

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.



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 ended the quarter with M1.15 billion under management, up from M693 million in the previous quarter, as the fund attracted large inflows. The fund remained overweight in assets issued in the South African market, with overall exposure of 73%. The cash market has been very stable over the quarter as market dynamics play out. We expect rates will remain higher for longer, and are therefore investing in a combination of fixed and floating rate instruments to optimise the yield of the fund, given the current economic environment. The fund ended the quarter with a weighted average duration of 64 days.

Market overview

The Central Bank of Lesotho (CBL)'s Monetary Policy Committee (MPC) kept the repo rate unchanged at 7.75% at both its January and April meetings. This is in line with policy decisions made by the South African Reserve Bank (SARB) during the quarter. The MPC noted upside risks to regional and local inflation as a key concern. It will monitor global economic developments and their impact on the domestic economy to inform future interest rate decisions. The next MPC meeting is on 4 June 2024.

Domestic inflation fell to 7.3% in February 2024 from 8.2% in January. This was largely driven by a slowdown in the prices of food and non-alcoholic beverages, and alcoholic beverages and tobacco. However, the restaurant and hotels, and transport categories moderated the decline in inflation. In the medium term, volatility in commodity prices as geopolitical tensions escalate, as well as climate shocks due to changes in rainfall patterns, remain important risks to the inflation outlook.

Domestic economic activity contracted in January 2024, in contrast to the prior month, due to weak domestic demand, along with declines in the construction, transport, and financial services sectors. However, improved activity on the supply side, particularly in the manufacturing sector, moderated the contraction. Growth is expected to pick up in the medium term as large projects are under way in the construction sector which will have positive spillover effects on support services. Overall, growth is projected at 3% in 2024.

South African short-term rates traded sideways in the quarter, with three-month JIBAR moving down five bps from 8.4% to 8.35%. Local money market assets traded slightly lower over the quarter, with one-year fixed deposit rates ending the quarter at 8.8%, while 364-day T-bills ended at 7.35%.

Looking ahead

We expect that the SARB will start to cut rates in September, and the CBL will only start to cut after that. However, the exact trajectory of the interest rate cutting cycle is uncertain due to upside risks to inflation. If further upside risks to the inflation outlook materialise, and food prices are the biggest risk, rate cuts could be delayed.

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
Lesotho Cash & Mny Mkt	13.65	16.64	-2.99
South Africa Cash & Mny Mkt	86.35	83.36	2.99

Fund classes

Class	Type	TER	Price (spu)	Units	NAV (Maloti)
A	Retail	1.05	100.00	286,485,673.10	286,485,673.10
B1	Retail	0.56	100.00	839,965,693.80	839,965,693.80
B3	Institutional	0.05	100.00	35,099,721.81	35,099,721.81

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 Money Market 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 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 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

Manager

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Investment Manager

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