

Quarterly Report 31 March 2024

Commentary and analysis

Market overview

A defining feature of the first quarter of 2024 was the near abandonment of the probability of a US Recession in 2024 by financial markets. This factor, coupled with continued positivity around AI-linked shares, resulted in a double-digit return of 11.8% over the quarter for global equities in rand terms. Global bonds weren't as fortunate, with the US 10-year Treasury yields rising from 3.9% to 4.3% by the quarter end as markets readjusted their interest rate expectations back to an environment of "higher for longer". This resulted in the Barclays Global Multiverse bond index retreating in dollar terms (+1.7% in rand terms). It was a tough start to the year for local assets, with SA equity retreating 2.3% for the quarter. This negative outcome was due to the various structural issues faced by South Africa creating negative sentiment, uncertainty around local elections, and various stock specific idiosyncratic factors. Amongst local equities, resources did provide some reprieve as gold shares benefited from an escalating gold price. However, other sectors were under strain with shares like Remgro (-24.8%), Sasol (-19.9%), MTN (-18.8%), and FirstRand (-13.3%) on the back foot. The undervalued local listed property fared better with a 2.5% return, while cash continued to provide a steady return due to the high repo rate currently on offer. Local bonds lost 1.8%.

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 marginally outperformed its peer group average over a challenging quarter for local assets. While the fund was well positioned with a sizeable offshore equity exposure, the exposure to SA equity and SA bonds placed a drag on performance. The STANLIB Multi-Manager Global Equity Fund was the top-performing underlying fund in the solution. Within this fund, five of the six underlying offshore managers outperformed, with Arrowstreet leading the pack. This global fund continued to benefit from semiconductors' outperformance. To this end, TSMC and ASML were among the top contributors, while a cluster of other names benefited from chip demand (such as Micron and Entegris). Ninety One's Cautious Managed strategy fared relatively well with their high offshore equity exposure also contributing most to their performance. Top stock contributors for Ninety One were ASML, Microsoft, and Visa. STANLIB's Multi-Asset Cautious Fund also produced a relatively good quarter. As expected, it was a tough quarter for the domestic-only mandates in the fund given the underperformance of local equity and bonds. While the Abax SA Absolute Fund still managed to produce a quarter in the green (which was pleasing under the circumstances), the higher growth-orientated M&G and Truffle ended the quarter in the red. Overall, the solution handled the multiple headwinds during the quarter well, illustrating the benefits of a well-diversified multi-managed solution.

Portfolio positioning and outlook

It has become evident that market participants overestimated the speed and magnitude at which interest rate cuts will occur locally and around the globe. This dynamic will likely place a high reliance on US earnings for Q1 to not disappoint and support lofty valuations for the US equity market. Local risk assets and bonds seem cheap optically, but poor sentiment and deteriorating local infrastructure remain the biggest hurdle for local assets to overcome (especially assets linked closely to local economic activity). We do think expected interest rate cuts later this year will be a catalyst to unlock local value, while a market-friendly local election outcome will likely lure investors currently sitting on the sideline back into the local financial markets. There are various permutations on election outcomes, but the likelihood is for the ANC's support to drop well below 50%, requiring coalition(s) with other parties. We have taken the view to further increase our offshore exposure as a risk mitigation tool. While this view could be interpreted as counterintuitive given our positive view of local assets, we are confident that our selection of highly skilled offshore managers can find attractive opportunities in both developed and emerging markets. Like SA, various emerging markets screen exceptionally cheap, but with a much wider opportunity set.

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	Q1 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	2.48	4.78	-2.30
Domestic Equity	21.14	20.67	0.47
Domestic Fixed Interest	44.42	47.07	-2.65
Domestic Other	0.27	0.28	-0.01
Domestic Property	2.84	2.85	0.00
Foreign Cash & Mny Mkt	4.48	1.96	2.52
Foreign Equity	16.92	16.46	0.46
Foreign Fixed Interest	6.12	5.00	1.12
Foreign Funds	0.57	0.21	0.36
Foreign Other	0.47	0.45	0.01
Foreign Property	0.29	0.26	0.03

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	1.51	135.30	151,910,621.80	205,535,895.50

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.

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 Defensive 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 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.

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