

## Business Update

October 2023

Keeping you updated with business news and the rationale behind changes to the STANLIB Multi-Manager solutions

### STANLIB Multi-Manager Real Return Fund – new underlying manager

As part of our continuous assessment of managers and the market, we have reviewed the portfolio construction framework of the STANLIB Multi-Manager Real Return Fund (the Fund). This Business Update details the changes that have been made to the underlying managers and weightings.

The objective of the STANLIB Multi-Manager Real Return Fund is to outperform the average return of its relevant peer group – the ASISA South African Multi-Asset Medium Equity category – at risk levels consistent with that of the category. The Fund has a consistent long-term track record in achieving this objective and we expect it to deliver a real return of 5% p.a. over the long term, on a net of management fees basis. To minimise the risk of capital loss, an investment period of at least five years is recommended.

#### **Inclusion of Truffle Domestic Multi-Asset Low Equity**

We saw the opportunity to allocate a portion of the Fund to Truffle with the aim of improving diversification. STANLIB Multi-Manager has multiple mandates in place with Truffle and their introduction to the flagship STANLIB Multi-Manager Real Return Fund was a natural progression. In addition, Truffle's inclusion creates consistency in our STANLIB Multi-Manager Balanced range of funds.

Truffle is a highly successful, well-resourced, boutique manager that we rate highly. They follow a bottom-up, valuation-based research approach across asset classes. Although a long-term strategic asset allocation framework guides their exposure to different asset classes, they remain highly flexible around this framework. Due to their consistent historical performance success, Truffle has grown its assets under management to approximately R71 billion. While their AUM has grown, their relatively smaller size compared to many of the larger asset managers we use in the Fund, gives them the ability to explore many smaller opportunities across asset classes whilst being a relevant player in the investment industry.

Truffle will manage a domestic-only, low equity multi-asset portfolio on behalf of the Fund. They currently manage a similar mandate within our STANLIB Multi-Manager Defensive Balanced Fund construct. As a highly skilled manager across asset classes – which has illustrated how well they can perform over changing market environments – we view Truffle as an excellent addition to the Fund.

The strategic allocation to Truffle will be 15% of the Fund. To enable this allocation, we down-weighted other managers in a manner such that we are still able to meet the objectives of the Fund.

## A diversified blend of managers

The STANLIB Multi-Manager Real Return Fund has a robust blend of managers with varying approaches to investing. The table below provides a brief overview of the changes in the strategic manager allocation:

Strategic manager allocation	Strategy/philosophy	Previous	Current
Coronation Domestic Balanced	Bottom-up fundamental valuation	15%	13%
M&G Domestic Balanced	Relative value approach	20%	13%
Prescient Low Equity Balanced	Quantitative-driven approach	20%	20%
Ninety One Opportunity	Quality approach with a global allocation	20%	15%
Truffle Domestic Low Equity Multi-Asset	Bottom-up fundamental valuation	0%	15%
STANLIB Multi-Manager Global	Diversified strategies amongst top-rated global managers	17.5%	18.5%
JP Morgan Global Cash	Top-down bottom-up approach	2.5%	2.5%
Cash/Income		5.0%	3.0%
		<b>100%</b>	<b>100%</b>

We are optimistic and excited about these changes and the expected future performance of the Fund. Currently, we are seeing excellent investment opportunities – especially within the local equity and fixed interest markets – and are confident that the adjustments to the Fund’s construct will ensure that it continues to deliver to its objectives.

**Richo Venter**

**STANLIB Multi-Manager Joint Head of Portfolio Management**

[www.stanlibmultimanager.com](http://www.stanlibmultimanager.com)

As neither STANLIB Multi-Manager, a division of STANLIB Asset Management (Pty) Limited (“STANLIB”) nor its representatives did a full needs analysis in respect of a particular investor, the investor understands that there may be limitations on the appropriateness of any information in this document with regard to the investor’s unique objectives, financial situation and particular needs. The information and content of this document are intended to be for information purposes only and should not be construed as advice. STANLIB does not guarantee the suitability or potential value of any information contained herein. STANLIB does not expressly or by implication propose that the products or services offered in this document are appropriate to the particular investment objectives or needs of any existing or prospective client. Potential investors are advised to seek independent advice from an authorized financial adviser in this regard. STANLIB Asset Management (Pty) Limited is an authorised Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (Licence No. 719).

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. Past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request the Manager. The Manager does not provide any guarantee either with respect to the capital or the return of a CIS portfolio. Forward pricing is used. The Manager has a right to close certain portfolios to new investors in order to manage it more efficiently.

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. Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured.

STANLIB Collective Investment (RF) (Pty) Ltd is an authorised manager in terms on CISCA.