

Who are the investment managers?

STANLIB Asset Management (Pty) Ltd, FSP 719, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, manage the investments of the fund.



Ansie van Rensburg
BCom (Hons)(Economics)
Head of Money Market

Ansie is head of the Money Market at STANLIB Asset Management. She joined STANLIB's forerunner Standard Corporate and Merchant Bank in 1991, and today is a member of the investment strategy team with specific responsibility for investment of funds in the fixed interest and money markets. After obtaining her BCom with honours in economics, Ansie served articles with Theron van der Poel. She first entered the industry as a management trainee and later money market trader with Volkskas Merchant Bank. She was also involved in the founding of money broking operation CM Interbank.



Eulali Gouws
BCom (Hons)(Accounting), CA (SA), CFA
Portfolio manager

Eulali is a member of STANLIB's multi-award-winning Fixed Income team, which is one of the largest in South Africa. She is a money market portfolio manager as well as a qualified money market, bond and foreign exchange dealer. She also assists with STANLIB's offshore funds. Eulali started her financial services career at KPMG where she was part of the financial engineering group. As part of this team she specialised in the modelling of financial instruments as well as various treasury and market risk operations. After moving to Standard Bank, she joined STANLIB in September 2015. Eulali is a qualified chartered accountant and a CFA charter holder.

Fund review

The STANLIB Money Market Fund ended the quarter with R23.4 billion under management, up by R300 million from the previous quarter. Cash as an asset class delivered a stable performance for the quarter, giving investors an alternative to bank deposits, as banks' demand for short-dated cash continues to wane. The weighted average duration of the fund remained below benchmark at 41 days. After the Fed pivot, we have reached the peak of the interest rate cycle and will start to switch investments to take advantage of the current money market curve.

Market overview

The South African Reserve Bank (SARB)'s Monetary Policy Committee (MPC) kept the repo rate on hold at the November meeting, as expected by the market. Unlike previous meetings throughout the year, this decision was unanimous, reflecting a dovish tilt in the MPC. The repo rate has now been unchanged at 8.25% since May 2023.

The SARB has lowered its headline inflation forecast for 2023 and 2024 to 5.8% and 5%, respectively, from 5.9% and 5.1% in September. It expects inflation to stabilise at 4.5% in 2025 and 2026. The MPC assesses risks to the inflation outlook to be on the upside. Despite the moderation in global inflation, oil markets remain tight and core inflation is sticky. Domestic food inflation is viewed as elevated and erratic, and the SARB is also concerned about the potential longer-term impact of El Niño on food prices. Electricity prices, together with logistics disruptions, raise the cost of doing business and the cost of living. Uncertainty over fuel and food price inflation also poses a risk to the forecast for average wage growth.

The MPC has raised its economic growth forecast for 2023 to 0.9% from 0.7% in September, reflecting the strength of demand relative to supply constraints. The growth outlook for 2024 and 2025 has also been revised upwards, to 1.2% and 1.3% respectively, from 1% and 1.1%, largely due to an expected reduction in load shedding.

The forward rate agreement (FRA) curve's pricing is in line with these expectations, with the rate hiking cycle expected to have peaked, and 50 bps of rate cuts expected in 2024 and 2025, respectively. The slope of the swap curve has inverted out to five years. The Fed's implied rates are again deviating from the Fed's guidance, pricing in 100 bps of rate cuts in 2024 (vs the Fed's September dot plot of 50 bps). Volatility risk is expected to remain high, and the repricing of the front-end of the curve will be one of the catalysts.

South African short-term rates traded slightly up during the quarter, with three-month JIBAR moving by seven bps from 8.33% to 8.4%. There was more movement in the longer end of the money market curve, with 12-month JIBAR trading from 9.28% to 9.13% at the end of the quarter. Treasury bills traded down throughout the quarter, with the 12-month Treasury Bill closing at 9.18% and the three-month Treasury Bill at 8.62% in December.

Looking ahead

We anticipate that, apart from a temporary re-acceleration in headline inflation in the first quarter of 2024, inflation will gradually move towards the midpoint of the target band. Core inflation is expected to stabilise between 4% and 4.5%. The assessment of near-term inflation risks has improved, driven by a substantial petrol price reduction in December, a strengthened rand and favourable conditions preceding a potential El Niño. Over the medium term, the SARB will keep a keen eye on inflation expectations and would like to see them drift closer to the 4.5% midpoint of the target before considering cutting the interest rate. We therefore expect the repo rate to remain at 8.25% until mid-2024. An easing in global policy rates should provide the SARB with more leeway to cut interest rates.

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.

STANLIB Money Market Fund

Quarterly update at 31 December 2023

STANLIB

Change in allocation of the fund over the quarter

Asset type	Q4 2023	Q3 2023	Change
Domestic Cash	1.06	0.56	0.50
Domestic Fixed Interest Corp	9.47	20.01	-10.54
Domestic Money Market	89.47	79.43	10.03

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
R	Retail	0.58	100.00	21,303,602,205.31	21,303,602,205.31
B1	Retail	0.58	100.00	432,905,699.60	432,905,699.60

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. The Total Expense ratio (TER) shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher 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 TERs.

Disclosures

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 Money Market 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.

The investments of this portfolio are managed, on behalf of the Manager, by 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.

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 12h00.

This portfolio is a Money Market portfolio. A Money Market portfolio is not a bank deposit account. The price of a participatory interest is targeted at a constant value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument and in most cases the return will merely have the effect of increasing or decreasing the daily yield, however, in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield (if shown) is a current 7-day average effective yield calculated daily. Excessive withdrawals from the portfolio could place the portfolio under liquidity pressures and, under such circumstances, a process of rein-fencing of withdrawal instructions and managed pay-outs over time may be followed.

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.

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).

Contact details

Manager

STANLIB Collective Investments (RF) (Pty) Limited
Reg. No. 1969/003468/07
17 Melrose Boulevard, Melrose Arch, 2196
Telephone: 0860 123 003
Email: contact@stanlib.com
Website: www.stanlib.com

Trustee

Standard Chartered Bank
Reg. No. 2003/020177/10
2nd Floor, 115 West Street, Sandton, 2196
Telephone: +27 (0)11 217 6600

Investment Manager

STANLIB Asset Management (Pty) Ltd
An authorised financial services provider, FSP No. 719
Reg. No. 1969/002753/07
17 Melrose Boulevard, Melrose Arch, 2196
Telephone: +27 (0)11 448 6000
Website: www.stanlib.com