STANLIB Multi-Manager Shari'ah Balanced Fund of Funds

Quarterly Report 31 March 2024

STANLIB
MULTI-MANAGER

Commentary and analysis

Market overview

The defining feature of the first quarter of 2024 was the markets near abandonment of the probability of a US Recession in 2024. This has been a significant worry for market participants over the past 2 years, which has since failed to materialise. As a result, the market finally came to the realisation during the quarter that potentially it was overexuberant in its expectation for interest rate cuts, and perhaps the US Fed was indeed right. From having expected six cuts in 2024 totalling 1.5% at the start of the year, the market is now only pricing in one or two cuts in 0.25% increments. The market may have swung the pendulum to far as the US Fed is still expecting to deliver 3 cuts, but recent commentary from Fed officials argues against the need for rate cuts when the US economy is humming along quite nicely, as evidenced by the strong economic and labour data recently. This fact has been hard to escape, and global equity markets stood up and took notice, rallying 7.7% in dollars for the quarter, with the S&P 500 up 10.0% in one of its fastest starts to a year on record.

Global equities (MSCI ACWI) continued their upward trajectory in the 1st quarter of 2024. There was a broad rise in sectors over the quarter, but the semiconductors & semiconductor equipment sectors accounted for nearly a third of the index's return. Returns were driven by company fundamentals as opposed to macro events.

Fourth-quarter 2023 earnings exceeded consensus expectations, with key themes including AI adoption, infrastructure growth. From a regional perspective, the U.S./Canada contributed most to the MSCI ACWI's rise, while Latin America was the top detractor. Key outperformers were Japan (up 13.1%) and the US (up 10.6%). Emerging markets were also positive in the period (up 2.4%), with outperformance from Turkey (up 14.6%), India (up 6.1%) and South Korea (up 0.7%), while South Africa (down 6.7%) and Brazil (down 7.5%) underperformed. From a sector perspective, information technology and financials were the top index contributors, and real estate was the sole detractor.

Although the SA market was down 2.3% for the quarter, the recovery in March showed some promise. The initial market weakness in 2024 was perhaps explained by earnings revisions being lower, weak sentiment driven by Eskom and Transnet and the cash strapped local consumer resulting from higher interest rates. Weakness in other emerging markets as well as Chinese growth concerns also weighed in. While resources fared better than the market 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%), Amplats (-19.3%) and Northam (-18.9%) falling. It was the gold shares that delivered the goods with Harmony (+40.2%), Anglogold (+20.6%) and Goldfields (+10.9%) rising strongly thanks to a sharply higher gold price. And interestingly, the resource sector was the clear stand out sector in South Africa March, rallying 15.6% but in line with the improving China rhetoric the general miners like Glencore (+14.2%) and Anglos (+12.5%) contributed positively. Following their December rout, Technology shares also performed well for the quarter (+6.9%) while 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. The other sector negatively affected by higher interest rates was financials, and specifically the big four banks which fell 7% on average.

Global bonds weren't as fortunate, with the Barclays Global Multiverse bond index falling 1.9% in dollar terms and US 10 Year Treasury yields rising from 3.86% to 4.25% by quarter end. Local bonds followed the weaker global trend, with the yield on the 10-year government bond rising from 11.2% to 12.0% and the All Bond index falling 1.8% for the quarter. The market also had local factors to consider, like stubbornly high inflation registering 5.6% in February, a mediocre budget saved by the intended use of profits in the Foreign Exchange Contingency Reserve Account (GFECRA) to reduce government debt. Furthermore, the political uncertainty associated with the outcome (and consequences) of the National Election in May 2024 also contributed to the lower SA returns. A host of local factors also caused the IMF in February to revise down their economic growth forecast for SA in 2024 from 1.8% to 1%, somewhat below consensus and the SARBs MPC latest forecast of 1.6%. The long end of the curve was the key detractor with the 12-year plus index falling 2.7% and the 7-12 year index falling 2.4%. While the shorter dated 1-3 year index did provide some relief with a return of +0.8%, this still underperformed the money market (+2.1%). Inflation linked bonds outperformed nominal bonds but still produced a -0.4% return for the quarter.

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 had a strong quarter with a return 2.3% outpacing the shariah peer average of 1.6%.

Leading the returns was Sands Capital which delivered another strong set of returns this quarter. Security selection drove results with additional tailwinds from sector allocation and currency effects. Overall, from a regional perspective, the U.S./Canada was the top relative contributor, while Latin America was the top relative detractor. From a sector perspective, information technology and consumer discretionary were the top relative contributors, while utilities, a zero percent weight, was the sole relative detractor. The top individual absolute contributors for the quarter were NVIDIA, Taiwan Semiconductor, Lam Research, Adyen, and Meta Platforms.

Visio also delivered good performance over the quarter with offshore equities being the main contributor to performance. Top holdings were Meta Platforms, TSMC and Applied Materials. Local stock (SA focussed) also contributed to performance due to some good stock picking. Resources as a group was a slight negative contributor to performance with Billiton being the main detractor.

Old Mutual had a good quarter with strong performance. Among the asset classes, the overweight in global equity and underweight in local equity were the alpha drivers for the quarter. Our underweight positions in Materials and overweight Industrials were the largest contributors on a sector level, while their overweight to Consumer Discretionary and Healthcare detracted from performance. On a security level, the fund's overweight positions in Pan African Resources and underweight in Kumba contributed to performance, while the underweight in Richemont and AngloGold detracted most from performance.

Camissa had a disappointing quarter with performance lagging peers. The manager's allocation to global equities was the stand-out contributor over the quarter following a strong rally in risk assets in global markets, notably the US. The holdings in Siemens Energy, Shell PLC and Micron Technology were some of the significant positive contributors. Allocation to local equites detracted from performance. Positive contributors included Aspen and Adcorp and the main negative contributors included MTN, Sasol, and Exxaro.

Portfolio positioning and outlook

The US market has proven to be robust and as a result recessionary fears remain subdued. Furthermore, the buoyant labour market does pose some risk to the upside for inflation and the expectation of rate cuts has been pushed out since the peak of the cycle. Rate cuts will be good for both equity and fixed income markets, however the valuations of some US equities to seem optically high and our managers are cautious.

Locally our equity market is looking attractive and given the economic risks managers are cautious on stock selection. The delay in rate cuts is offering some good yields in the sukuk market. The absence of loadshedding in South Africa at the end of the quarter may be pointing to signs that SA is on a recovery path.

The portfolio has a meaningful exposure to offshore assets offering diversification and greater depth of opportunities. With the backdrop of the risks in the current market are managers are cautious and are looking for the best securities to drive long term performance.

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.

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Change in allocation of the fund over the quarter

Asset type	Q1 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	5.48	6.28	-0.80
Domestic Equity	33.31	32.83	0.48
Domestic Fixed Interest	22.30	23.15	-0.85
Domestic Other	5.78	5.83	-0.04
Domestic Property	1.06	1.12	-0.06
Foreign Cash & Mny Mkt	0.28	0.29	-0.01
Foreign Equity	31.54	30.26	1.28
Foreign Fixed Interest	0.06	0.06	0.00
Foreign Other	0.18	0.19	-0.01

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	1.54	163.71	482,750,050.50	790,311,908.10

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 Shari'ah Balanced Fund of Funds 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.

This portfolio is a Fund of Funds portfolio. A Fund of Funds portfolio is a portfolio that invests in other portfolios of collective investment schemes, that levy their own charges, which could result in a higher fee structure for the Fund of Funds portfolio.

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 24h00. 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.

Manager: STANLIB Collective Investments (RF) (Pty) Limited Reg.No.1969/003468/07 17 Melrose Boulevard, Melrose Arch, 2196. T 0860 123 003 www.stanlib.com.
Trustees: Standard Chartered Bank Reg.No.2003/020177/10 2nd Floor, 115 West Street, Sandton, 2196. T +27 (0)11 217 6600.
Investment Manager: STANLIB Multi-Manager a division of STANLIB Asset Management (Pty) Ltd www.stanlibmultimanager.com.