STANLIB Multi-Manager SA Equity Fund

Quarterly Report 31 March 2024

STANLIB
MULTI-MANAGER

Commentary and analysis

Market overview

The FTSE/JSE Capped SWIX Index retreated 5.0% in the first two months of the year as negative sentiment towards China weighed on local resource companies. In March, it rallied 2.9%, but finished the quarter down 2.3%.

Escalating tension in the Middle East, together with Central Bank buying, has resulted in a noticeable spike in the gold price, up from $2060 per oz at the start of the year to $2350 per oz currently (up 14.1%). Commodities in general are enjoying a much better year, with the price of oil 19.1% higher at $91 per barrel, the copper price 10.3% higher and platinum rallying from $900 per oz to above $1000 in the last few weeks. While resources produced benchmark beating and positive returns for the quarter, many of the specialist commodity plays (iron ore, coal, oil, platinum) struggled with Kumba (-20.9%), Thungela (-20.8%), Sasol (-19.9%) and Amplats (-19.3%) falling. Gold shares drove the resource rally with Harmony (+40.2%), Anglogold (+20.6%) and Goldfields (+10.9%) strongly rising thanks to a sharply higher gold price. In line with the improving China rhetoric, the general miners like Glencore (+14.2%) and Anglos (+12.5%) also did well. Technology shares recovered strongly in Q1, up 6.9% driven by Naspers (+7.3%) and Prosus (+6.7%). Consumer orientated stocks like Spar (-25.0%), Pick n Pay (-19.7%), MTN (-18.8%) and Woolies (-15.9%) were depressed due to the consumers' ability to spend. MultiChoice (+40.2%) was the exception thanks to the M&A activity from Canal+ which revised its take-out offer higher to R125 per share.

Financials struggled as interest rate cuts got pushed out to later in the year. Specifically, the big four banks fell 7% on average. Property (+3.5%) rallied strongly in January following institutional investor interest but succumbed to interest-rate-induced vertigo in February (-0.3%) and March (-0.6%).

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 was marginally ahead of its FTSE/JSE Capped SWIX benchmark by 0.2% in Q1. However, given the difficult environment in 2023, its relative performance is by 1.2% behind in the past year and down 0.7% in the past 3 years.

The stimulus package by the Chinese helped our technology sector, Prosus rallying on the news helping the fund's performance. Its underweight position in MTN also added value as the company's share price fell in Q1, hurt by the devaluation of the Nigerian Naira. The fund also did well from the potential corporate action involving Multichoice. On the far end of that, being underweight gold companies hurt and so was holding less than the benchmark in Naspers. One- and three-year alpha are negative, mainly because of the negative 1.7% in 2023 – before then, the fund had recorded positive alpha for five consecutive calendar years.

Of the five managers we have in the fund, Visio, Truffle and Coronation outperformed in Q1 and in the past year. M&G and Ninety One were behind over both those periods. Ninety One struggled in the past year as it held more resource companies compared to the benchmark. Despite the March recovery, the resource sector is down almost 7% in the past year, having lost 11.8% in 2023 alone. In M&G's case, its significant underweight position in gold and platinum companies coupled with overweight exposure to MTN, Sasol and Spar hurt its performance. On the managers that performed well, Visio continued its 2023 momentum. It did well from its exposure to education companies like Advtech and Curro as well as property holdings on NEPI Rockcastle and Fairvest. Coronation has the least exposure to resources compared to other managers having sold them about 3 years ago. Not surprisingly, underweights in Sibanye and Implats contributed the most to its performance. Truffle recovered strongly from its negative alpha in 2023, outperforming by 1.7% in the first 3 months of 2024.

Portfolio positioning and outlook

The fund is underweight resources (gold and platinum companies) and overweight technology and retail companies. Resource companies carried the SA equity market from 2016 to 2022 but have since struggled to keep up with the market. Managers rode the wave but started selling from 2021 as they thought prices had rallied hard. The fund is invested in the technology sector with a preference to Prosus than Naspers.

Local equity strength in March was telling, suggesting there is growing appetite for attractively priced markets like SA. The stronger US growth backdrop helped, as did an improvement in sentiment toward China which is beneficial for commodity prices and local resources. The positivity is however in contrast to the shifting out of interest rate cut expectations, desperately needed in South Africa. While inflation is on the path lower, global dynamics have conspired to entrench the higher for longer theme. We expect further volatility in the coming quarters, but once the first local interest rate cut comes into view, it is reasonable to assume strength in the attractively valued SA companies.

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	2.44	4.14	-1.70
Domestic Equity	97.56	95.86	1.70

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	1.31	1,104.97	14,417,593.10	159,310,709.80

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.

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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 SA Equity 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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