

Who are the asset 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. STANLIB Lesotho (Pty) Ltd 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.



Nthabiseng Malebatja

BCom (Hons)(Economics)

Portfolio manager

Nthabiseng joined STANLIB in May 2011 and currently holds the position of portfolio manager in the Money Market team. She began her career with Investec Private Bank in 2006, and moved to CitiBank the following year, where she gained experience in their Fixed Income and Money Market departments. For her BCom honours degree, Nthabiseng majored in economics (public finance and development). She has also completed her SAIFM Dealer exams, and has completed an Investments and Portfolio Management Certificate through UNISA.

Fund review

The STANLIB Lesotho Money Market Fund grew from M796 million in Q2 2019 to M806 million in Q3 2019. It outperformed the benchmark by 58 bps over a one-year period. This was a result of the current fund matrix, with 80% of the funds invested in South African assets and the remainder in Lesotho assets. At the end of the quarter the weighted average duration of the fund was 40 days.

Market overview

The Central Bank of Lesotho reduced the repo rate by 25 bps to 6.5% to achieve and maintain price stability. Following the recent rate cut, 12-month fixed deposit rates ended the quarter at 7.18%. Treasury Bill rates also moved lower, with the three-month and 12-month rates ending at 6.44% and 7.29% respectively. The banks' funding needs were mostly in the medium- to long-term bucket, however the banks have been finding it difficult to raise cash, given the low interest rate environment. No further rate cuts are priced in for 2019. Rates are expected to remain flat for the rest of the year.

The inflation rate remained well contained, with the latest CPI number moving lower from 5.4% in July to 5.2% in August. The main contributors to the deceleration included a slight decline in prices for food and non-alcoholic beverages, housing, electricity, gas and other fuels.

Looking ahead

The next MPC announcement will take place on 24 November 2019. Due to ongoing trade and geopolitical tensions, global activity is expected to remain weak, posing downside risks to the global economic outlook. Risks to the domestic economic outlook include exposure to global economic developments, weak domestic economic activity and policy uncertainties. The MPC will continue to monitor global developments and their likely impact on domestic macroeconomic conditions.

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	Q3 2019	Q2 2019	Change
Lesotho Cash & Mny Mkt	20.16	25.94	-5.78
South Africa Cash & Mny Mkt	79.84	74.06	5.78

Fund classes

Class	Type	Price (spu)	Units	NAV (Maloti)
A	Retail	100.00	230,059,501.48	230,059,423.91
B1	Retail	100.00	516,949,341.54	516,949,658.57
B3	Institutional	100.00	54,458,230.51	54,458,210.91

All data as at 30 September 2019.

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

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 Money Market Fund is a portfolio of the STANLIB 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 STANLIB Lesotho (Pty) Ltd (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 (<http://ww2.stanlib.com/Lesotho>) and in Lesotho printed news media. This portfolio is valued at 12h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 12h00.

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 Money Market portfolio. A Money Market portfolio is not a bank deposit account. The price of a participatory interest is targeted at a constant value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument and in most cases the return will merely have the effect of increasing or decreasing the daily yield, however, in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield (if shown) is a current 7-day average effective yield calculated daily. Excessive withdrawals from the portfolio could place the portfolio under liquidity pressures and, under such circumstances, a process of rein-fencing of withdrawal instructions and managed pay-outs over time may be followed.

All performance returns/figures quoted are shown in LSL and are based on data sourced from Morningstar or Statpro and are as at 30 November 2019.

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 (<http://ww2.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

Asset Manager

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