

Quarterly Report 30 June 2023

Commentary and analysis

Market overview

Despite the local market chaos in May, global market sentiment has generally improved in 2023 as global economic growth has been stronger than expected and inflationary fears have cooled. Two dominant themes driving markets this quarter were the outperformance of US technology shares and China's muted economic progress after the lockdown reopening. Technological gains, including generative artificial intelligence (AI), have fascinated the market this year. NVIDIA, a primary supplier of AI chips, has surged 189% YTD and on average the top 7 US-listed tech stocks have risen over 70% YTD while the remaining 493 stocks in the S&P 500 have essentially done nothing. For the quarter, local equity was 1.2% higher, and listed property increased 1.0%. Unfortunately, both SA nominal and inflation-linked bonds retreated 1.5% and 0.7% respectively due to the concerns around the relationship between SA and Russia. Global assets in rand outpaced local returns, helped by the 5.9% depreciation of the rand relative to the US dollar. Global equity and bonds were up (in rand) 12.3% and 4.4% respectively. Within local equity, the financials sector (+5.3%) provided some relief, but resources (-6.1%) came under pressure due to the uncertainty around China's growth prospects.

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

Over a tough quarter, the fund delivered a satisfactory return due to a combination of a sizeable global equity exposure and good instrument selection from the underlying managers. Amongst the underlying building blocks, the SMM Global Equity Fund was the top contributor to performance, with the tech-heavy Sands Capital the star global equity manager. As expected, the operating environment suited Sands' growth orientation, while the semiconductor rally was helpful for the Sanders mandate that has a sizeable allocation to the theme. Ninety One also delivered promising results. Ninety One's portfolio was a big beneficiary of the global equity rally as their portfolio construct favours global equities over domestic equities and within global they had exposure to some of the big quarterly winners like Microsoft and ASML. The performance numbers of the domestic-only balanced managers were muted over the quarter. These disappointing returns were mostly due to the low returns from SA equities, coupled with negative returns from SA bonds. As a well-diversified multi-managed construct, it is expected that the fund's managers will deliver varying results in any given quarter, but overall, we are comfortable with the current complementary manager line-up.

Portfolio positioning and outlook

The general view from the underlying managers is that SA assets on the balance of probability are expected to deliver outsized returns but do require some positive sentiment (like a material improvement in the load-shedding schedules), which could take time to materialise. Given this view, the overall fund consists of a sizeable exposure to a well-diversified line-up of both local and global equities, subject to its risk profile, while the managers continue to find value in SA nominal bonds (although becoming more selective on credit due to local growth challenges). The property exposure remains low, primarily due to the preference for other local assets. Although global equities on an index level seem fully priced, the year so far has illustrated the value of global diversification combined with good stock selection. Overall, we are confident that prospects are improving for investors.

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 | 8.27 | 6.89 | 1.39 |
| Domestic Derivatives | 0.05 | -1.12 | 1.17 |
| Domestic Equity | 29.82 | 29.98 | -0.15 |
| Domestic Fixed Interest | 30.75 | 31.13 | -0.38 |
| Domestic Other | -0.44 | 0.66 | -1.10 |
| Domestic Property | 0.50 | 0.85 | -0.35 |
| Foreign Cash & Mny Mkt | 1.76 | 1.34 | 0.42 |
| Foreign Derivatives | 0.00 | 1.25 | -1.25 |
| Foreign Equity | 25.83 | 25.36 | 0.47 |
| Foreign Fixed Interest | 2.87 | 2.32 | 0.54 |
| Foreign Funds | 0.01 | 0.01 | 0.00 |
| Foreign Other | 0.15 | 0.91 | -0.76 |
| Foreign Property | 0.40 | 0.41 | -0.01 |

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

| Class | Type | TER | Price (cpu) | Units | NAV (Rand) |
|-------|--------|------|-------------|----------------|----------------|
| B1 | Retail | 1.50 | 283.12 | 127,820,440.94 | 361,879,217.88 |

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.

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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 Real Return 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.

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.

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