

## Who are the investment managers?

Feeder - 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.

Underlying - Columbia Threadneedle Investments were appointed by the investment manager (STANLIB Asset Management Limited) as the sub-investment manager of the STANLIB European Equity Fund, a sub-fund of STANLIB Funds Limited, with Anne Steele being the portfolio manager of this sub-fund. Columbia Threadneedle Investments is a leading global asset management group that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world. Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE: AMP), a leading US-based financial services provider. As a part of Ameriprise Columbia Threadneedle Investments are supported by a large and well capitalised diversified financial services firm.

## Fund review

The STANLIB European Equity Feeder Fund returned 12.4% for the quarter compared with 11.5% from the benchmark, boosted by favourable stock selection. Sector positioning was advantageous too, especially the over-weightings in technology and materials, and the underweighting in energy. Positive relative contributors included ASML, which rose amid strength in technology stocks. The semiconductor equipment firm is due to report second quarter earnings in July; first quarter earnings were robust and the company highlighted a strong order intake. FinecoBank (online banking and brokerage services) was another top performer as the trend towards digital financial services gathered pace. First quarter results were upbeat and highlighted strong brokerage performance, given increased market volatility. The zero weightings in banking giant HSBC and energy group BP were also advantageous as both stocks underperformed. Detractors included the zero weighting in engineering firm Siemens as the stock performed well.

## Market overview

European equities rebounded in the second quarter, driven by optimism that the COVID-19 pandemic was past its peak in Europe. Markets were also propelled higher by central bank stimulus programmes, government support packages, and by optimism that vaccinations and treatments would be found for the virus. The pandemic's effect on growth has been stark. Data showed that GDP in leading economies fell sharply in the first quarter, feeding concern that the second quarter could see much larger declines. Many companies withdrew earnings guidance and cut dividends. Further stimulative measures were announced. In Germany, for instance, the government unveiled a €130bn fiscal stimulus plan, while in the UK, the Bank of England increased its quantitative easing programme by £100bn. The European Central Bank expanded an emergency monetary stimulus programme by €600bn, although EU member states remained divided over a proposed €750bn pandemic recovery fund. Many nations have now relaxed lockdown measures triggered by COVID-19, helping to revive economic activity. However, virus infection rates have spiked again in some countries such as China, Iran and the US. Indeed, by late June, some governments and US states had suspended or even reversed the easing of control measures. Towards the end of the quarter, data suggested that economies were starting to recover; Germany's widely watched Business Climate Index (Ifo) index of business sentiment surged higher in June, while the UK's flash composite Manufacturing Index (PMI) rose sharply in the same month, coming close to expansionary territory. An unexpectedly robust US jobs report for the month of May also boosted morale. In a reversal of trends seen earlier, cyclical stocks enjoyed a recovery; technology, materials and industrials led the gains. Energy stocks continued to suffer, impacted by the slump in oil prices.

## Looking ahead

COVID-19 and its effects continue to dominate sentiment. As new infections and fatalities fall in most European countries, lockdowns and travel restrictions are being slowly relaxed with some businesses reopening. Progress is nervous and slow, and there are risks of a second wave of infections. The US and Russia are suffering worse and later than some from the virus. The search for effective tests and a vaccination is in progress. Fiscal and monetary policy aim to stimulate economic growth and, if effective, this should stabilise economies and corporate profitability once the lockdowns end. However, previously fragile business models may now prove unsustainable; this will impact some small businesses and therefore employment in the hospitality and travel sectors particularly. The Brexit transition period is underway, although negotiations have been delayed owing to the virus and have now become more of a sideshow. The Spanish and Italian coalitions are surviving but Germany's Chancellor Merkel and her succession plan are under some pressure. The portfolio favours companies that have a competitive advantage and pricing power generated by brands, patented processes, regulatory barriers to entry and strong market positions.

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	Q2 2020	Q1 2020	Change
Domestic Cash & Mny Mkt	1.86	2.60	-0.74
Domestic Equity	1.66	1.65	0.01
Domestic Fixed Interest	0.00	0.06	-0.06
Foreign Cash & Mny Mkt	0.85	0.85	0.01
Foreign Equity	91.50	90.75	0.75
Foreign Other	0.37	0.37	0.00
Foreign Property	3.75	3.72	0.03

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
A	Retail	2.11	543.16	29,840,108.16	162,079,587.13
B1	Retail	1.43	578.44	17,738,427.96	102,606,210.29

All Price, Units and NAV data as at 30 June 2020.

Units - amount of participatory interests (units) in issue in relevant class.

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/03/2020. 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 European Equity Feeder 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](http://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.

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 Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

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 30 June 2020.

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](http://www.stanlib.com)).

## Contact details

### Manager

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