STANLIB

Standard Bank

Standard STANLIB Equity Fund

Quarterly update at 31 March 2024

Market overview

US economic growth and employment statistics came in better than expected during the quarter and consequently, the market started to price in the possibility of a US recession. This was a positive development for global equity markets, rallying 7.7% in dollars for the quarter, with the S&P 500 up 10.0% in one of its fastest starts to a year on record. Interest rate volatility was unusually high, with only two rate cuts in 2024 expected now, relative to the six at the end of 2023. The delayed cutting cycle, and consequent strong dollar, weighed heavily on local equity, which bucked the global trend and dropped 2.3% for the quarter. Although down for the quarter, the +2.9% return in March showed promise. The initial weakness in 2024 was seasonally unusual, and perhaps explained by earnings downgrades, weakness in other emerging markets (the China boycott) and the cash-strapped local consumer hamstrung by higher interest rates. Escalating tension in the Middle East, together with Central Bank buying, has resulted in a noticeable spike in the gold price, up from $2,060 per oz at the start of the year to $2,350 per oz currently (up 14.1%). Commodities in general appear to be enjoying a much better year, with the price of oil 19.1% higher at $91 per barrel, the copper price 10.3% higher and platinum rallying from $900 per oz to above $1,000 in the last few weeks. While resources produced positive and benchmark beating returns for the quarter, many of the specialist commodity plays (iron ore, coal, oil, platinum) struggled with Kumba (-20.9%), Thungela (-20.8%), Sasol (-19.9%), Amplats (-19.3%) and Northam (-18.9%) falling. It was the gold shares that delivered the goods with Harmony (+40.2%), Anglogold (+20.6%) and Goldfields (+10.9%) rising strongly, thanks to a sharply higher gold price. And interestingly, the resource sector was the clear stand out sector in South Africa in March, rallying 15.6%, but in line with the improving China rhetoric, the general miners like Glencore (+14.2%) and Anglos (+12.5%) also contributed positively. Following their December rout, Technology shares also performed well for the quarter (+6.9%) driven by Naspers (+7.3%) over Prosus (+6.7%). Consumer orientated stocks like Spar (-25.0%), Pick n Pay (-19.7%), MTN (-18.8%) and Woolies (-15.9%) were depressed due to consumers' limited ability to spend. MultiChoice (+40.2%) was the exception thanks to the M&A activity from Canal+ which revised its take-out offer higher to R125 per share. The other sector negatively affected by higher interest rates was financials, and specifically the big four banks which fell 7% on average. Property (+3.5%) rallied strongly in January following institutional investor interest but succumbed to interest-rate-induced vertigo in February (-0.3%) and March (-0.6%).

Asset class performance (%)

Asset class	Q1 2024	1 year	3 years p.a.	5 years p.a.
Equity - FTSE/JSE All Share	-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
Equity - FTSE/JSE Capped SWIX	-2.30	2.87	7.48	7.64
Bonds - FTSE/JSE All Bond	-1.80	4.19	7.40	7.04
Cash - STeFI Composite	2.06	8.39	6.08	6.00
ILBs - FTSE/JSE Infl-Lnkd Gov	-0.45	5.51	7.03	6.33
Property - FTSE/JSE All Property	3.47	20.33	12.95	-0.24
Global Bonds - BB GABI in ZAR	1.59	7.37	3.50	4.38
Global Equity - MSCI ACWI in ZAR	12.26	31.65	16.19	17.12
Inflation - SA CPI (1 month lag)	1.06	5.56	6.08	5.14

All returns quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro as at Reporting Date - 31 March 2024.

Portfolio classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	127.30	8,040,867.48	10,236,423.36

All data as at Reporting Date - 31 March 2024.
Units - amount of participatory interests (units) in issue in relevant class of class fund.

Allocation/type (look through) (%) over the quarter

Type	Q1 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	3.13	2.00	1.13
Domestic Equity	92.79	94.78	-1.99
Domestic Fixed Interest	0.62	0.35	0.27
Domestic Property	2.30	1.79	0.51
Foreign Equity	1.17	1.09	0.08

The portfolio adhered to its portfolio objective over the quarter.

Portfolio review

The Fund produced a return of -2.6% for the quarter, fractionally underperforming the FTSE/JSE Capped SWIX on an after fees basis. The Fund enjoyed positive alpha in January and February, but this was offset by weakness in March, driven largely by the rally in resources, and specifically the gold stocks where the Fund is currently 1.4% underweight the gold sector. On the positive side, the Fund's underweight in the Telecoms sector, which fell 11.0% for the quarter, added significant value and stock selection was very pleasing with the Fund being overweight Multichoice and underweight both MTN (-18.8%) and Vodacom (-7.0%). The three largest detractors from alpha were Harmony, Goldfields and Capitec. The overweight Prosus and the underweight Naspers offset each other from a contribution perspective. At sector level, the largest contributors to outperformance were the underweight Telecoms and Financials, while the underweight in Resources and Property were detractors.

There were mixed performances from the underlying managers during the quarter. Fairtree was by far the standout manager, benefiting from an overweight position to Resources and particularly an overweight to the gold shares. Being overweight Anglogold and Goldfields contributed 0.75% to their outperformance while being marginally underweight Harmony detracted 0.14%. Other notable contributors were being overweight Technology and underweight Telecommunications and Financials. The overweight to BTI, which recovered 9.2% during the quarter, was a welcome contributor to outperformance. Coronation's overweight in BTI also contributed to outperformance for the quarter, along with the overweight in Richemont and Prosus. Melville Douglas had a good quarter thanks to their rather unique overweight positions in Reunert, Mr Price, Resilient and Bidcorp. M&G and Ninety One marginally underperformed for the quarter. Interestingly, both managers held MultiChoice, which was particularly helpful to M&G in offsetting their overweight positions in MTN and Sasol and Exxaro which fell sharply. Being overweight BHP and Woolworths and underweight BTI were the biggest detractors for Ninety One.

Portfolio positioning and outlook

At sector level, the underweight to Resources and overweight to Technology are the two largest contributors to tracking risk within the portfolio. The Fund has moderated its overweight to Consumer Staples (+0.4% versus +0.9% at the start of 2024) but remains underweight Property (-2.4%), Financials (-1.8%) and Telecoms (-1.1%). Consumer Discretionary (+2.9%) is the Fund's largest sector overweight. At share level, the largest overweight positions are Prosus / Naspers (+2.8%), Glencore (+1.4%) and BTI (+1.3%) and underweight Capitec (-1.6%), Harmony (-1.2%) and Discovery (-1.2%). The overall tracking error of the Fund relative to its benchmark is 2.2% and the beta of the Fund is slightly higher this quarter at 0.99%.

Local equity strength in March was telling, suggesting there is growing appetite for our more positive view on the asset class. The stronger US growth backdrop helped, as did an improvement in sentiment toward China, which is beneficial for commodity prices and local resources. The positivity is, however, in contrast to the shifting out of interest rate cut expectations, desperately needed in South Africa and a key driver of our 8% - 10% earnings growth forecast for 2024. While inflation is on the path lower, global dynamics have conspired to entrench the higher for longer theme. We expect further volatility in the coming quarter, but once the first local interest rate cut comes into view, it is reasonable to assume strength in these interest rate sensitive, attractively valued sectors.

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.

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Important information for investors

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 Standard STANLIB Equity 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 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 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 third party named, co-named portfolio. The Manager retains full legal responsibility for this portfolio. A third party named, co-named portfolio is a portfolio bearing the name of both the Manager and the financial services provider (FSP) where the FSP, under an agreement with the Manager, undertakes financial services of a discretionary nature, as contemplated in the Financial Advisory and Intermediary Services Act, Act No. 37 of 2002 (FAIS), in relation to the assets of the portfolio. Standard Trust Limited, an authorised FSP, FSP No. 705, FAIS, is the third party manager of this portfolio. The FSP is a wholly owned subsidiary of the Standard Bank Group Limited and is a related party to the Manager, the FSP may earn additional fees other than those charged by the Manager. It is the responsibility of the FSP to disclose additional fees to the investor. This document is not advice, as defined under FAIS. Please be advised that there may be representatives acting under supervision.

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.

Cost ratios and fees

Cost ratios	1 Year TER	1 Year TC[1]	1 Year TIC	3 Years TER	3 Years TC[1]	3 Years TIC
Class B1	1.56%	0.18%	1.74%	1.56%	0.21%	1.77%

The cost ratios shown have been calculated for the period ending 31/12/2023, from 01/01/2023 for the 1 Year and from 01/01/2021 for the 3 Years.

[1]Transaction Costs include brokerage, Securities Transfer Tax, STRATE, Levies and VAT.

Total Expense (TER): This ratio 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.

Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER.

Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the 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.

Performance fees

Neither the Manager, STANLIB Multi-Manager nor underlying manager(s)/fund(s) charge/earn any performance fees.

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.

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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