

Market overview

Global equity markets recovered strongly from the significant selloff at the end of 2018, gaining 12.6% for the quarter as trade tensions between the two economic influences, US and China, eased. The ECB's decision to maintain lower interest rates and the announcement of a Chinese fiscal stimulus package also contributed positively to market liquidity and confidence. SA markets rallied 3.9%, driven primarily by resources, which gained 17.8% and in particular, iron ore, palladium and platinum. Low consumer confidence led to a 12% drop in retail shares. Notably higher quality rand hedges such as BTI, AB InBev and Richemont enjoyed a strong recovery from oversold levels. This has supported the overall Fund's outperformance relative to the Capped Swix Index benchmark.

Asset class performance and risk statistics

Asset class	Q1 2019	1 year	3 years p.a.	5 years p.a.
FTSE/JSE ALSI	8.0%	5.1%	5.7%	6.5%
<i>Financials</i>	-0.5%	-5.8%	2.8%	7.5%
<i>Resources</i>	17.9%	41.8%	22.2%	1.0%
<i>Industrials</i>	7.4%	-3.7%	0.6%	6.3%
FTSE/JSE Capped SWIX	3.9%	-2.6%	2.1%	5.1%
Bonds ALBI	3.8%	3.5%	10.1%	8.3%
Cash STeFI Composite	1.8%	7.2%	7.4%	7.0%
All Property Index (ALPI)	1.3%	-7.0%	-5.9%	4.1%

Risk statistics since launch

Lowest rolling 12-month return -30.9% (12 months ended February 2009)
 Highest rolling 12-month return 41.3% (12 months ended March 2010)

	Fund*	Benchmark
Maximum drawdown	-36.4%	-13.2%
Portfolio volatility	12.1%	10.1%

Source: STANLIB Multi-Manager.

Portfolio review

The Fund returned 5.8% for the quarter, outperforming the benchmark by almost 2% on a gross basis for the quarter and 3.8% alpha over 12 months on a gross basis. Most of the underlying managers outperformed the benchmark for the quarter, with Coronation being the top performer. Their performance was driven by a recovery in British American Tobacco and a long-term holding in Northern Platinum.

Both Truffle and Prudential produced good results during the quarter. Truffle's positioning in platinum and general miners contributed to performance. Foord marginally outperformed the benchmark for the quarter, with the recovery in BAT and Aspen supporting performance. Visio had a disappointing quarter – high conviction positions in small cap shares such as ADvTECH and Cashbuild detracted from performance.

Portfolio positioning and outlook

Going into the second quarter, the Fund continues to have an approximate 2.5% overweight in resources. This could be positive should Chinese stimulus continue. The Fund has a 2.5% overweight to BTI and in general, 8% to rand hedges that includes the likes of Anheuser-Busch. The Fund therefore has some protection in performance should the rand weaken. We caution that global equity markets are back to their highs, presenting some vulnerability especially with US economic activity losing momentum. On the positive side, the Fund's underlying managers continue to see value in domestic shares and as a result, cash levels within the Fund have reduced to less than 3%.

Portfolio managers



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