

### Market overview

Global equity markets recovered strongly from the significant selloff at the end of 2018, gaining 12.6% for the quarter as trade tensions between the two economic influences, US and China, eased. The ECB's decision to maintain lower interest rates and the announcement of a Chinese fiscal stimulus package also contributed positively to market liquidity and confidence. SA markets rallied 3.9%, driven primarily by resources, which gained 17.8% and in particular, iron ore, palladium and platinum. Low consumer confidence led to a 12% drop in retail shares. Notably higher quality rand hedges such as BTI, AB InBev and Richemont enjoyed a strong recovery from oversold levels. This has supported the overall Fund's outperformance relative to the index.

### Asset class performance and risk statistics

Asset class	Q1 2019	1 year	3 years p.a.	5 years p.a.
FTSE/JSE ALSI	8.0%	5.1%	5.7%	6.5%
Financials	-0.5%	-5.8%	2.8%	7.5%
Resources	17.9%	41.8%	22.2%	1.0%
Industrials	7.4%	-3.7%	0.6%	6.3%
FTSE/JSE Capped SWIX	3.9%	-2.6%	2.1%	5.1%
Bonds ALBI	3.8%	3.5%	10.1%	8.3%
Cash STeFI Composite	1.8%	7.2%	7.4%	7.0%
All Property Index (ALPI)	1.3%	-7.0%	-5.9%	4.1%

Risk statistics since launch		
Lowest rolling 12-month return	-26.3% (12 months ended October 2008)	
Highest rolling 12-month return	39.9% (12 months ended February 2010)	
	Fund	Benchmark
Maximum drawdown	-32.2%	-36.2%
Portfolio volatility	11.9%	12.0%

Source: STANLIB Multi-Manager.

### Portfolio review

The Fund outperformed its peer benchmark by 0.75% for the quarter and continued to maintain its pleasing long-term track record relative to peers.

At an underlying manager level, the Allan Gray SA Equity Fund returned 1.8% ahead of the index for the first quarter. Performance was driven in part by holding onto the MultiChoice Group shares that were unbundled from Naspers. While the Nedgroup Entrepreneur Fund underperformed the index benchmark, it outperformed peers. Positions in Naspers and BTI contributed to performance.

The STANLIB Multi-Manager SA Equity Fund returned 5.6% for the quarter outperforming the index benchmark by almost 1.7% and 3% alpha over 12 months. Most of the underlying managers outperformed the benchmark, with Coronation being the top performer for the quarter.

STANLIB Multi-Manager Global Equity underperformed the benchmark for the quarter. Overweight positions to emerging markets and financials dragged on performance. Sanders and AB were the two worst performers. Both allocation and selection detracted from their performance. Good performance from Sands continued with another positive quarter of alpha, where stock selection contributed strongly. The fund's one-year gross returns remain ahead of the benchmark.

### Portfolio positioning and outlook

We caution that global equity markets are back to their highs, presenting some vulnerability especially as US economic activity is losing momentum. Going into quarter two, the Fund continues to have a small overweight position to global equity, and we will use rand weakness opportunities to trim this overweight. On the positive side, our underlying managers continue to see value in domestic shares. However, uncertainty surrounding the upcoming national elections and Brexit remain. The Fund is therefore, close to its strategic weight in local equities.

### Portfolio managers



**Jennifer Henry**  
Head of Portfolio Management:  
Retail Clients  
BCom(Hons), CFA, FRM



**Richo Venter**  
Portfolio Manager  
BCom(Hons)  
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