

## 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.



**Henk Viljoen**

MCom (Economics)(Cum laude)  
Co-head of Fixed Interest

After gaining early experience in the treasury environment at Telkom and at Senbank, Henk joined the then Liberty Asset Management in 1990, and was appointed head of Fixed Income. He retained this role throughout the amalgamation with Standard Corporate and Merchant Bank that formed STANLIB, and for many years led a multi-award-winning team which built an undisputed reputation as the most astute and consistently successful Bonds/Fixed Income unit in the South African industry. In 2008, he handed over responsibility for the day-to-day management of all third-party, life asset and retail bond funds. He retained executive responsibility as head of Fixed Income and chairman of the Interest Rate Committee – the key macro factor forum that determines the duration positioning of STANLIB's fixed income mandates. He now jointly manages the team with Victor Mphaphuli.



**Eulali Gouws**

BCom (Hons)(Accounting), CA (SA), CFA  
Portfolio manager

Eulali is a member of STANLIB's multi-award-winning Fixed Income team, which is one of the largest in South Africa. She is a money market portfolio manager as well as a qualified money market, bond and foreign exchange dealer. She also assists with STANLIB's offshore funds. Eulali started her financial services career at KPMG where she was part of the financial engineering group. As part of this team she specialised in the modelling of financial instruments as well as various treasury and market risk operations. After moving to Standard Bank, she joined STANLIB in September 2015. Eulali is a qualified chartered accountant and a CFA charter holder.

## Fund review

The fund returned -2.67% for the second quarter of 2020 compared to the benchmark return of -2.45%. Year to date return is 23.39% against a benchmark return of 23.28%. The fund's market value decreased to R314m during the quarter from R373 million at the end of March 2020. The key contributor to the negative performance was the strengthening of the rand from R17.80/\$ at the end of March 2020 to R17.38/\$ at the end of June. The rand remains volatile due to global outbreak of COVID-19 in the first quarter, economic uncertainty and a low growth environment in SA. The fund aims to maintain capital value and liquidity while producing a return for investors in line with money market rates.

## Market overview

As the US economy started to reopen during Q2, consumer sentiment improved significantly. In June, new COVID-19 cases climbed in states that had quickly relaxed social distancing measures, whereas formerly hard-hit states such as New York experienced a decline in new cases. High-frequency data—such as businesses reopened, and employee hours worked, showed improvements in US economic activity from historic lows. Progress stalled among fast-reopening states, however, and activity remains far below normal levels.

2020 earnings are expected to fall nearly 20%—about average for the previous 5 recessions. Core CPI dropped by nearly half in recent months, but alternative inflation measures from regional Fed banks fell much less and suggested the biggest disinflation is behind us. Inflation is expected to remain range-bound in the near term against a weak economy, but longer-term inflation risks may be higher than anticipated—market expectations for long-term inflation are lower than they were during the deflationary global financial crisis of 2008.

The Federal Reserve delivered massive monetary accommodation, pushing its balance sheet above \$7 trillion by the end of Q2. The Fed ramped up purchases of Treasuries and mortgage-backed securities (MBS), bought municipal and corporate bonds through new facilities, and provided support via other activities. Europe and Japan increased their quantitative easing (QE) programs as well, with global central banks injecting more than twice the liquidity of previous easing periods.

Longer term, the longstanding global regime of relatively stable and investment-friendly policies, politics, and regulation is nearing an end. Rising populism, geopolitical destabilisation, and de-globalisation pressures are key drivers of this change. Greater government intervention may inhibit corporate profitability, distort market signals, and lead to higher political risk in investment decisions throughout the world.

## Looking ahead

The fund continues to focus on high quality issuers, with more than 50% of the fund invested in entities rated Aa3 or higher. The fund's weighted average maturity was increased to 38 days from 31 days previously. The fund continues to invest mainly in commercial paper and certificates of deposit with investment companies and banks.

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	Q2 2020	Q1 2020	Change
Domestic Cash & Mny Mkt	7.19	9.68	-2.50
Domestic Fixed Interest	30.27	29.46	0.81
Foreign Cash & Mny Mkt	-3.60	-3.50	-0.10
Foreign Fixed Interest	66.14	64.36	1.78

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
B1	Retail	0.81	195.25	160,855,110.70	314,061,945.48

All Price, Units and NAV data as at 30 June 2020.

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

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/03/2020. 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 US Dollar Currency Fund of Funds 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](http://www.stanlib.com)) and in South African 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.

This is a portfolio that derives its income primarily from interest-bearing instruments. The yield (if shown) is a current effective yield calculated daily.

This portfolio is a Fund of Funds portfolio. A Fund of Funds portfolio is a portfolio that invests in other portfolios of collective investment schemes, that levy their own charges, which could result in a higher fee structure for the Fund of Funds portfolio.

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 30 June 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](http://www.stanlib.com)).

## Contact details

### Manager

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