

Standard Bank Global GoalConserver Fund of Funds (GBP)

a class fund of STANLIB Offshore Unit Trusts

Quarterly update at 31 March 2024

Market overview

Volatility in economic data during the early part of a new year is not a new phenomenon. However, with global markets firmly focused on the developed world central banks' interest rate policies, recent data confirming resilient jobs numbers and disappointing core inflation prints caused jitters in the bond markets as the predicted pivot in the interest rate cycle was pushed further out. Hopes for a US Federal Reserve (Fed) interest rate cut in March all but evaporated by the end of February, with central bank guidance and market focus moving to June as the new date for the first easing in monetary policy. However, by the end of the quarter the Fed had gone some way to reassuring the market with a dovish statement that ruled out further rate hikes and confirmed their expectation that they would likely lower rates by 25bps commencing mid-year. The Bank of England and the European Central Bank also provided dovish guidance during the quarter, and they too are expected to sanction cuts in interest rates in the coming months. For the quarter, sovereign bond yields adjusted modestly higher as prices eased to reflect the delay in the commencement of rate cuts caused by the reality that the path for core inflation, albeit lower, looks set to be both bumpy and sticky as the global economy recovers and favourable base effects begin to fade.

In contrast, global equity markets reached new highs as the world's economic expansion and corporate earnings cycle have proven to be more resilient than was predicted only a few months ago. Equity investors have been front-running expectations of lower interest rates to be sanctioned in the second half of the year. In US dollar terms global equities are up 8% year-to-date, 23% over the past 12 months and an eye-watering 44% since the October 2022 bear market low point whilst in sterling terms they are higher by 9%, 20% and also 20% respectively. Technology and communications services stocks continued to outperform, despite some signs of markets starting to broaden out slightly towards the end of the quarter. The "Magnificent 7" were not without their own troubles as Tesla struggled on concerns around increasingly credible Chinese rivals and Apple faced headwinds as a result of falling sales in China. By the end of the quarter there were already some commentators discussing the future "Magnificent 6" or even the possibility of a "Fabulous 5". Outside the US tech sector Japan was the best performing equity market within developed markets during the quarter, marginally outperforming the US with a gain of 11% as the country appears to have finally emerged from its decades long deflationary period. A weak Yen coupled with an improvement in industrial activity, corporate reforms and government support initiatives have all played a role in lifting Japanese equities to a new high, surpassing their 1989 peak. Continental Europe and UK markets lagged the strong performance from the US and Japan on lower growth expectations and lower index concentration in the technology sector.

Although the quarter was less than comfortable for bond investors it is encouraging to see some negative correlation across asset classes, demonstrating the value of diversification within multi-asset portfolios.

Asset class performance (%)

Asset class	Q1 2024	1 year	3 years p.a.	5 years p.a.
MSCI ACWI Gross	9.59	21.22	10.66	12.11
MSCI ACWI IMI	8.98	19.90	9.48	11.22
MSCI Emerging Markets Index	3.10	3.14	-4.69	0.31
MSCI World Index Gross	10.29	23.09	12.38	13.29
BB Global Aggregate Bond Index	-0.93	-1.61	-1.88	-0.57
BB Global Multiverse Index	-0.79	-1.17	-1.61	-0.40
JPMorgan Global Bond Index	-1.54	-3.85	-3.19	-1.61
FTSE EPRA/NAREIT Developed	0.12	6.30	2.79	1.35
FTSE 100 Index	3.99	8.38	9.85	5.69
FTSE A UK Conventional Gilts AS	-1.62	-0.04	-7.38	-3.77
BB Sterling T.Bill 0-3M TR Index	1.01	4.09	1.94	1.29

Class fund classes

Class	Type	Price (£)	Units	NAV (£)
B1	Retail	11.67	151,189.33	1,764,023.01

All data as at Reporting Date - 31 March 2024.

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

Change in allocation of the fund over the quarter

Asset type	Q1 2024	Q4 2023	Change
Global Cash & Mny Mkt	46.96	47.40	-0.43
Global Derivatives	0.00	0.03	-0.03
Global Equity	27.76	27.74	0.02
Global Fixed Interest	25.27	24.83	0.44

The portfolio adhered to its portfolio objective over the quarter.

Portfolio review

In the first quarter of the year, with a favourable tailwind for equity markets, the Standard Bank Global GoalConserver Fund of Funds produced a solid return of 2.72% (gross), ahead of the benchmark which returned 2.29% over the same period. The strongest returns for the quarter came from the actively managed SFL STANLIB Multi-Manager Global Equity Fund, where strong stock picking resulted in gains meaningfully ahead of its benchmark. Stock picking was particularly strong in the Financials, Industrials and Consumer Discretionary sectors; a marginal underweight to IT detracted, however this was more than offset by very strong security selection which had a pronounced positive effect. TSMC and ASML were in the top 10 contributors, however the portfolio also has a cluster of other names that are benefitting from chip demand such as Micron and Entegris. Conversely an underweight to Nvidia detracted, but a consensus overweight to the AI theme has had a positive effect on performance for the last few years. An underweight to Apple and Tesla, which fell 10.8% and 29.3% respectively, helped during the period under review as did an overweight to Meta that climbed 37.3%. Within Industrials, holding positions in Airbus and Safran at the expense of Boeing was also beneficial. The Fund of Funds' passive exposure to the UK equity market produced a more pedestrian return over the quarter, in-line with the index, as the UK market lagged its global peers.

The fixed income holdings were both in negative territory over the quarter as markets once again reassessed the path of central bank policy and yields rose. The passive holding of UK gilts moved lower, in-line with its benchmark while the actively managed STANLIB Multi-Manager Global Bond Fund produced a small measure of relative underperformance over the quarter. Of the underlying managers PIMCO was a key contributor as they generated strong alpha – predominantly from their large overweight to MBS, which are benefitting from low pre-payment risk. Amundi also delivered outperformance given their overweight to spread product and short duration positioning which paid off. By contrast, Brandywine underperformed the benchmark as a long US duration position and overweight to a weakening yen offset some of their positives/contribution from select emerging markets.

The higher base rate environment also continues to benefit the strategy's cash and near cash holdings where positive returns are now, once again, the norm.

Tactical asset allocation, being overweight risk assets, will have been generally positive over the quarter as the positive returns from an overweight equity position outweighed the negative returns from the overweight fixed income positioning.

Portfolio positioning and outlook

With the headwind from rising interest rates looking set to ease further in the second half of the year coupled with better-than-expected private sector financial health, a tight labour market and easier financial conditions the global economy has proven to be much more resilient than most predicted. While interest rates have almost certainly peaked, Central Banks can afford to be patient and wait for "more certainty" that inflation is indeed still declining and on a sustainable path to target levels before sanctioning interest rate cuts. Consensus appears to be that interest rates will trend lower from June onwards, but there is a real risk that interest rates stay higher for longer given how strong underlying global demand is. In addition, commodity prices have bottomed, and there are signs of a recovery in goods demand that should set the stage for a rebound in inventory accumulation. Equity market valuations have benefited significantly from the improved outlook in growth. Earnings for corporates outside of AI and IT have been rather lacklustre, but this too is expected to improve due to favourable base effects and as the economic recovery broadens. While these conditions should provide a positive backdrop for equity markets there is a possibility that much is already priced in, with markets vulnerable to any disappointment.

Similar dynamics have also been playing out in the corporate credit market where risk spreads are trading at or close to historical lows which again points to an element of investor complacency. Having been at the mercy of large macro moves for the last few years it appears that we are once again in an environment where company fundamentals will play a greater part and we would expect to see active managers add increasing value for investors should this environment persist.

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.

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Important information for investors

Information to be considered before investing

The Standard Bank Global GoalConserver Fund of Funds (GBP) is a class fund of the STANLIB Offshore Unit Trusts (the Trust). The Trust is regulated as a Collective Investment Fund by the Jersey Financial Services Commission. The manager of the Trust is STANLIB Fund Managers Jersey Limited (the Manager). The trustee of the Trust is Link Corporate Services (Jersey) Limited. The Manager and Trustee are approved by the Jersey Financial Services Commission to conduct Fund services business. The investments of this class fund are managed by the Manager.

Collective Investment Funds (CIF) 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. CIF are traded at ruling prices and can engage in borrowing and scrip lending. The manager has a right to close a class fund to new investors in order to manage the class fund 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 class fund. A schedule of fees and charges and maximum commissions is available on request from the Manager. This class fund invests in 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 class fund is a Fund of Funds. A Fund of Funds invests in other funds, that levy their own charges, which could result in a higher fee structure for the Fund of Funds.

Unit price – how it works

Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com). This portfolio is valued at 23h59 (GMT). Forward pricing is used. Investments and repurchases will receive the price of the next day if received prior to 14h30 (GMT). Settlement must be made in the relevant class fund's base currency.

The payment of withdrawals may be delayed in extraordinary circumstances, when the Manager with the consent of the trustees deems this to be in the interest of all class fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the class fund. When the suspension of trading relates to only certain assets held by the class fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued but will delay liquidity on the affected portion of the class fund. If the class fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force the Manager to sell the underlying investments in a manner that may have a negative impact on remaining investors of the class fund.

Performance information

All performance returns figures quoted are shown in GBP 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.

Risk statistics - Standard deviation: the volatility of a Fund's monthly returns; Sharpe Ratio: compares the Fund's excess return over the period (above the risk free rate - STeFI Call) to the standard deviation of its monthly returns; Max Gain: 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; Max Drawdown: 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 (where blank no loss was experienced).

Cost ratios and fees

Cost ratios	1 Year TER	1 Year TC	1 Year TIC	3 Years TER	3 Years TC	3 Years TIC
Class B1	1.28%	0.01%	1.30%	1.28%	0.01%	1.29%

The cost ratios shown have been calculated for the period ending 31/03/2024, from 01/04/2023 for the 1 Year and from 01/04/2021 for the 3 Years.

Total Expense (TER): This ratio 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.

Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER.

Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

Annual management fee: The class fund charges a fixed annual management fee (i.e. fee class) as a percentage of the assets under management, to ensure a simple and understandable fee structure. The class fund invests primarily in other funds, the costs of which are included in the Total Expense Ratio (TER). The annual management fee is accrued daily and paid on a monthly basis.

Performance fees: The class fund and the funds in which it invests do not charge any performance fees.

Advice fees: If an investor appoints an adviser, advice fees are contracted directly between the investor and the adviser. The Manager will facilitate the collection of advice fees only upon receiving an investors instruction to do so. Initial advice fees up to a maximum of 3% are collected prior to units being purchased and ongoing advice fees up to a maximum of 1% are collected monthly through the redemption of units held by an investor in the class fund. An investor may cancel the instruction to facilitate the payment of advice fees at any time.

All fees are excluding VAT - there is no sales tax applicable in Jersey, however, depending on the jurisdiction an investor receives advice in, there may be other taxes applicable and investors should seek further guidance.

Additional information

STANLIB Collective Investments (RF) (Pty) Limited (the Distributor), pursuant to a distribution agreement made between it and the Manager, acts as distributor to all of the class funds in South Africa. The Distributor is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities.

STANLIB Offshore Unit Trusts (the Trust) is an open-ended umbrella fund established in Jersey in accordance with the provisions of the Trusts (Jersey) Law 1984, as amended (the "TJL") and governed by the Trust Instrument. The Trust is constituted in accordance with the Collective Investment Funds (Jersey) Law, 1988 as amended (the "Law"). Please refer to the prospectus of the Trust for more details, a copy of which is available on request from the Distributor or Manager.

The Manager is 100% owned by STANLIB Limited, which is wholly owned by Liberty Holdings Limited. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). 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 Distributor or Manager and from the Distributor's website (www.stanlib.com).

This document does not constitute an offer of sale. Investors are requested to view the latest Minimum Disclosure Document (MDD) for information pertaining to the product, as well as seeking professional advice, should they be considering an investment in the product. The Manager provides no guarantee or warranty as to the accuracy of the content of this document. Every effort has been made to ensure that the content is accurate at time of issue. This document is not advice, as defined under FAIS. Please be advised that there may be representatives acting under supervision. Advice fees are paid exclusive of VAT meaning, where a South African adviser is registered for VAT, the VAT levied will be deducted from the clients investment in addition to the fees agreed between the adviser and the client.

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