STANLIB Global Equity Feeder Fund

Quarterly update at 31 March 2024

STANLIB

Who are the investment managers?

Feeder - 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.

Underlying - Columbia Threadneedle Investments were appointed by the investment manager (STANLIB Asset Management Limited) as the sub-investment manager of the STANLIB High Alpha Global Equity Fund, a sub-fund of STANLIB Funds Limited, with Neil Robson being the portfolio manager of this sub-fund. Columbia Threadneedle Investments is a leading global asset management group that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world. Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE: AMP), a leading US-based financial services provider. As a part of Ameriprise Columbia Threadneedle Investments are supported by a large and well capitalised diversified financial services firm.

Fund review

Gross of fees, the fund outperformed its benchmark over the quarter in rands. Security selection primarily drove the relative gains, mainly due to choices in technology. Our picks in materials and healthcare also contributed, while those in financials detracted. Sector allocation made a moderate positive contribution, mainly due to the beneficial overweight in technology and underweight in consumer staples. However, the materials overweight had a detrimental impact.

At the stock level, Nvidia was the top relative contributor. Nvidia has been the forefront of the AI boom, posting above-expectation Q4 2023 revenues and earnings and announcing a variety of improved offerings that are expected to drive ongoing growth. This news not only boosted the chipmaker's stock price but also helped fuel the wider tech rally. We continue to see the firm as a leader in the design and development of 3D graphics processing units, which are used in data centres, gaming and automotive end markets. Nvidia's products are considered key to the development of AI technology. The firm is also well positioned to benefit from other powerful secular trends, such as the increasing demand for electric vehicles, cloud gaming and emerging omniverse opportunities.

The zero weight in Apple also aided relative performance; shares fell amid concerns about falling iPhone sales in China.

On the other side, HDFC Bank weighed on relative returns as its shares underperformed after a decline in net-interest margins in the firm's fiscal Q4, despite otherwise broadly positive results. However, we continue to hold HDFC Bank; the leading Indian private-sector lender boasts robust capital levels and a strong market position. The bank is also increasing financial inclusion in the country by providing finance to customers in rural areas and low-income communities.

Market overview

The MSCI All-Country World Index (ACWI) returned 9.6% in local currencies in the first quarter (Q1) of 2024. Sentiment was boosted by increasing optimism of a "soft landing" for major economies and strong corporate results, especially among large-cap technology companies. This helped risk assets overcome headwinds from geopolitical tensions in the Middle East and rising bond yields as expectations about the pace of monetary easing in 2024 were dialled back. In March, markets were lent additional impetus as central banks in the US, the UK and the eurozone appeared to turn more dovish, which rekindled hopes that interest-rate cuts would materialise midway through the year.

US stocks enjoyed a strong three months amid the ongoing resilience of US economy. Treasury yields rose in January and February when the Federal Reserve (Fed) pushed back market expectations for interest-rate cuts in 2024 due to uneven progress on inflation. However, strong corporate results boosted equities, with large technology companies leading the way amid ongoing AI enthusiasm. The tech rally paused briefly in early March, but sentiment strengthened again following the Fed's March meeting, amid relief that policymakers' projections pointed to three quarter-point interest cuts over the year.

European stocks rose as the eurozone's economic downturn appeared to have passed its nadir, with the composite purchasing managers' index moving higher over the period and finally escaping contractionary territory in March. Meanwhile, inflation edged closer to the European Central Bank's (ECB's) 2% target, leading markets to anticipate rate cuts by mid-2024. The ECB's own messaging then turned more dovish in March, helping European equities to a strong finish for the quarter. UK equities underperformed, hurt by their relatively limited exposure to technology stocks. Sentiment was also dampened as stubborn UK inflation and strong wage growth early in the year triggered concerns that the Bank of England (BoE) might delay rate cuts longer than other central banks. On the economic front, the UK slipped into a technical recession in Q4 2023, but more recent indicators pointed to a rebound in Q1 2024. UK equities bounced back in March due to a larger-than-expected decline in inflation and signals from the BoE that it was getting closer to cutting rates. The pound weakened in this environment, providing a boost to the many overseas earners in the UK market.

Japanese stocks performed well throughout the quarter, aided by strong company earnings and corporate governance reforms. The export-heavy market was also boosted by weakness in the yen. The Bank of Japan maintained a loose monetary policy relative to other key central banks, even as it raised rates for the first time in 17 years and ended its yield curve control in March. Emerging markets were impacted by China's ongoing economic concerns. However, increased stimulus measures from Beijing later in the quarter spurred a modest recovery.

In local-currency terms, Japanese stocks fared best, helped by a weak yen. US equites also outperformed the index on the back of sizeable gains in the large tech sector. Europe ex UK was also ahead of the MSCI ACWI, but EMs underperformed due to continued China woes and headwinds from higher Treasury yields. The UK fared worst due to the market's limited exposure to technology stocks, although still posted a positive return.

Technology stocks rode the ongoing wave of AI enthusiasm to emerge as the top-performing sector in the ACWI over the quarter. Communication services followed while energy stocks also posted strong gains, especially late in the period when oil prices rose. Healthcare, the consumer sectors and materials underperformed. Utilities and real estate brought up the rear as both sectors were particularly sensitive to moderating expectations for interest-rate cuts.

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Looking ahead

Markets were narrowly led in 2023 as investor sentiment was dominated by optimism around AI and, especially, the so-called Magnificent 7. Looking ahead, we believe the market rally will broaden as evidence of inflation coming under control and interest rates peaking should see investors refocus on fundamentals. We have already started to see evidence of this so far this year.

In this environment, we believe that diversification will remain important as investment to tackle issues such as decarbonisation, deglobalisation and energy efficiency creates a broad opportunity set. Our focus continues to be on building a diversified portfolio of quality businesses that are multi-year compounders, with pricing power and less gearing to the broader economy. We believe that our bottom-up approach will allow us to find these quality growth companies across a range of sectors and geographies.

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	Q1 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	3.49	1.83	1.66
Domestic Equity	0.70	0.71	-0.01
Domestic Fixed Interest	0.13	0.18	-0.05
Foreign Cash & Mny Mkt	6.19	6.30	-0.11
Foreign Equity	83.78	85.18	-1.40
Foreign Other	2.70	2.75	-0.05
Foreign Property	3.01	3.06	-0.05

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	1.32	668.49	322,902,106.40	2,158,577,879.00
R	Retail	1.32	697.67	245,056,766.00	1,709,691,148.00

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.

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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 Global Equity Feeder 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 15h00. 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.

This portfolio is a Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

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

Manager

STANLIB Collective Investments (RF) (Pty) Limited
Reg. No. 1969/003468/07
17 Melrose Boulevard, Melrose Arch, 2196

Telephone: 0860 123 003
Email: contact@stanlib.com
Website: www.stanlib.com

Trustee

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

Investment Manager

STANLIB Asset Management (Pty) Ltd
An authorised financial services provider, FSP No. 719
Reg. No. 1969/002753/07
17 Melrose Boulevard, Melrose Arch, 2196
Telephone: +27 (0)11 448 6000
Website: www.stanlib.com