STANLIB Corporate Money Market Proposition

Factsheet / Minimum Disclosure Document as at 30 June 2021

STANLIB

Proposition details

GIPS Inception Date: 31 Dec 2003
Asset size: R 55'418.20 million
Benchmark: STeFI Composite Index
Available as: Segregated, Collective Investment Scheme
Brief description:

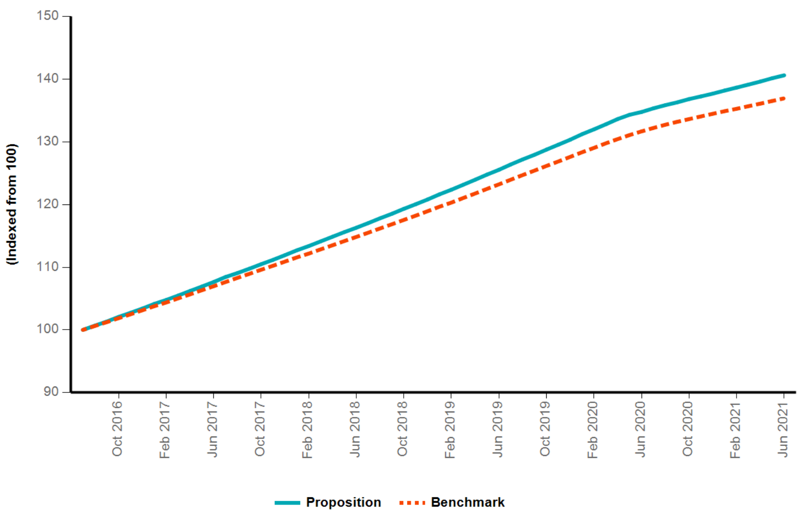
AA+(ZA)(f) GCR RATINGS www.GCRratings.com

The proposition solely invests in the 'Big Five' South African Banks and AA-rated foreign banking institutions authorised to conduct business in South Africa. Maximum weighted average duration is 90 days.

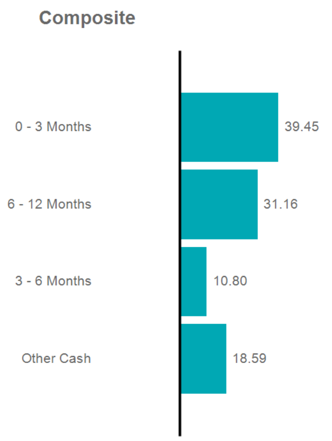
Performance table (annualized, gross of fees in Rands) (%)

	1 year	3 years	5 years	Since GIPS inception
Proposition	4.34	6.53	7.20	7.66
Benchmark	4.01	6.04	6.62	7.14

Cumulative 5 year gross performance vs. benchmark



Asset Allocation(%)



Based on latest month averages

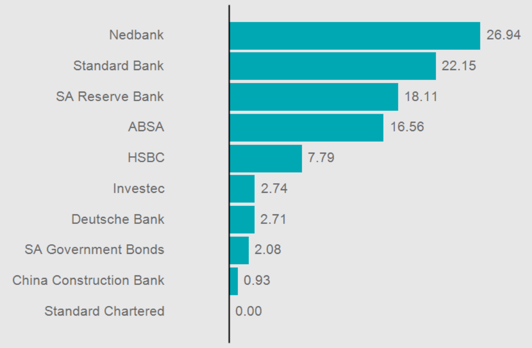
Risk profile

Negligible	Low	Moderate	High	Very High

Risk statistics (3 years, annualised)

Alpha	-0.01
Beta	1.09
Benchmark Standard Deviation	0.42
Standard Deviation	0.48
Sharpe Ratio	1.48
Sortino Ratio	0.12
Tracking Error	0.13
Information Ratio	3.67

Institutional Exposure – Top Holdings (%)



GIPS ® Disclosure

STANLIB Asset Management is a 100% owned operating entity within STANLIB Ltd. The company comprises all portfolios managed by STANLIB Asset Management. STANLIB Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of STANLIB Asset Management and/or a presentation that complies with the GIPS® standards, contact STANLIB Performance at 0860 123 003, write to STANLIB Asset Management, PO Box 202, Melrose Arch, 2076 or email stanlib.performance@stanlib.com

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Investment thesis

The primary objective of the composite is to obtain as high level of current interest as is consistent with capital preservation and liquidity. Capital gain (as opposed to capital preservation) is of secondary importance. This composite is precluded from holding foreign exposure, direct or indirectly.

Quarterly Comments - Q2 2021

Fund review

The STANLIB Corporate Money Market Fund ended the quarter R10 billion higher than the previous quarter, with R56.2 billion under management. The weighted average life of the fund was kept at a maximum to benefit from the higher rates at the long end of the curve. Most assets were invested in floating rate notes as we are nearing the bottom of the interest rate cycle.

Market overview

The South African Reserve Bank (SARB) left the repo rate unchanged for the first six months of this year at 3.5%. The Johannesburg Interbank Average Rate (JIBAR) ended the quarter higher in the long end with the forward rate agreement (FRA) curve steepening throughout the quarter. The FRA curve is an indication of market sentiment and is currently implying more than 50 basis points of hikes by the SARB in the coming months. Given the economic stress the country is still experiencing, this is potentially the result of investors paying interest in the shorter swap market rather than the market's expression of the rate outlook at this stage. We therefore only expect rate hikes in 2022.

The unemployment rate is now at 32.6% and is expected to decline over the next five years. A moderation this year would require faster economic growth and a rapid roll-out of vaccinations to quickly cover two-thirds of the population. Job creation was set back by seven years in SA because of the pandemic. The largest losses were borne by the formal sector of the economy, at 700 000 jobs, with 400 000 lost in the informal sector.

As anticipated, GDP growth slowed in the fourth quarter of 2020 to 1.4%. In the second quarter of this year GDP growth is also likely to be slower than the 1.1% quarter-on-quarter rise in the first quarter (or 4.6% annualised) and is expected to be 1.7%.

With some emerging markets hiking interest rates, SA's repo rate may come under pressure as well, although we continue to expect this to occur only from next year. While consumer spending has recovered well so far, growth will be dependent on consumer confidence, employment, access to credit, the effects of inflation, as well as disposable incomes, which could suffer in the third quarter from stricter lockdown restrictions.

The long end of the JIBAR curve increased during the quarter, as 12-month rates moved from 4.63% to 4.8%. The short end of the curve remained flat, with three-month JIBAR trading at 3.68% throughout the quarter. Liquidity needs for banks remain low and spreads remain compressed. Treasury Bills (TBs) continue to deliver better value than bank rates, trading at 15-20 basis points over bank negotiable certificate of deposit (NCD) rates.

Statutory Disclosure and General Terms & Conditions

This proposition is managed by:

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Joined Stanlib in 1991.

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