

Quarterly Report 31 December 2023

Commentary and analysis

Market overview

Markets rallied in the final quarter of 2023, fuelled by the likely end of the US Fed interest rate hiking cycle and rate cuts expected in 2024. This positivity overshadowed weak growth dynamics in China and the devastating war in the Middle East. In dollar terms, global equity rallied 11.1% for the quarter while global bonds rose 8.1%. As is typical in a global risk-on environment the rand strengthened by 3.3% relative to the US dollar. However, the rand was down 7.5% for the full year. Local listed property was a key beneficiary of the change in the interest rate environment, delivering a 15.9% return and turning an awful first three quarters into a good year (+10.7%). The All Share Index was up 6.9% for the quarter with financials the top-performing local sector. Notable achievers were Harmony Gold (+69.4%), Anglo American Platinum (36.6%), and Tiger Brands (31.2%). Pick & Pay (-37.1%) and Sasol (-29.0%) came under pressure as Pick & Pay continued to lose market share, while various factors including lower oil price dynamics put pressure on Sasol. Local bonds (+8.1%) and ILBs (+6.1%) performed well. At +2.1%, cash lagged other asset classes. For the year, global equity was the best-performing asset class, delivering 30.3% in rand!

Asset class performance (%)

Local	Q4 2023	1 year	3 years	5 years	International	Q4 2023	1 year	3 years	5 years
FTSE/JSE All Share Index	6.92	9.25	13.51	11.88	MSCI ACWI IMI (ZAR)	7.43	30.32	13.38	16.93
Financials	11.76	21.48	19.58	6.68	MSCI ACWI Net (ZAR)	7.32	30.98	13.69	17.17
Resources	3.00	-11.84	8.21	14.56	MSCI Emerging Market Index (ZAR)	3.85	14.73	-0.49	6.12
Industrials	5.87	16.62	12.40	11.60	BB Global Aggregate Bond Index (ZAR)	4.49	13.31	1.59	4.56
FTSE/JSE Capped SWIX	8.21	7.87	12.69	8.97	BB Global Multiverse Index (ZAR)	4.51	13.66	1.86	4.75
Bonds ALBI	8.11	9.70	7.43	8.24					
Cash STeFI Composite	2.09	8.06	5.68	5.94					
FTSE/JSE All Property Index	15.86	10.70	14.61	-0.67					

Portfolio review

It was a good quarter for the fund as all major asset classes produced promising results. The relatively high global equity exposure was the largest contributing asset class, while the underweight exposure to local listed property left some performance on the table.

The sizeable exposure to the STANLIB Multi-Manager Global Equity Fund was the biggest contributor to performance with the tech-heavy Sands Capital a key outperformer this quarter. Amongst the domestic balanced managers, Coronation posted excellent results. An overweight position in local bonds and equity and large positions in the rallying FirstRand (+18.2%), Standard Bank (+13.3%), and Capitec (+19.0%) drove performance. Other major contributors included Quilter and Dischem. Allan Gray and M&G performed in line with expectations. M&G took a favourable view on SA listed property, which was well rewarded in the quarter. However, with equity holdings in Absa (-6.4%), Sasol (-29.0%), and British American Tobacco (-6.4%), performance for the quarter was not as exciting. Allan Gray's positions in the performing banks as well as AB Inbev provided good results, but their big position in British American Tobacco and a holding in Sasol (-29.0%) detracted. It was an average quarter for Truffle's multi-asset low equity strategy, closing out a below-par year for this manager. Over 5% of their portfolio was in ABSA (-6.4%), their second largest stock holding. Their holding in Sasol (-29.0%) and small exposure to Pick & Pay (-37.1%) were further blows. Holding AB Inbev (+14.5%), a basket of other local banks, as well as property exposure, resulted in Truffle still producing a positive return for the quarter.

Overall, we are very pleased with the outcome of the solution and very comfortable with the manager line-up and the level of diversification.

Portfolio positioning and outlook

We have probably reached the end of the global interest rate hiking cycle, with interest rate cuts expected during 2024. Historically, equities typically outperform bonds and cash during a rate cutting cycle, often rallying in anticipation (as we saw in Q4 of 2023). Favourable valuations for SA equities and bonds continue to provide ample opportunities. Global equity markets (especially the US) are not necessarily cheap, but we are confident that there are sufficient tailwinds and various areas of attractive valuations to allow our selection of top managers to extract a satisfactory return from equities above global cash and bonds over the year. We are closely monitoring key risks, which include the risk of the cutting of US interest rates occurring slower than anticipated by the market, which will likely result in our investment thesis taking longer to evolve. The risk of a recession in the US can also temporarily derail our optimistic view, but we view this risk as low and likely mild if it does transpire. Middle Eastern tensions remain on our radar, especially the impact it can have on energy prices and inflation. Overall, the portfolio is optimistically positioned heading into 2024.

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	Q4 2023	Q3 2023	Change
Domestic Cash & Mny Mkt	3.57	4.09	-0.52
Domestic Derivatives	0.15	0.06	0.10
Domestic Equity	38.68	39.31	-0.63
Domestic Fixed Interest	20.87	19.96	0.91
Domestic Other	0.00	0.05	-0.05
Domestic Property	2.67	2.31	0.36
Foreign Cash & Mny Mkt	1.15	1.31	-0.15
Foreign Equity	29.46	29.56	-0.10
Foreign Fixed Interest	2.63	2.55	0.08
Foreign Funds	0.02	0.02	0.00
Foreign Other	0.05	0.04	0.01
Foreign Property	0.74	0.75	-0.01

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	1.52	599.01	217,389,858.44	1,302,177,818.71

All Price, Units and NAV data as at 31 December 2023.

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

TER - 1 Year Total Expense Ratio (%) including VAT as at 30/09/2023.

Quarterly Report 31 December 2023

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 Balanced 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 December 2023. 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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