unit trusts.

Valuation and recommendation

We are currently reviewing our NAM valuation model and leave our recommendation unchanged at a **BUY**, pending further research. This being largely due to the strong track of the company's investment performance and its attractive relative valuation versus its South African peers. The dividend yield of 10% is also a decisive factor and should make a decent contribution to total return. We will release a detailed report pending discussion with management and the release of the full integrated annual report.

NAM Share Price



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