



Important Update: Outstanding KYC Documentation

As part of our regulatory obligations under the Financial Intelligence Act 13 of 2012 (as amended 2023), investors have been contacted and requested to update their Know Your Client (KYC) documentation.

You can refer to your most recent monthly investor statement or Capricorn Online whether your “**FIA Compliant**” status is “**Yes**” or “**No**”.

If you have not yet submitted your required documents, your “FIA Compliant” status will indicate “No” and as a result your investment account may currently be temporarily restricted. This means we are unable to process transactions on the account until the updated documentation is received and verified.

We understand that life gets busy, and administrative updates are not always top of mind. However, the KYC process plays an important role in protecting you, safeguarding the financial system, and ensuring that all accounts remain compliant with regulatory requirements. In most cases, this can be resolved quickly and easily once the necessary documents are submitted.

How to Restore Full Access to Your Account

To lift the restriction, please complete the **KYC Update Form – Natural Person (F-8.2)**, available on our website under **Home – Forms & Tools – Application Forms – Natural Person** and submit it using one of the following options:

- Email: cam.reverification@capricorn.com.na
- Deliver it to our office on the 3rd Floor, Capricorn Corner, c/o Nelson Mandela and Hofmeyer Street, Klein Windhoek, Windhoek
- Submit it at any Bank Windhoek branch for the attention of Capricorn Asset Management. If you choose this option, please also email the completed form to cam.reverification@capricorn.com.na

Once we receive your documentation, please allow up to five business days for processing. Our team will work to restore your account as efficiently as possible.

What Does the Restriction Mean?

Until your documents are received and processed:

- Debit order collections cannot be processed.
- Withdrawals remain restricted.

While debit orders are paused, you may still make payments via EFT to our office account. When making payment, please use your **Entity (E)** and **Account (A)** numbers as your reference.

Our banking details are available through the following secure channels:

- The Capricorn Asset Management website under **Home – Forms & Tools – Bank Details**
- Capricorn Online under **Home – Investor – Bank Details**
- The Bank Windhoek Internet Banking platform under the **3rd Party Payment** section

If you are unsure whether this applies to you, or if you need any assistance, our Reverification Team is here to help. Please contact cam.reverification@capricorn.com.na and we will gladly guide you through the process.

We appreciate your cooperation in helping us meet our regulatory responsibilities and keeping your investment account fully active and compliant.

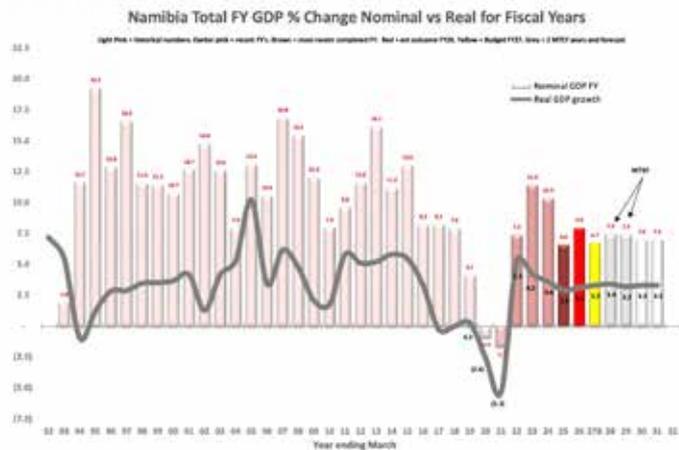




February 2026 Budget Review

The Minister of Finance did rather well in her first proper budget. She faced the stark reality of stagnant revenue amidst the slower economy and pressurised households. She did not announce any worrying surprises on the tax front, but was obliged to describe a not too comforting economic and fiscal picture. It appears to us that the new administration is still settling in and we give the new MoF the benefit of the doubt that, if and when Revenue grows stronger, the health ratios will improve. By these we mean, amongst others, the following ratios: deficit-to-GDP (5.8%), debt-to-GDP (67.5%) and interest costs-to-Revenue (18%).

Economic conditions: The MoF is faced with a macro picture that has deteriorated over the past fiscal year, that is, the year ending in March 2026, FY26. At the outset, last February, the outlook was decidedly positive with 4.5%+ real economic growth expected. This has now slowed to the 2.9% ballpark. For the next three years, on average, real GDP growth of 3.3% pa and nominal GDP growth of 7.2% pa are envisaged. The latter has been revised stronger from the 5% ballpark expected



The pace of real GDP growth has slowed over the past four years from above 5% to below 3% expected for 2025. The MoF foresees only 1.2% growth in Exports of Goods and services, which results in a weakish outlook for overall real growth in 2026. Therefore, the outlook for real growth may yet improve if Exports grow and if Fixed Capital Formation climbs more than expected. Limited fiscal space will slow Government consumption expenditure which in and of itself is a drag on growth.

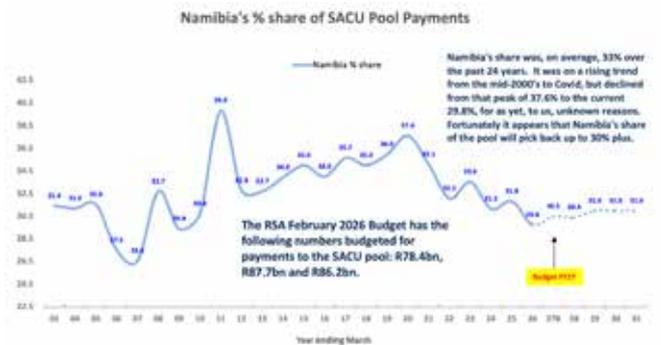
We believe that the macro assumptions of the MoF are reasonable and realistic. It does not paint a rosy picture.

Revenue: The upshot is that only small degrees of growth in revenue can be envisioned. From Table 1, one can form a picture of the major income lines – some are expected to grow and some to contract. But, overall, Revenue is not expected to grow substantially. This means that the fiscus will be under pressure to fund its expenses and will look to the domestic capital market for funding.

y/e March, N\$bn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27	FY28	FY29
Personal Income Tax	13,768	14,629	16,137	18,560	19,287	18,138	19,194	20,367	21,570
% ch	(2.7)	6.3	10.3	15.0	3.9	(6.0)	5.8	6.1	5.9
% tot	23.8	26.4	25.0	22.8	21.7	20.7	21.3	21.0	21.6
Corporate Tax	7,559	7,485	8,161	11,038	12,599	13,945	13,157	14,181	14,897
% ch	4.2	(1.0)	9.0	35.3	14.1	10.7	(5.7)	7.8	5.0
% tot	13.1	13.5	12.7	13.5	14.1	15.9	14.6	14.7	14.9
VAT	9,760	13,174	15,523	18,860	21,072	22,557	24,078	25,340	25,956
% ch	(24.9)	35.0	17.8	21.5	11.7	7.0	6.7	5.2	2.4
% tot	16.9	23.8	24.1	23.1	23.7	25.8	26.7	26.2	26.0
SACU	22,252	14,751	14,660	24,870	28,605	21,891	23,914	26,660	26,738
% ch	17.6	(33.7)	(0.6)	69.6	15.0	(23.5)	9.2	11.5	0.3
% tot	38.5	26.7	22.7	30.5	32.1	25.0	26.5	27.5	26.8
Other	4,501	5,311	9,969	8,159	7,494	10,905	9,770	10,241	10,780
% ch	(11.7)	18.0	87.7	(18.2)	(8.2)	45.5	(10.4)	4.8	5.3
% tot	7.8	9.6	15.5	10.0	8.4	12.5	10.8	10.6	10.8
Total	57,840	55,351	64,450	81,487	89,057	87,436	90,113	96,789	99,941
% ch	(1.0)	(4.3)	16.4	26.4	9.3	(1.8)	3.1	7.4	3.3
% of GDP	32.8%	29.2%	30.5%	35.0%	35.9%	32.6%	31.5%	31.5%	30.3%

There is quite a list of pending tax measures that need to be finalised. Below are a few that, amongst others, we expect will form part of the Medium Term Revenue Strategy (MTRS) that is being crafted. We trust that it will not contain other nasty surprises on the tax front. In total, we count 17 measures mentioned in the Fiscal Strategy document.

- A ceiling on the housing allowance benefit.
- A cap on the commutable amount of retirement benefits
- Dividends from preference shares to be deemed interest income
- Exemption of grants received by SOE's
- Taxation of long term insurance businesses to be aligned with corporate tax
- Corporate tax rate to be lowered to 28%
- A tax rate of 20% in Special Economic Zones
- A tax rate of 20% on MSME's
- Deductibility of environmental rehabilitation costs

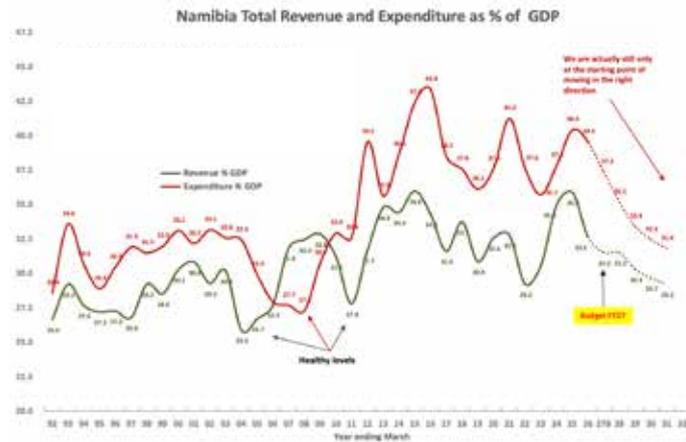


Expenditure: Much is made of Public Expenditure Reviews (PER's). We expect some information in this regard, that is, whether the reviews were fruitful, which should result in cutting unnecessary and unproductive spending. It is very commendable that the MoF held the line in the MYBR of October, refusing to expand the overall N\$106bn envelope. Lowering spending in FY27 – see Table 2 – as compared to FY26, will be a tall order. Nonetheless, it was “put out there” in the MYBR.

y/e March, N\$bn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27	FY28	FY29
Wage Bill	28,681	30,209	31,472	32,393	35,482	37,012	40,072	40,489	41,291
% ch	(3.0)	5.3	4.2	2.9	9.5	4.3	8.3	1.0	2.0
% tot	39.4	42.4	41.7	36.8	35.4	34.9	37.5	37.5	37.5
% of Revenue	49.6	54.6	48.8	39.8	39.8	42.3	44.5	41.8	41.3
Goods & Services	8,965	8,038	8,370	10,217	11,436	12,937	10,013	10,439	10,185
% ch	34.8	(10.8)	4.1	22.1	11.9	13.1	(22.6)	4.2	(2.9)
% tot	12.3	11.3	11.1	11.6	11.4	12.2	9.4	9.7	9.2
Interest	7,421	7,737	9,466	12,484	13,100	14,342	16,218	17,123	17,799
% ch	6.8	4.3	22.3	31.9	4.9	9.5	13.1	5.6	3.9
% tot	10.2	10.9	12.6	14.2	13.1	13.5	15.2	15.9	16.2
% of Revenue	12.8	14.0	14.7	15.3	14.7	16.4	18.0	17.7	17.8
Subsidies & Transfer	18,811	18,075	19,501	24,204	29,618	28,846	29,864	30,602	30,956
% ch	12.1	(3.9)	7.9	24.1	22.4	(2.6)	3.5	2.5	1.2
% tot	25.8	25.3	25.9	27.5	29.5	27.2	28.0	28.3	28.1
Capital	8,908	7,243	6,592	8,823	8,812	12,922	13,388	14,606	10,747
% ch	18.4	(18.7)	(9.0)	33.8	(0.1)	46.6	3.6	9.1	(26.4)
% tot	12.2	10.2	8.7	10.0	8.8	12.2	12.5	13.5	9.8
Total	72,787	71,301	75,401	88,121	100,327	105,920	106,731	107,955	110,174
% ch	7.9	(2.0)	5.8	16.9	13.9	5.6	0.8	1.1	2.1
% of GDP	41.2%	37.6%	35.7%	37.8%	40.4%	39.5%	37.3%	35.1%	33.4%



It might be wishful thinking, but this illustrates a golden opportunity to "right the ship" so to speak and reduce the overall burden of the state on the economy both from a Revenue and Expenditure perspective. The former ought to be in the region of 26% to 28% and the latter in the region of 29% to 30%. This leaves more resourced in the hands of the private sector and by lessening borrowing pressure, lowers the interest cost for the economy as a whole, as the country is likely to enjoy investment grade.

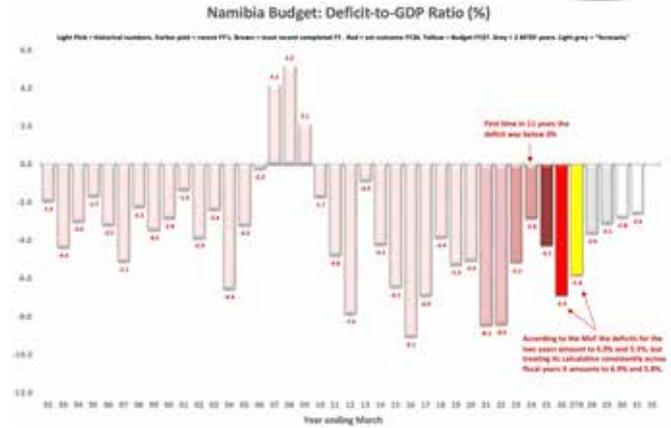


Deficit: Based on the above latest estimates of Revenue and Expenditure, the deficit in FY27, i.e. the February 2026 Budget, will amount to N\$16.6bn, or 5.8% of GDP, which remains much too large and follows on 6.9% in FY26, or N\$18.5bn. Over the past decade and a half, the deficit has averaged 6% pa. On only two occasions was the deficit below the healthy rule of thumb of 3% of GDP. Therefore, the resulting inexorable march upward of indebtedness – see Table 3 – has to be halted now as a matter of urgency.

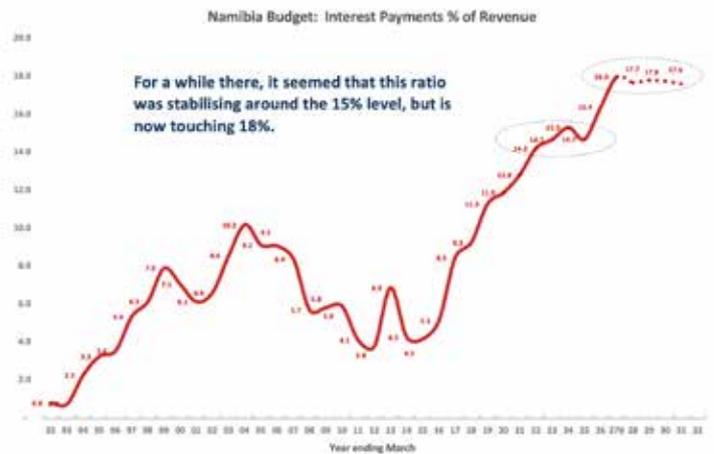
y/e March N\$m	FY21	FY22	FY23	FY24	FY25	FY26E	FY27	FY28	FY29
Deficit	(14,947)	(15,950)	(10,951)	(6,634)	(11,270)	(18,484)	(16,618)	(11,166)	(10,233)
% GDP	(8.5)	(8.4)	(5.2)	(2.8)	(4.5)	(6.9)	(5.8)	(3.6)	(3.1)
Debt	110,515	125,784	142,743	153,787	167,157	174,577	193,794	206,722	217,321
% GDP	62.6	66.4	67.6	66.0	67.3	65.2	67.8	67.3	65.9
Guarantees	10,138	10,338	9,387	9,098	9,272	9,348	15,000	20,000	32,000
% GDP	5.7	5.5	4.4	3.9	3.7	3.5	5.2	6.5	9.7
Debt + Guarantees	120,653	136,122	152,130	162,885	176,429	183,925	208,794	226,722	249,321
% GDP	68.4	71.8	72.1	69.9	71.1	68.7	73.0	73.8	75.6
GDP Nominal FY	176,505	189,505	211,119	232,939	248,244	267,876	285,872	307,173	329,891
% ch	(1.7)	7.4	11.4	10.3	6.6	7.9	6.7	7.5	7.4

Funding: Funding pressure in FY26 was immense, due to the deficit, yes, but also due to maturities, the most significant of which was the US\$750 m Eurobond. In FY26, N\$24.5bn was funded from the domestic market and in FY27, N\$17.3bn. This rate of borrowing from the domestic capital market cannot be maintained. We would now like to see the normalisation of Government borrowing. Otherwise, creditworthiness will not improve, economy-wide borrowing costs will remain elevated and the Government's funding needs will crowd out other borrowers.

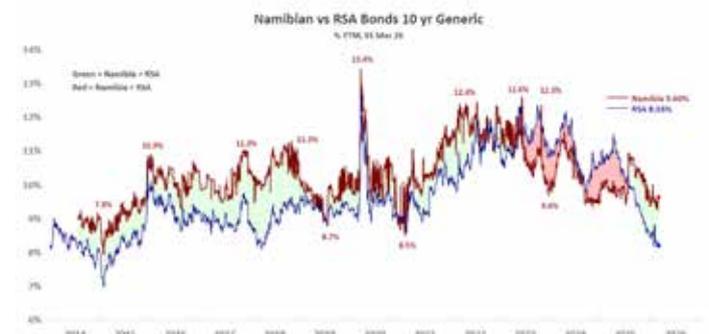
The funding requirement for FY27 from the domestic market amounts to N\$17.3bn, following on N\$24.5bn in FY26 (the Eurobond and the SACU hole). Two years ago, the funding requirement from the domestic market for FY27 was envisaged at N\$12.5bn, nerly N\$5bn less. This pattern has now repeated itself over the last several MTEF's where the sharp reduction in the domestic funding requirement had been postponed. The MoF will have to wrestle this down if credibility is not to suffer.



Policy: A key principle of the new administration's policy is how it foresees the role of State Owned Enterprises (SOE's). These institutions are to drive higher economic growth and they have to leverage their own balance sheets to raise funding in the capital market. Government will rather guarantee debt of viable SOE's to enable them to borrow and grow, rather than take on debt at the centre. It appears that guarantees of up to a "benchmark" of 10% of GDP are envisaged. When nominal GDP reaches N\$300bn, this means that SOE guarantees will amount to N\$30bn. No doubt, SOE's that come to market will be scrutinised by prospective lenders and will have to pay up on the Government yield curve.



Conclusion: The 2026 Budget showed that the fiscal trajectory has deteriorated, compared to recent favourable expectations. Creditworthiness is unlikely to improve, funding pressure will remain high as SOE's join the queue, and the yield curve will remain elevated and steep, but, in our assessment, still anchored by low default risk.





Important Notice: Benchmark Updates to Certain Funds

We are excited to share important updates to the Capricorn Investment Platform, reflecting our dedication to evolving our fund offerings in line with changing market opportunities and the needs of our investors.

The following changes has been implemented on the respective Capricorn Unit Trusts following the discontinuation of the FTSE/JSE Capped Shareholder Weighted Top 40 Index (J430PR) by the Johannesburg Stock Exchange:

- **Capricorn Equity Fund:**
The Fund benchmark, FTSE/JSE Capped SWIX Top 40 Index (J430PR) has been replaced with the FTSE/JSE Capped Top 40 Index (J300).
- **Capricorn Managed Fund**
The Fund's composite benchmark has been reviewed to incorporate the FTSE/JSE Capped Top 40 Index (J300).
- **Capricorn Premier Fund**
The Fund's composite benchmark has been reviewed to incorporate the FTSE/JSE Capped Top 40 Index (J300).
- **Capricorn Stable Fund**
The Fund's composite benchmark has been reviewed and as such the equity and property exposures has been removed in order to adopt an amended fixed income aligned composite benchmark.

The amendments relate to benchmark references only and do not alter the fundamental investment objectives of the respective funds. The changes have been approved by Namfisa.



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Introducing the Capricorn Emerging Markets Equity Fund

Unlocking the Growth Engine of the Global Economy

We are pleased to introduce the Capricorn Emerging Markets Equity Fund, our newest **Capricorn Unit Trust** designed to provide investors with access to the long-term growth potential of emerging market economies.

Emerging markets represent a significant and growing share of global economic activity and are expected to drive much of the world's expansion in the decades ahead. As these economies evolve from export-driven models to innovation-led and consumption-powered growth, they offer compelling opportunities for long-term capital appreciation.

What the Fund Offers

The Capricorn Emerging Markets Equity Fund provides:

- Exposure to high-growth economies across Asia, Latin America and Europe, Middle East and Africa (EMEA)
- Diversification beyond developed markets
- Exposure to emerging markets that are underpinned by compelling demographic dynamics that create a durable foundation for long-term economic expansion and sustained corporate earnings growth

The Fund is benchmark-aware but not benchmark-constrained, meaning allocations are made based on disciplined analysis rather than simply following index weightings.

Implementation is primarily through physical replication of Exchange Traded Funds from globally recognised providers, offering liquidity, transparency and cost efficiency.

Risk Profile

The Fund carries an **aggressive risk profile**. As an equity-focused strategy investing in emerging markets, investors should expect higher levels of volatility in pursuit of long-term capital growth. Emerging markets can experience political, regulatory and currency-related risks, all of which are actively monitored within a structured portfolio framework. Thus we recommend a typical investment horizon of 5 years and longer.

Interested in Investing?

If you would like to learn more about the Capricorn Emerging Markets Equity Fund or explore how it could complement your portfolio, please contact us:

Tel: +264 (61) 299 1950

Email: cam.info@capricorn.com.na

Application forms and the latest Fund Fact Sheet are available at www.cam.com.na.