



Standard STANLIB Yield Plus Fund

Quarterly update at 31 December 2023

Market overview

The local money market produced a positive 2.1% return for the quarter but substantially lagged other local and global asset classes, a reversal from the two previous quarters. For the full year, money market assets returned 8.0%, marginally ahead of the local equity market as proxied by the FTSE/JSE Capped SWIX (7.9%). Key to the enthusiasm in the local and global fixed interest markets in the fourth quarter was the pivot in communication by the US Federal Reserve (US Fed) from “higher for longer” to “peak rates”. While keeping interest rates on hold at its December Federal Open Market Committee (FOMC) meeting, US Fed Chairman Powell was surprisingly dovish suggesting that US interest rates had hit peak levels in the current cycle, and that the next move was likely a decline. Growth and income assets alike rallied. Notably, global bonds rallied 8.1% in dollars as the US 10-year yield dropped from 4.6% at the start of the quarter to 3.9% at year end. Local bonds delivered an equally impressive 8.1% for the quarter. Inflation linked bonds (ILBs) were 6.1% higher while shorter-dated local income-orientated instruments produced a 4.1% return, in comparison to the 2.1% delivered by the money market. At its December meeting, the South African Reserve Bank (SARB) also decided to remain on hold in what was considered a consensus decision with a dovish tone.

Within the money market, it was unsurprising that the longer-dated instruments produced higher returns than shorter dated instruments. The spread between overnight call (2.03%) and the STeFI 12-month index (2.21%) was quite small for the quarter, but much more meaningful for the full year (7.8% versus 8.4%). The rand appreciated 4.4% relative to the dollar – typical of a risk-on environment – while 3-month JIBAR was steady at 8.4%. Local inflation registered 5.5% in November having fallen from 7.8% in July 2022.

Asset class performance (%)

Asset class	Q4 2023	1 year	3 years p.a.	5 years p.a.
Equity - FTSE/JSE All Share	6.92	9.25	13.51	11.88
Financials	11.76	21.48	19.58	6.68
Resources	3.00	-11.84	8.21	14.56
Industrials	5.87	16.62	12.40	11.60
Equity - FTSE/JSE Capped SWIX	8.21	7.87	12.69	8.97
Bonds - FTSE/JSE All Bond	8.11	9.70	7.43	8.24
Cash - STeFI Composite	2.09	8.06	5.68	5.94
ILBs - FTSE/JSE Infl-Lnkd Gov	6.11	6.92	8.83	6.53
Property - FTSE/JSE All Property	15.86	10.70	14.61	-0.67
Global Bonds - BB GABI in ZAR	4.49	13.31	1.59	4.56
Global Equity - MSCI ACWI in ZAR	7.32	30.98	13.69	17.17
Inflation - SA CPI (1 month lag)	1.44	5.52	6.13	5.01

All returns quoted are shown in ZAR and are based on data sourced from Morningstar or Statproas at Reporting Date - 31 December 2023.

Portfolio review

The Fund produced a net-of-fee return of 2.9% for the quarter, comfortably outstripping the return of the benchmark and marginally ahead of the average of the peer group. Equally, the Fund delivered a 9.4% return in 2023, ahead of both the benchmark and peers. Key to this outperformance was the Funds' decision to include Granate in the portfolio and exposing it to a greater proportion of outperforming assets and strategies during the quarter.

Pleasingly, all the Fund's underlying managers outperformed the benchmark during the quarter. Alongside ALUWANI, Granate produced exceptional results in line with what we would have expected in this risk-on period. Typically, both hold longer-duration assets, which, as described above, outperformed for the quarter. Allied to this, both held exposure to higher-yielding foreign denominated instruments hedged back into rands and ILBs which also contributed to outperformance. STANLIB and Prescient produced benchmark-beating returns for the quarter and year, and provided a stable, lower risk counterbalance to the higher risk strategies of ALUWANI and Granate within the portfolio.

Portfolio positioning and outlook

At the end of the year, the Fund had 3.4% exposure to global instruments hedged back into rands – up from 2.0% at the end of September. Exposure to ILBs had also increased from 3.0% to 3.7% by year end. The Fund's modified duration remained constant at around 0.7 years. At instrument level, the R2030 remains the largest holding in the portfolio even though its exposure dropped from 5.1% to 4.6% during the quarter. Of interest was the small increase in exposure to the R186 from 0.7% to 0.8% during the quarter and this is likely indicative of the managers' eagerness to take profits in instruments with longer duration than the R186 and recycle these into shorter dated instruments (like the R186), which had underperformed in the rally. The value of assets in the Fund increased from R3.7bn and R4.0bn at the start of the year and quarter respectively to R4.13bn by the end of 2023. The Fund offers investors an estimated gross effective annual yield of 10.0% or around 9.3% on a net-of-fees basis.

Analysts at Bank of America are looking for SA inflation to average 5.0% in 2024 and, accordingly, see 0.75% in interest rate cuts starting post the national election which is tentatively earmarked for May 2024. We have provisionally identified three macroeconomic scenarios in the US for 2024, namely Soft Landing, Recession and Sticky Inflation. It is only in our lowest probability scenario, Sticky Inflation, that we see the SARB cutting by less than 0.75% in 2024. The driver of this scenario is an escalation of the war in the Middle East, that leads to higher oil prices and supply side constraints that increase transport costs and result in the higher cost of goods (read inflation). For the world, we are hopeful that this scenario doesn't play out but, notwithstanding, we expect the Fund to deliver a return in and around its estimated net effective annual yield in 2024.

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.

Portfolio classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	101.54	2,334,277,401.20	2,370,326,523.28

All data as at Reporting Date - 31 December 2023.

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

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

Sector	Q4 2023	Q3 2023	Change
0-1 Years	27.83	28.71	-0.87
1-3 Years	38.22	39.25	-1.04
3-7 Years	27.39	26.37	1.02
7-12 Years	5.00	3.69	1.31
Inflation Linked Bonds	0.80	1.42	-0.63
Over 12 Years	0.77	0.56	0.21

The portfolio adhered to its portfolio objective over the quarter.



Standard STANLIB Yield Plus Fund

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 Yield Plus 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 is a portfolio that derives its income primarily from interest-bearing instruments. The yield (if shown) is a current effective yield calculated daily. 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	0.70%	0.00%	0.70%	0.70%	0.00%	0.70%

The cost ratios shown have been calculated for the period ending 30/09/2023, from 01/10/2022 for the 1 Year and from 01/10/2020 for the 3 Years.

¹Transaction 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.

Contact information

Manager: STANLIB Collective Investments (RF) (Pty) Limited. Reg. No. 1969/003468/07. 17 Melrose Boulevard, Melrose Arch, 2196. T: 0860 123 003 W: www.stanlib.com

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

Third party manager: Standard Trust Limited. Reg. No. 1880/000010/06. T: +27 (0)11 283 1100

Investment manager: STANLIB Multi-Manager a division of STANLIB Asset Management (Pty) Ltd. Reg. No. 1969/002753/07. T: +27 (0)11 448 6000 W: www.stanlibmultimanager.com