STANLIB Multi-Manager Property Fund

Quarterly Report 31 March 2024

STANLIB
MULTI-MANAGER

Commentary and analysis

Market overview

The local listed property market enjoyed further gains in January (+4.4%) following the spectacular gains in 2023 but succumbed to interest rate induced vertigo in February (-0.3%) and March (-0.6%). Despite weakness in the latter part of the quarter, it still finished the quarter 3.5% higher. SA property is up 20.3% over the past 12 months.

The gains were driven by previous investor neglect with large institutional buyers re-entering the market together with the general sense that interest rates would eventually be cut, and this would benefit this highly leveraged sector. There was a wide spread of returns within the sector during the quarter ranging from negative 8.5% for Equites to +15.7% for Attacq. The key driver amongst the winners was the weakening rand (-5.0% relative to the dollar for the quarter) which assisted the locally listed offshore property companies, like Lighthouse PLC (+9.4%), NEPI Rockcastle (+7.7%), Shaftesbury PLC (+7.0%) and Sirius (+5.1%).

Performance was mixed amongst the SA hybrid property companies, with Growthpoint (-3.6%) and Hyprop (-5.6%) falling and Fortress (+9.2%), Resilient (+4.7%) and Redefine (+2.6%) all producing positive returns. While M&A has been a factor in these relative returns, there were also many idiosyncratic factors at play with each company having its own story. Local property companies, like Attacq, SA Corporate, Fairvest and Octodec benefited from reduced loadshedding in 2024 off a high base in 2023.

Asset class performance (%)

Local	Q1 2024	1 year	3 years	5 years
FTSE/JSE All Share Index	-2.25	1.55	8.10	9.67
Financials	-7.55	11.82	15.02	5.11
Resources	-1.63	-8.98	1.64	10.49
Industrials	0.64	3.30	8.15	10.15
FTSE/JSE Capped SWIX	-2.30	2.87	7.48	7.64
Bonds ALBI	-1.80	4.19	7.40	7.04
Cash STeFI Composite	2.06	8.39	6.08	6.00
FTSE/JSE All Property Index	3.47	20.33	12.95	-0.24

International	Q1 2024	1 year	3 years	5 years
MSCI ACWI IMI (ZAR)	11.76	30.84	15.49	16.75
MSCI ACWI Net (ZAR)	12.26	31.65	16.19	17.12
MSCI Emerging Market Index (ZAR)	5.72	12.56	0.54	5.31
BB Global Aggregate Bond Index (ZAR)	1.59	7.37	3.50	4.38
BB Global Multiverse Index (ZAR)	1.74	7.85	3.79	4.56

Portfolio review

The fund produced a decent return in absolute terms, up 17.9% in the past year (+2.7% in Q1) but it lagged the benchmark in both those periods. Relative performance has come under pressure in the past three years due to the STANLIB mandate struggling. Performance from Catalyst and Sesfikile was relatively muted.

In the past quarter and in 2023, all three managers we have in the fund struggled with STANLIB detracting the most.

The manager's underperformance happened mostly in 2021, when property companies took off following the reduction in the Covid-19 constraints, STANLIB held more quality companies in its portfolio and while these also did well, they lagged the market in that year. The subsequent two years were also difficult for the manager. Around the same time, the opportunity set in the property market was dwindling, hit by delistings and M&A activities which made it difficult for the other two managers to generate enough alpha to turn the fortunes of the fund.

Catalyst struggled in the past year as it had very little exposure to Fortress B – the company announced in January that its shareholders could swap their shares for NEPI Rockcastle shares, investors liked this and both companies ran hard in Q1. It also had no exposure to L2D so when Liberty decided to buy out public investors at a premium, Catalyst did not participate in that. Despite its recent performance, the manager remains one of the biggest contributors to the fund's performance in the past few years. In the case of Sesfikile, Fortress also detracted but underweights in Investec and Growthpoint helped reduce the impact. Sesfikile has done very well since we included them in the fund.

Portfolio positioning and outlook

We decided to remove STANLIB from the fund and replace its mandate with Ninety One. We think this is in the best interest of the fund and will yield positive results going forward.

Balanced and equity managers are increasing their property holdings. This trend is positive for the market and combined with an income yield of around 8.5% could mean there is still further upside for this once loved sector. It is worth reminding investors that despite the recent gains, the property market is down 0.2% p.a. over the past 5-year period which includes the massive collapse during the Covid crisis.

Investors have abandoned the probability of a US recession in 2024. This has been a significant worry for market participants over the past 2 years. Interest rate cut expectations are being pushed out to later in the year, while this is not good for consumers, it has less impact to many property companies as they have hedges on the debt they owe. When interest rates eventually start being cut, we expect that to provide some tailwinds for property companies. Rental reversions are no longer negative in the retail sector and there is very little new supply that is coming into the office space. Fundamentals have significantly improved, and we expect the market to reward that in future.

The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.

Change in allocation of the fund over the quarter

Asset type	Q1 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	2.87	3.20	-0.33
Domestic Fixed Interest	13.17	13.47	-0.29
Domestic Property	83.96	83.34	0.62

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	1.22	314.17	192,125,172.20	603,595,296.80

All Price, Units and NAV data as at 31 March 2024.

Units - amount of participatory interests (units) in issue in relevant class.

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/12/2023.

This is a General Investor Report (GIR). Please refer to the Minimum Disclosure Document (MDD) for additional information relating to this portfolio and to Disclosures for information relating to the content of this document.

Disclosures

Information to be considered before investing

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending.

The STANLIB Multi-Manager Property Fund is a portfolio of the STANLIB Collective Investment Scheme (the Scheme). The manager of the Scheme is STANLIB Collective Investments (RF) (Pty) Limited (the Manager). The Manager is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manager is a member of the Liberty Group of Companies. The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of a CIS portfolio. A schedule of fees and charges and maximum commissions is available on request from the Manager. The trustee of the Scheme is Standard Chartered Bank.

This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

Unit price – how it works

Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com) and in South African printed news media. This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

The payment of withdrawals may be delayed in extraordinary circumstances, when the Manager with the consent of the Fund trustees deems this to be in the interest of all Fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the Fund. When the suspension of trading relates to only certain assets held by the Fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued but, will delay liquidity on the affected portion of the Fund. If the Fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force the Manager to sell the underlying investments in a manner that may have a negative impact on remaining investors of the Fund.

Performance information

All performance returns and ranking figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 31 March 2024. Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager. Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Total Expense Ratio (TER) and Transaction Costs (TC) = Total Investment Charge (TIC) and other fees

The TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER is a measure of the actual expenses incurred by the fund over a one and three-year period (annualised). This includes the TER charged by any underlying fund(s) held as part of this Fund. A high TER does not necessarily imply a poor return nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TER's.

Transaction costs are disclosed separately. Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The sum of the TER and Transaction Costs is shown as the Total Investment Charge (TIC).

Annual management fee: The Fund charges a fixed annual management fee (i.e. fee class) as a percentage of the assets under management, to ensure a simple and understandable fee structure. The Fund invests primarily in segregated mandates but may also invest in other unit trusts i.e. "Underlying Fund Fees", which are included in the Total Expense Ratio (TER). The annual management fee is accrued daily and paid on a monthly basis.

Advice fees: If an investor appoints an adviser, advice fees are contracted directly between the investor and the adviser. The Manager will facilitate the collection of advice fees only upon receiving an investors instruction to do so. Initial advice fees up to a maximum of 3.45% are collected prior to units being purchased and ongoing advice fees up to a maximum of 1.15% are collected monthly through the redemption of units held by an investor in the Fund. An investor may cancel the instruction to facilitate the payment of advice fees at any time.

STANLIB Multi-Manager does not provide financial advice

The investments of this portfolio are managed, on behalf of the Manager, by STANLIB Multi-Manager a division of STANLIB Asset Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 719, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002.

This document is not advice, as defined under FAIS. Please be advised that there may be representatives acting under supervision.

Where can I find additional information?

Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Manager and from the Manager's website (www.stanlib.com).

This document does not constitute an offer of sale. Investors are requested to view the latest Minimum Disclosure Document (MDD), for the provision of additional information pertaining to the product, as well as seeking professional advice, should they be considering an investment in the product. The Manager provides no guarantee or warranty as to the accuracy of the content of this document. Every effort has been made to ensure that the content is accurate at time of issue.

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