

Who are the investment managers?

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.



Ansie van Rensburg
BCom (Hons)(Economics)
Head of Money Market

Ansie is head of the Money Market at STANLIB Asset Management. She joined STANLIB's forerunner Standard Corporate and Merchant Bank in 1991, and today is a member of the investment strategy team with specific responsibility for investment of funds in the fixed interest and money markets. After obtaining her BCom with honours in economics, Ansie served articles with Theron van der Poel. She first entered the industry as a management trainee and later money market trader with Volkskas Merchant Bank. She was also involved in the founding of money broking operation CM Interbank.



Mary Hartigan
BCom
Portfolio manager/dealer

Mary joined STANLIB's institutional sales team in early 2008, soon moving to the dealing room as a money market dealer and assistant portfolio manager. She originally trained as a money market dealer under her current senior colleague Ansie van Rensburg at CM Interbank in 1989, and went on to work as a money market dealer and carry trader at Brait, Decillion and Grindrod Bank. She obtained her BCom through Unisa in 1994.

Fund review

The STANLIB Money Market Fund closed off in the first quarter of 2020 with a fund size of R24.8 bn. The Fund was positioned defensively with a weighted average duration of 37 days and a weighted average life of 118 days. The fund remained overweight Floating Rate notes linked to 3-month JIBAR. The fund's attributions were mainly as a result of higher annualized returns generated by the JIBAR linked assets, relative to the rest of the assets held in the portfolio.

Market overview

The global economy faced a challenging start in the first quarter of the year, mainly from the impact of the spread of the COVID-19 virus which has crippled financial markets around the globe. This has resulted in many central banks around the world going on a rampant monetary easing stance in order to stimulate growth in a subdued trading environment, while also using other fiscal stimulus measures to keep markets afloat. Following the FED and other central bank's lead in cutting rates, this saw the SARB cutting rates twice this quarter. The first rate cut in January saw the SARB taking a unanimous decision to cut the Repo rate by 25bps, from 6.50% to 6.25% mainly due to an improved inflation outlook, while also supporting growth. The SARB further reduced the Repo rate by 100bps at their March MPC meeting as a supporting relief measure, following the rapid spread of the virus which saw many economies around the world shutting down borders, thus affecting global trade and financial markets.

Emerging Markets have taken a huge knock from these recent developments, as investors continue to sell-out risky assets in order to seek security in safe haven markets. This has put a dire strain on most economies, with the South African market experiencing a huge liquidity squeeze. The local currency continued to weaken at the back of these developments, touching a low of R18.05 against the USD dollar, before closing off in the first quarter of 2020 at R17.85 against the USD dollar. The currency has weakened further well into the start of the second quarter, hitting its lowest level ever, trading above R18.50 against the UDS dollar. This has resulted in spreads for 1-year Floaters moving marginally higher between 10bps-15bps, trading around 100bps-110bps over 3-months JIBAR. The SARB introduced other refinancing measures in order to support the markets. To keep liquidity flowing in the money market space, the Standing facilities borrowing rate (the rate at which the SARB absorbs liquidity from the banks) has been adjusted to Repo less 200bps from current levels of Repo less 100bps, in order to improve the local bank's interbank liquidity flows. While the Standard Funding rate (the rate at which the SARB is providing liquidity to the banks) has been adjusted to the Repo rate, from the current levels of Repo plus 100bps, also to support liquidity. These measures are to be implemented until liquidity conditions normalize.

SA continues to face a very tough economic conditions, with the latest GDP print for 2019 Q4 printing at -1.4% quarter on quarter, while the overall GDP for 2019 came out at 0.2% for the year. This was as a result of a decline in the main primary sectors, due to the negative impact of load shedding on these sectors, while business and consumer confidence continued to decline. These developments together with increasing debt levels due to ailing state companies, saw Moody's joining other rating agencies by downgrading SA sovereign rating to sub-investment grade to Ba1 from Baa3, with a negative outlook.

Though the latest headline inflation numbers printed out slightly higher from 4.5% y/y in January to 4.6% y/y in February, overall the inflation outlook remains subdued. Going forward, inflation print will be assisted by the drop in international oil price, which was due to an oil price war between the OPEC members in their bid to cut production in order to maintain higher prices. This saw the oil price hitting lows of \$22.47 per barrel during the quarter under review

Looking ahead

The growth outlook remains fragile and is expected to remain in recession in the first half of 2020, picking up in the second half of year, as revenue collection also declines. Overall, GDP for 2020, is expected to print in negative territory given current conditions. The weak economic environment is expected to help keep inflation broadly subdued. This will encourage the SARB to cut rates further in 2020, with the FRA's pricing in a 55% probability of another 100bps cut in the Repo rate, before this year ends.

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 Money Market Fund

Quarterly update at 31 March 2020

STANLIB

Change in allocation of the fund over the quarter

Asset type	Q1 2020	Q4 2019	Change
Domestic Cash	2.92	1.72	1.20
Domestic Fixed Interest Corp	5.00	3.76	1.24
Domestic Money Market	92.08	94.52	-2.44

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
R	Retail	0.58	100.00	24,100,569,005.28	24,100,569,014.02
B1	Retail	1.16	100.00	70,944,966.75	70,944,966.89

All Price, Units and NAV data as at 31 March 2020.

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

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/12/2019. 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 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 Money Market 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 12h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

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 and ranking figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 31 March 2020.

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

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Investment Manager

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