# STANLIB Multi-Manager Global Equity Feeder Fund

Quarterly Report 31 December 2023

STANLIB
MULTI-MANAGER

## Commentary and analysis

### Market overview

Global markets ended the year strongly as investors started to anticipate that central banks will start cutting interest rates in 2024. The rally gained further momentum after the Fed's December meeting that clearly signalled a dovish outlook with the potential of rates cuts. Global inflation has been trending downwards and has halved in developed markets over the year further aiding the prospect of rate cuts. Growth has remained resilient but is expected to slow and a soft landing is anticipated in 2024. For the quarter Global Equites was up 11.1% (USD) and Global Bonds was up 8.1%. As is typical in a risk on environment the rand strengthened by 2.7% relative to the dollar for the month, however the rand was down 12.7% for the full year.

A concerning global development during the quarter was the outbreak of war in the Middle East as Israel vowed to destroy Gaza following the Hamas raid on Israel on the 7th of October that resulted in countless lives lost. From an investment perspective the markets initial concern was the impact on the oil price and knock on effect to global inflation which was in the process of falling to more normalised levels. The oil price has so far been contained with the oil price falling from $92 per barrel at the start of October to $76 per barrel by year end. This is however an ongoing concern that investors will have to watch closely in 2024.

Another factor that we think investors will have to assess closely in 2024 is whether the US Fed can manufacture a "soft-landing" for the US economy or whether it succumbs to a recession which has been so widely predicted by the market. While we feel a soft landing is more probable, we are concerned that with 1.5% in interest rate cuts already priced into the US bond market investors may be disappointed if the Feds expectation of only 0.75% in cuts comes to fruition. The problem with a recession is that it renders current earnings expectations vulnerable to disappointment in an already highly valued market.

Further afield there remains lingering concerns in the Chinese property market, which together with a trigger-happy Chinese regulator and slowing economic growth have seen western investors seemingly boycotting Chinese markets. Relations between the US and China reached a low during 2023 and we have subsequently seen tentative signs of improvement which could result in improved sentiment toward China later in 2024. Elections in the US will be another factor for investors to navigate in 2024.

### Asset class performance (%)

| Local | Q4 2023 | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| FTSE/JSE All Share Index | 6.92 | 9.25 | 13.51 | 11.88 |
| Financials | 11.76 | 21.48 | 19.58 | 6.68 |
| Resources | 3.00 | -11.84 | 8.21 | 14.56 |
| Industrials | 5.87 | 16.62 | 12.40 | 11.60 |
| FTSE/JSE Capped SWIX | 8.21 | 7.87 | 12.69 | 8.97 |
| 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 |

| International | Q4 2023 | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| MSCI ACWI IMI (ZAR) | 7.43 | 30.32 | 13.38 | 16.93 |
| MSCI ACWI Net (ZAR) | 7.32 | 30.98 | 13.69 | 17.17 |
| MSCI Emerging Market Index (ZAR) | 3.85 | 14.73 | -0.49 | 6.12 |
| BB Global Aggregate Bond Index (ZAR) | 4.49 | 13.31 | 1.59 | 4.56 |
| BB Global Multiverse Index (ZAR) | 4.51 | 13.66 | 1.86 | 4.75 |

### Portfolio review

The SMM Global Equity Fund ended the year on a high – marginally outperforming its benchmark (gross) resulting in it delivering excess returns vs the index for the 8th consecutive calendar year. The SMM Global Equity Feeder Fund posted a return of 8.8% for the quarter outperforming the peer group by 1.6%. The period also marked the 25-year anniversary since launch of the fund in 1998. Since inception the portfolio has generated annualised excess returns of 195bp.

At the total portfolio level security selection was the biggest driver of alpha in Q4. In this regard stock picking within Financials was very strong, especially larger US Banks like Wells Fargo, Bank of America, JP Morgan and Citigroup. Similarly, security selection within IT contributed to excess returns, which offset the negative contribution from being underweight the sector. Attribution shows our fund benefitted from a strong rebound in the hyper growth companies that hurt performance in the previous quarter. In this regard Adyen and Block rebounded almost 75% during the final three months after being hit hard in the middle of the year. ServiceNow, Shopify and Cloudflare were other notable winners and very pleasing considering these were names that had been added to the portfolio at the beginning of the year post the restructure of the Sands mandate. While an underweight to AMD detracted, this was more than countered by a structural overweight to semiconductor stocks in general. Alibaba is a relatively new addition to the portfolio, but unfortunately underperformed as Chinese Tech companies continued to lag their US counterparts.

Hosking was the top performer over December as the equity market rally broadened out to smaller companies where they are overweight. For the quarter however it was Sands, who held most of the hyper growth names referred to above, that outperformed massively. For the year Sanders was the top performer, which was an outstanding achievement considering the headwind to their style. Holding 20% in the Magnificent 7 names Meta, Microsoft, Alphabet and Apple were responsible for the stellar returns.

### Portfolio positioning and outlook

The market is expecting interest rates to have peaked and the next event in the cycle is for cuts to come through. Inflation although has declined in 2023 is still above target levels in the developed markets. This does pose a risk as to when the central banks will begin to cut interest rates. The market may be a bit too eager on the expectations of rate cuts happening earlier in the year. With this backdrop we could see some volatility in the short term as data is released.

Our multi-managed strategy gives investors access to highly rated managers with varying strategies that should provide competitive returns over the long term.

*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 | 1.19 | 1.36 | -0.17 |
| Domestic Equity | 1.05 | 1.03 | 0.02 |
| Foreign Cash & Mny Mkt | 0.00 | 1.92 | -1.92 |
| Foreign Equity | 95.34 | 93.32 | 2.02 |
| Foreign Fixed Interest | 0.02 | 0.02 | 0.00 |
| Foreign Funds | 0.08 | 0.08 | 0.00 |
| Foreign Other | 0.06 | 0.06 | 0.00 |
| Foreign Property | 2.25 | 2.20 | 0.05 |

*The portfolio adhered to its portfolio objective over the quarter.*

### Fund classes

| Class | Type | TER | Price (cpu) | Units | NAV (Rand) |
|---|---|---|---|---|---|
| B1 | Retail | 1.32 | 624.10 | 193,399,185.45 | 1,206,998,839.28 |

*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.*

## 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 Global Equity Feeder 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.

This portfolio is a Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

### 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 17h00. 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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