

Who are the investment managers?

STANLIB Lesotho (Pty) Ltd, a licensed asset manager under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018, manage the investments of the portfolio. Investment Manager 1 Legal Name was established in August 2001 as a joint venture between Standard Lesotho Bank and STANLIB South Africa, with management control residing with STANLIB South Africa.



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 fund outperformed its benchmark. The fund continues to seek out companies that possess a favourable combination of growth and quality attributes and aims to buy these at attractive valuations. The overweight position in the Materials sector resulted in positive active allocation and selection effects, whilst the underweight position in Communications resulted in a positive active selection effect and negative active allocation effect. The overweight position in Harmony Gold contributed positively to relative return, as well as the underweight position in MTN. In terms of the offshore allocation to the JPM Global Select fund, positive contributors to relative returns included stock selection in media and technology - semiconductors & hardware. Detractors included stock selection in the banks and industrial cyclical sectors. An underweight allocation to Apple, the US-based technology company, contributed to relative returns. Apple shares underperformed in the first quarter on mounting investor concerns over the iPhone maker's slumping China business. A research firm reported that iPhone sales in China plunged 24% from a year ago in the first six weeks of 2024, as the company faced stiff competition from rising popularity of local rivals like Huawei. The overweight position in Analog Devices, the US based multinational semiconductor company, detracted from relative returns over the quarter. Shares continued their slide since the summer peak with weak year-end sales amidst fears of a trough in semiconductor capex.

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.

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.

STANLIB Lesotho Equity Fund

Quarterly update at 31 March 2024

STANLIB

Change in allocation of the fund over the quarter

Asset type	Q1 2024	Q4 2023	Change
Lesotho Cash & Mny Mkt	0.37	0.29	0.08
South Africa Equity	99.63	99.71	-0.08

Fund classes

Class	Type	TER	Price (spu)	Units	NAV (Maloti)
A	Retail	1.92	125.02	32,345,056.94	40,438,473.02

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 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 Lesotho Equity Fund is a portfolio of the Standard Bank Lesotho Collective Investment Scheme (the Scheme). The Scheme is licenced, regulated and supervised by the Central Bank of Lesotho (the Registrar) under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018.

The asset manager of the Scheme is Investment Manager 1 Legal Name (the Asset Manager). The Asset Manager is licensed by the Registrar under the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018. An investor has a right to choose an investment option, choosing any particular investment option does not guarantee any particular investment outcome.

The custodian/trustee of the Scheme is Minet Lesotho.

The investments of this portfolio are managed by the Asset Manager.

Prices are calculated and published on each working day, these prices are available on the Asset Manager's website (www.stanlib.com/Lesotho) and in Lesotho 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.

All performance returns/figures quoted are shown in LSL 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.

Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for all periods of 1 year or longer, where blank no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).

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 Asset Manager and from the Asset Manager's website (www.stanlib.com/Lesotho). The collective investment scheme contract and prospectus may be inspected at the address of the Asset Manager provided in the Contact details section below.

Contact details

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Investment Manager

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