STANLIB Enhanced Multi Style Equity Fund

Quarterly update at 31 March 2024

Who are the investment managers?

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.

Rademeyer Vermaak
MEng (Electronic - Cum Laude), CFA
Head of Systematic Solutions

After graduating with a Masters in Electronic Engineering from the University of Pretoria, Rademeyer worked as an electronic engineer before transitioning to the financial services sector. He worked in quantitative analysis and fund management in London before returning to SA in 2012 to join Fairtree Asset Management as Head of Quantitative Research and portfolio manager of the multi-factor product suite. At Fairtree, Rademeyer successfully developed and managed equity, hedge, and multi-asset funds, and built up a team of quantitative analysts. In 2019 he joined STANLIB. Today he is the portfolio manager responsible for the multi-style equity funds, multi-asset funds within the Systematic Solutions team, index tracking and completion strategies.

Fund review

Over Q1 2024, the STANLIB Enhanced Multi Style Equity strategy outperformed by 1.50% relative to its benchmark. The fund continues to invest in companies that possess strong growth, quality, and attractive valuation attributes. The Growth style contributed the most towards relative return, but both Value and Quality also contributed. The overweight position in the Consumer Discretionary sector resulted in an active allocation effect of 0.13% and an active selection effect of 0.4%, whilst the underweight position in Communications resulted in an active allocation effect of -0.18 % and an active selection effect of -0.08%. An overweight position in Harmony Gold resulted in a 0.42% contribution to relative return, whilst the overweight position in AngloGold Ashanti resulted in a 0.38% contribution to relative return. In terms of detractors, the overweight position in Exxaro led to a -0.53% contribution to relative return whilst the overweight position in Standard Bank led to a -0.39% contribution to relative return.

Market overview

In the first quarter of 2024, global markets were quite resilient despite the unchanged interest rates in major economies. The US labour market remained strong over the first quarter but poses challenges from a monetary policy perspective. Major central banks globally have not yet cut interest rates, which might be due to the delay by the US Federal Reserve Bank. Over the first quarter of 2024, MSCI EM increased by 2.2% and MSCI World by 3.0% both outperforming MSCI EMEA which had a fall of 0.6%. Global equity performed well, driven by technology and communication services.

In South Africa, there remains persistent challenges within the macroeconomic environment hindering economic growth mainly due to continuous electricity outages and supply side challenges related to the failing railway and ports infrastructure, which provided little relief to the SA inflation rate remaining towards the upper end of the 3% to 6% target range. At the last MPC meeting, the Governor emphasised anchoring inflation to 4.5% and was aligned to market expectations of keeping interest rates unchanged. Local equities were up over the first quarter with FTSE/JSE Top 40 up 3.85% and the FTSE/JSE Capped SWIX up 2.9%. The ALBI declined by 1.9% whilst the rand strengthened to 18.80 against the USD over the quarter.

Looking ahead

The current resilient nature of the US labour market and high wage rate growth do not present a conducive backdrop for an interest rate-cutting environment. This does not imply that interest rates will not be cut but supports the possibility of the Fed decreasing the number of interest rate cuts this year. The ECB meeting held in March flagged the optimistic stance of policymakers in cutting interest rates but will be reliant on economic data in the second quarter of the year. In the East, China’s PMI is expected to be resilient, provided there is ongoing growth in production and strong export numbers. The property market crisis in China continues to negatively impact investor confidence. Further, unfolding geopolitical tensions and their impact on risk assets and inflation, will remain a key focus for the remainder of the year.

The rise in SA’s inflation rate during the end of the first quarter limits the possibility of interest rates being cut early this year. It is expected that the inflation rate will only reach 4.5% at the end of 2025. Interest rate expectations will remain at their peak in the second quarter of this year and are expected to decrease in the third quarter. On the political front, SA national elections are to be held in May. Despite the possibility of coalitions, it's anticipated that the likely outcome of the elections is not expected to have any impact on the economic reforms in the country.

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Change in allocation of the fund over the quarter

Asset type	Q1 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	0.58	0.23	0.35
Domestic Equity	94.78	95.16	-0.38
Domestic Property	4.64	4.61	0.03

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
A	Retail	0.58	144.05	160,464,283.20	231,156,641.50
B1	Retail	0.46	144.10	438,012,895.70	631,196,407.90

All Price, Units and NAV data as at 31 March 2024.

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

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/12/2023. 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 Enhanced Multi Style Equity 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) and in South African printed news media. This portfolio is valued at 17h00. 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.

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 31 March 2024.

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).

Contact details

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Investment Manager

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