

Melville Douglas STANLIB High Alpha Fund

Fund information update at 30 September 2023

What is the fund's objective?

The High Alpha Fund is a high-conviction, actively managed, South African listed securities fund. The primary objective of this fund is to generate capital growth over the long term, with income generation as a secondary objective. Performance is further enhanced by exploiting short-term market pricing anomalies.

What does the fund invest in?

The fund is a pure equity portfolio, with the objective of delivering returns in excess of the FTSE/JSE Capped SWIX All Share over time.

What possible risks are associated with this fund?

General market risks include a rise or volatility in bond yields, rising interest rates, economic and political risk, inflation uncertainty and duration risk. Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macro-economic risks, political risks, tax risks, settlement risks, and potential limitations on the availability of market information.

Risk rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years
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Who should consider investing in this fund?

This fund suits investors that are looking for strong capital growth over the longer term.

Income

Distribution Net income is calculated and accrued daily and is declared and distributed semi-annually.

Declaration 30 June, 31 December

General fund information

Manager(s)	Bernard Drotschie, Paolo Senatore and Refilwe Moroka
Size (NAV)	R 219.39 million
Classification	South African - Equity - General
Benchmark	FTSE/JSE Capped SWIX All Share Index
Regulation 28	Does not apply
Class B1	
Launch	01 July 2015
ISIN number	ZAE000207155
JSE code	MDSB1
Minimum investment requirements -	
Lump sum	R 10,000
Monthly	R 500

What are the costs to invest in this fund?

Maximum charges including VAT

	Class B1
Initial fee (manager)	0.000%
Initial fee (adviser)	3.450%
Annual fee (manager)	1.150%
Annual fee (adviser)	0.000%
Performance fee	N/A
Adviser fee	1.150%

Annual fee (manager) – this is a service charge (% based) applicable to each class of a fund, that is levied on the value of your portfolio and includes the **Annual fee (adviser)** fee (where applicable). Annual fees are calculated and accrued daily and recovered monthly from the income awaiting distribution in the fund.

Adviser fee - this is the maximum annual service fee (% based) an adviser can charge on the value of your portfolio. It is calculated and accrued daily and recovered monthly by means of a redemption of your units. It is not included in the **Annual fee**.

Cost ratios (annual) including VAT as at 30 June 2023

	Class B1
Based on period from:	01/07/2020
Total Expense	1.18%
Transaction Costs	0.16%
Total Investment Charge	1.34%
1 Year Total Expense	1.19%

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.

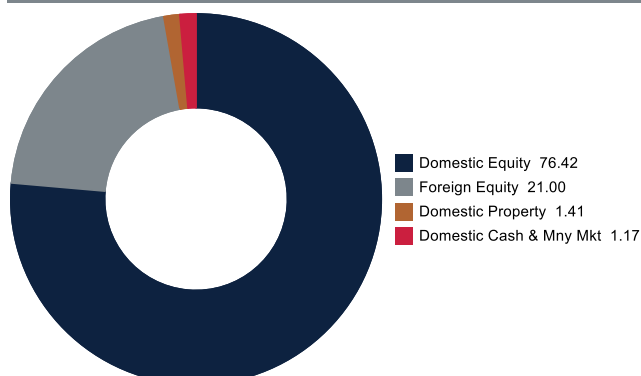
Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct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

Melville Douglas STANLIB High Alpha Fund

Monthly update at 30 September 2023

Holdings

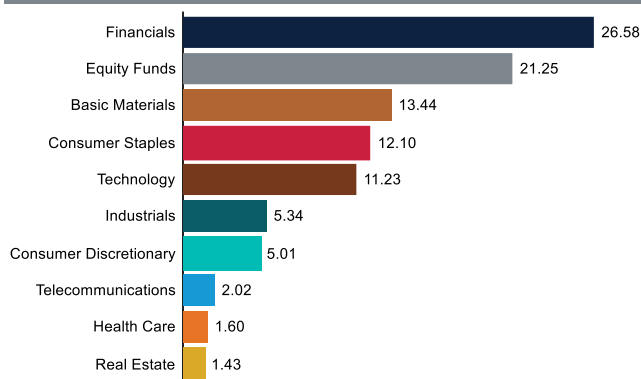
Asset allocation (%)



Top Equity holdings (%)

Naspers Ltd	7.55
FirstRand Ltd	5.31
Standard Bank Group Ltd	4.72
Bid Corp Ltd	3.74
Absa Group Ltd	3.58
Remgro Ltd	3.56
Prosus NV N (ZAR)	3.55
The Bidvest Group Ltd	3.40
Anglo American plc	3.23
Sasol Ltd	3.13

Equity allocation (Industry) (%)



Performance and Income

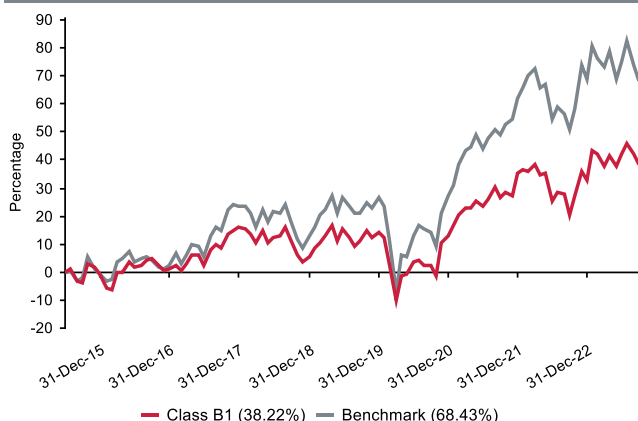
Class B1 Launch: 01 July 2015

Benchmark: FTSE/JSE Capped SWIX ALSI (J433T) from 01/01/2020, previously FTSE/JSE ALSI (J203T) from launch.

Returns (%)	1yr	3yrs	5yrs	7yrs	Launch
Class B1					
Class	14.74	10.56	4.38	4.01	4.00
Rank/Out of	35/170	125/154	121/136	91/112	74/96
Sector Average	11.95	13.57	7.07	6.03	5.43
Benchmark	11.87	13.82	7.23	7.08	6.52

Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Cumulative performance (%) from Launch



Statistics (%)	1yr	3yrs	5yrs	7yrs	Launch
Class B1					
Positive Months	6	21	34	48	55
Max Gain	21.04	47.90	62.38	62.38	62.38
Max Drawdown	-5.20	-12.85	-22.96	-22.96	-22.96
Highest	14.74	36.95	36.95	36.95	36.95
Lowest	-1.65	-13.98	-20.52	-20.52	-20.52

Highest – this reflects the highest 12 month return during the period.

Lowest - this reflects the lowest 12 month return during the period.

Amount declared (cents per unit)

	Class B1
30 December 22	3.25
30 June 23	2.10
In last 12 months	5.35
In 2022	8.19

Melville Douglas STANLIB High Alpha Fund

Quarterly update at 30 September 2023

Who are the investment managers?

Since 1983 Melville Douglas has been delivering superior investment returns across a number of asset classes. As a global boutique investment management company within the Standard Bank Group, we are uniquely positioned to offer domestic and offshore investment solutions. What truly sets Melville Douglas apart is our experienced investment team and our approach to investing – driven by balance, a long-term view and a commitment to fundamental research – which informs our investment decisions across the board.



Bernard Drotschie
BCom (Hons), CFA®, CFPTM
Chief Investment Officer

Bernard joined Melville Douglas in 2002 as a portfolio manager and analyst, prior to which he worked for Absa Asset Management. He is the lead manager on the Melville Douglas Global Growth Fund (USD) and co-manages the Melville Douglas Balanced Fund (USD) and the Melville Douglas Income Funds. He holds a BCom (Hons) degree in Econometrics, is a CFA® Charterholder and a Certified Financial Planner™ professional.



Paolo Senatore
MSc (Mechanical Engineering)
Strategist

Paolo joined Melville Douglas in 2018 as a strategist and co-manages the Melville Douglas STANLIB High Alpha Fund. From 1995 he was with the FirstRand Group, gaining over 20 years' financial market experience. In 2000, he became CIO of RMB Private Bank Portfolio Management with the responsibility of growing the specialised institutional business. He was CIO for Ashburton Investments, FirstRand's asset management initiative, from its inception, and was instrumental in consolidating asset management businesses and investment processes. He holds an MSc (Mechanical Engineering).



Refilwe Moroka
BCom, BCompt (Hons), CFA®
Senior Analyst, Investment Research

Refilwe joined Melville Douglas in 2017 as domestic equity research analyst covering the Diversified industrials and Telecommunications sectors, and is now the Head of Domestic Equity Research. Refilwe co-manages the Melville Douglas High Alpha Fund and the Melville Douglas Balanced Fund. Prior to joining Refilwe was a Diversified Lending & Leveraged Credit Risk Manager dealing specifically in the FMCG, Retail sector at Standard Bank. She holds a B.Com Accounting degree, a B.Compt (Hons) in Cost Management Accounting and is a CFA® Charterholder.

Fund review

The High Alpha Fund returned -2.5% for the quarter, outperforming the FTSE/JSE Capped SWIX Index which returned -3.8% but underperforming against the Peer Group which returned -1.6%. The Domestic SA equity portion of the portfolio returned -1.4% for the quarter, outperforming the FTSE/JSE Capped SWIX and the Peer Group which returned -3.8% and -2.8% respectively. The Offshore equity component of the portfolio returned -4.3% in Rand terms against the MSCI ACWI which returned -3.7%. The best performing sector for the 3Q23 was Industrials (6.1%) followed by Financials (4.5%) and Consumer Staples (2.0%). The Fund's best performing stocks were OUTsurance, Sasol, Sanlam, with the worst performing stocks being Richemont, AngloGold, and Impala Platinum.

Market overview

The Global equity market has lost some of its shine from the initial surge in equity prices during the first half of the year. While the US economy appears to be on a different growth trajectory to the rest of the world, softening economic data, particularly in Europe and China, has led to growing concerns about the near-term growth outlook. Earnings revisions have turned negative and the outlook for interest rates has become even more restrictive, with interest rates set to remain higher for longer. Inflation levels seem to have peaked across the Globe and are deemed to be sticky at these elevated levels, leaving Central banks cautious on their approach to policy rates.

During the third quarter of the year, the MSCI ACWI and JPM Global Aggregate Bond Index were down -3.7% respectively (in Rand terms). Investors were discouraged by interest rates remaining higher for longer, with bond yields reaching their highest level of this current cycle, which caused equity prices adjusting lower to a higher discount rate. The South African equity market was not spared the sell-off in Global markets, with the FTSE/JSE Capped SWIX returning -3.8% for the quarter.

Looking ahead

Despite the numerous headwinds facing the South African economy, namely a failing infrastructure system, lack of service delivery, persistently high inflation, inflated interest rates, and the volatile currency, we do believe that the negative news flow is already discounted in share prices, even after adjusting for a higher cost of equity. In this structurally challenging environment, we expect volatility to persist in the near term until interest rates have peaked and/or global growth concerns stabilise. In South Africa, core inflation surprised to the downside at 4.8% bringing inflation close to the middle of the inflation target band and where SARB would like to anchor long term inflation expectations. During the quarter the SARB kept rates unchanged at 8.25% in a 3:2 split. We believe the central bank will hold rates steady at current levels for longer than was previously expected. This investment environment requires caution, and our strategy remains to be invested in high quality businesses with strong balance sheets and robust cash flow streams. We believe the Fund is well positioned to benefit from undemanding valuations within the South African equity market and to capture opportunities that will benefit our clients over the long-term.

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 2023	Q2 2023	Change
Domestic Cash & Mny Mkt	1.17	0.42	0.76
Domestic Equity	76.42	77.30	-0.88
Domestic Property	1.41	1.44	-0.03
Foreign Equity	21.00	20.85	0.15

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	240.04	37,223,623.10	89,352,181.82

All data as at 30 September 2023.

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

Melville Douglas STANLIB High Alpha Fund

Important information update at 30 September 2023

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 Melville Douglas STANLIB High Alpha 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 Melville Douglas Investment Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 595, 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 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 portfolio is a third party named, co-named portfolio. The Manager retains full legal responsibility for this portfolio. A third party named, co-named portfolio is a portfolio bearing the name of both the Manager and the financial services provider (FSP) where the FSP, under an agreement with the Manager, undertakes financial services of a discretionary nature, as contemplated in the Financial Advisory and Intermediary Services Act, Act No. 37 of 2002 (FAIS), in relation to the assets of the portfolio. Melville Douglas Investment Management (Pty) Ltd, an authorised FSP, FSP No. 595, FAIS, is the third party manager of this portfolio.

The FSP is a related party to the Manager, the FSP may earn additional fees other than those charged by the Manager. It is the responsibility of the FSP to disclose additional fees to the investor. This document is not advice, as defined under FAIS. Please be advised that there may be representatives acting under supervision.

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 September 2023.

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 periods of 1 year or longer, where no value is shown 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 Manager and from the Manager's website (www.stanlib.com).

Contact details

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