

Quarterly Report 30 June 2023

Commentary and analysis

Market overview

The domestic bond market had a good month in June, up 4.6%, but that was not enough to undo the damage caused by the selloff in bond yields in April and May. For Q2, the ALBI fell 1.5% but was up 8.2% for the year.

The drivers of the SA fixed income market are predominantly external but there were some idiosyncratic factors that took the spotlight in Q2. On external factors: it was US inflation, which continued to decelerate during the quarter, coming down to 4.0% in June. Against this backdrop, the US Federal Reserve left interest rates unchanged in its June meeting. Another one was recession fears, investors have become less concerned about a possible recession, but the risks have not dissipated as the US yield curve remains inverted.

In South Africa, news that SA might have supplied Russia with arms in December sent markets into a tailspin. The 10-year government bond shot up to 11.3% in May before coming down to 10.5% at the end of the quarter. In addition, challenges in state owned businesses like Eskom and Transnet have led to an increase in the country's risk premium.

Asset class performance (%)

Local	Q2 2023	1 year	3 years	5 years	International	Q2 2023	1 year	3 years	5 years
FTSE/JSE All Share Index	0.66	19.58	16.12	9.59	MSCI ACWI IMI (ZAR)	12.27	34.10	13.95	14.58
Financials	5.93	14.08	20.76	4.03	MSCI ACWI Net (ZAR)	12.58	34.54	13.98	15.07
Resources	-6.09	2.97	13.88	15.00	MSCI Emerging Market Index (ZAR)	5.94	14.17	2.50	4.81
Industrials	3.40	34.16	14.49	8.50	BB Global Aggregate Bond Index (ZAR)	4.40	13.94	-2.40	5.29
FTSE/JSE Capped SWIX	1.16	13.48	15.69	6.91	BB Global Multiverse Index (ZAR)	4.56	14.52	-2.10	5.44
Bonds ALBI	-1.53	8.23	7.60	7.39					
Cash STeFI Composite	1.92	6.76	4.98	5.81					
FTSE/JSE All Property Index	0.96	8.94	10.98	-4.96					

Portfolio review

The fund delivered a positive 1.4% over the quarter, in line with the peer average. It was a tough quarter for nominal bonds, with only the short end delivering positive returns. Over the quarter, it was the exposure to floating rate credit as well as the managers' positioning of nominal bonds on the yield curve that contributed to the performance. Both ALUWANI and Prescient performed well over the quarter with Ninety One underperforming.

Our more conservatively positioned manager ALUWANI, took advantage of the weakness in May to increase duration from approximately 1.2 years to 1.5 years. Prescient also increased duration during May. This worked well for both the managers given the rally in bonds experienced in June. In the case of Ninety One, listed property, ILBs and their positioning in longer dated bonds detracted from performance.

Portfolio positioning and outlook

Whilst we are on average overweight on duration relative to peers, the general sentiment is that South African government bonds remain attractive. In this volatile environment, our managers are being selective on their instruments and managing the balance between income and risk carefully.

Managers are expecting inflation to continue decelerating in the second half of the year but have pushed out expectations of a US Fed pivot into the first quarter of 2024. Recessionary concerns have reduced given the strong labour market in the developed countries. In South Africa, the BRICS summit in August will be a defining event as developed countries are watching with an eagle eye whether Russia's president will attend and if he does, whether the country will honour its obligation from the Rome Statute of arresting him. Results of the Lady R investigation will be another defining moment for the country. The outcome of these events is important for SA sensitive assets and, if positive, are likely to have a positive effect on the rand and bond yields. Given that both these have significantly sold off in recent months, any reversal in the selloff would be good for the fund.

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 2023	Q1 2023	Change
Domestic Cash & Mny Mkt	7.73	6.97	0.76
Domestic Equity	4.42	3.79	0.63
Domestic Fixed Interest	79.83	79.63	0.19
Domestic Funds	-0.52	0.34	-0.86
Domestic Property	1.31	1.24	0.07
Foreign Cash & Mny Mkt	3.65	3.62	0.03
Foreign Equity	0.39	0.16	0.23
Foreign Fixed Interest	3.14	3.53	-0.39
Foreign Funds	0.04	0.73	-0.68

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	0.92	108.16	414,734,166.23	448,590,401.47

All Price, Units and NAV data as at 30 June 2023.

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

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/03/2023.

Quarterly Report 30 June 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 Absolute Income 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.

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

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 30 June 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.

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.

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

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

Investment Manager: STANLIB Multi-Manager a division of STANLIB Asset Management (Pty) Ltd www.stanlibmultimanager.com.