Melville Douglas STANLIB Balanced Fund

Fund information update at 31 May 2023

MelvilleDouglas
A Member of Standard Bank Group

What is the fund's objective?

The objective of the fund is to deliver high growth of capital and income, a reasonable level of current income and relative stability for capital invested to obtain long term wealth accumulation.

What does the fund invest in?

The fund is an actively managed multi-asset class mandate designed to reflect Melville Douglas's optimal long-term capital growth strategy. The fund focuses on delivering balance between investment returns and the risk associated with those returns, between capital growth and cash generation and balance between compound and cyclical price performers. The maximum equity effective exposure (including international equity) will not exceed 75% of the market value of the portfolio.

What possible risks are associated with this fund?

General market risks include a decline in property values, share price volatility, a change in interest rates and economic conditions. 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

What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	**5 Years**	7 Years

Who should consider investing in this fund?

As this is a well-managed balanced portfolio, with the objective of delivering strong risk adjusted returns over time, this fund will suit investors that are looking for stable income and reasonable 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)	Paolo Senatore and Susan Gawith
Size (NAV)	R 406.11 million
Classification	South African - Multi Asset - High Equity
Benchmark	ASISA SA MA High Equity-Sector Mean
Regulation 28	Complies

Regulation 28 of the Pension Funds Act sets the limits in terms of the maximum exposure the retirement fund and the individual retirement fund member's savings (i.e. your savings) may have to various asset classes. For more information please refer to the Regulation 28 Guidelines available on our website (www.stanlib.com). This Fund complies with this Regulation.

	Class B1
Launch	02 January 2008
ISIN number	ZAE000112678
JSE code	MDDB1

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 31 March 2023

	Class B1
Based on period from:	01/04/2020
Total Expense	1.24%
Transaction Costs	0.10%
Total Investment Charge	1.34%
1 Year Total Expense	1.23%

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 Balanced Fund

Monthly update at 31 May 2023

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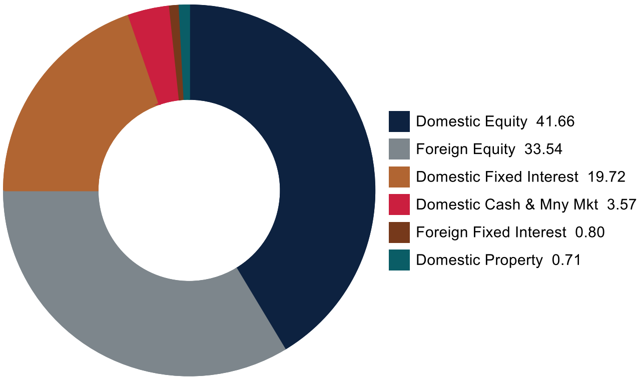
Holdings

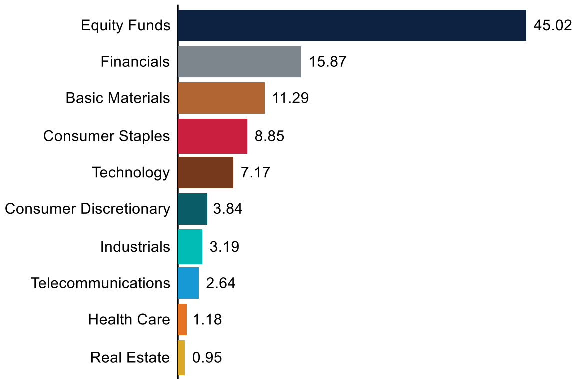
Asset allocation (%)



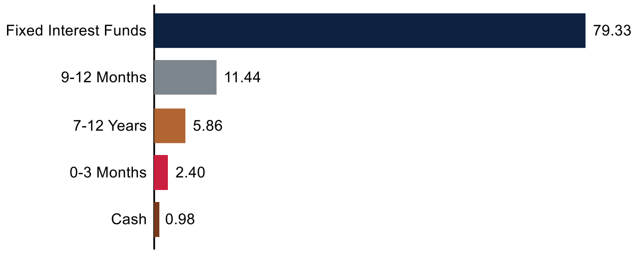
Top Equity holdings (%)

Naspers Ltd	3.49
FirstRand Ltd	2.63
Bid Corp Ltd	2.42
Compagnie Financière Richemont SA	2.25
Anglo American plc	2.18
Standard Bank Group Ltd	1.96
British American Tobacco plc	1.94
Prosus NV N (ZAR)	1.86
Absa Group Ltd	1.73
AngloGold Ashanti Ltd	1.67

Equity allocation (Industry) (%)



Fixed Interest allocation (%)



Performance and Income

Class B1 Launch: 02 January 2008

Benchmark: ASISA SA MA High Equity-Sector Mean from 01/04/2020, previously FTSE/JSE Capped SWIX ALSI (FTSE/JSE ALSI from launch to 31/12/2019) (55%); JSE ALBI (15%); MSCI World (15%); STeFI Call (15%) from launch.

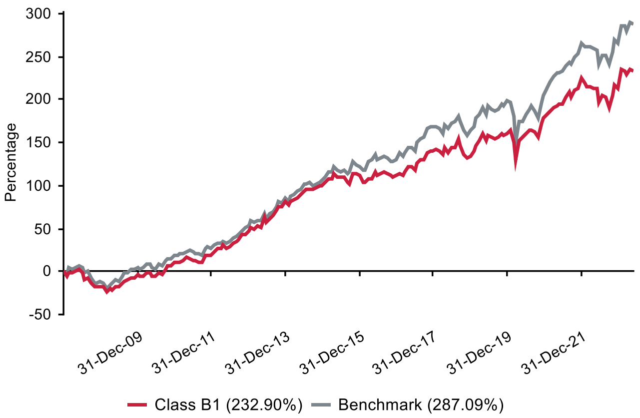
Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class B1					
Class	6.62	9.23	6.86	6.41	7.45
Rank/Out of	145/209	166/190	126/168	53/139	29/73
Sector Average	8.22	12.15	7.66	6.01	7.20
Benchmark	8.20	12.07	7.81	7.38	8.68

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

Statistics (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class B1					
Positive Months	5	22	37	52	75
Max Gain	15.51	31.63	46.09	60.07	113.74
Max Drawdown	-6.77	-10.49	-12.78	-12.78	-12.78
Highest	7.72	26.08	26.08	26.08	26.08
Lowest	-4.08	-4.08	-8.63	-8.63	-8.63

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

Cumulative performance (%) from Launch



Amount declared (cents per unit)

	Class B1
30 June 22	10.39
30 December 22	9.33
In last 12 months	19.72
In 2022	19.72

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Melville Douglas STANLIB Balanced Fund

Quarterly update at 31 March 2023

MelvilleDouglas
A Member of Standard Bank Group

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.

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. Prior to this he was with the FirstRand Group since 1995, gaining over 20 years' financial market experience. During 2000, he became chief investment officer of RMB Private Bank Portfolio Management and held the responsibility of growing the specialised institutional business. He was chief investment officer for Ashburton Investments, FirstRand's asset management initiative, since its inception and was instrumental in consolidating the group's various asset-management businesses and investment processes. He holds an MSc (Mechanical Engineering).

Susan Gawith
BSc, MBA
Portfolio Manager

Before joining Melville Douglas in 2006, Susan was a rated sell-side analyst covering consumer stocks, and is now Melville Douglas's lead analyst on the retail, hotel and leisure sectors. She is also the co-manager of our key long-term capital growth fund - the Melville Douglas STANLIB Balanced Fund (ZAR). Susan holds a BSc degree and an MBA.

Fund review

Q1 of 2023 continued the fund's strong momentum, up 4.9% in Q1, ahead of the peer group and benchmark (4.45%). The 6-month number is 13%, up against the benchmark and peers (11.67%). The more subdued 1-year return of 4.3% shows how tough 2022 was for investors. Much of this strength can be attributed to the fund's offshore holdings, the MD Global Equity fund was up 11.5% in ZAR, boosted by ZAR falling 6.6% against the USD in Q1. The MSCI ACWI was up 8% in ZAR in Q1, showing that our stock selection and sector allocation was also helpful to Q1 performance. It was clear that the quality ZAR hedges also performed better than domestically exposed companies in Q1. The best performers were AngloGold (32.2%), Richemont (27%), Bid Corp (22.2%) and Bidvest (20.2%). Insurance companies Sanlam, Santam and OUTsurance managed to buck the trend with a 15.7%, 14.5% and 13.8% return respectively. Other domestic names were hurt by the impact of stage 6 loadshedding. Pick 'n Pay fell 31.6% after reporting additional diesel costs of R70m/mth during stage 6 and subdued consumer demand. Loadshedding woes also hit platinum shares, with Northam and Impala down 22.7% and 21.5% respectively for Q1. Local companies with exposure to consumer credit were also hurt with Transaction Capital (-71.6%) and Capitec (-9.2%). We trimmed domestic equity across the board and sold out of Pick 'n Pay and Transaction Capital. We added Anheuser-Busch. Bonds remain subdued locally, with MD Bond Fund up 2.8% in Q1. The small gold holding was up 13.5% and cash returned 1.9%.

Market overview

Performance of financial markets during Q1 has been topsy turvy. 2023 started off upbeat on the back of some positive developments, including China's reopening, but lost momentum as the year progressed. Lower energy prices in Europe after an unusually warm winter and evidence that inflation had peaked contributed to a belief that an economic soft landing was achievable, which may still be the case as confidence levels have improved from their lows. Persistently high service inflation fuelled by excess savings and a vibrant job market changed the narrative from Central Banks. They guided that a step up in the pace of interest rate increases was needed to slow demand enough to contain inflation. Financial markets were alarmed by the renewed risk of monetary authorities tightening at a time when the global economy is expected to slow as credit conditions tighten and the full lagged effects from higher interest rates start to take hold. Recent turmoil in the banking sector has tempered any hawkish reaction to the disappointing inflation data. While this may be a temporary phenomenon, financial market expectations have done a complete turnaround and are currently discounting, and perhaps prematurely, a series of rate cuts before the end of the year. The path for interest rates will, however, primarily be determined by the outlook for inflation and, while core inflation is expected to remain uncomfortably high, central banks will not be in a hurry to change course. They may not cut until it becomes clear that the economic cycle has turned for the worse. By then inflation should have fallen as it always does during an economic downturn.

Looking ahead

Valuations, both domestically and globally, have adjusted to the reality that both inflation and interest rates will remain sticker than was expected a year ago. There is still a risk of earning forecasts being downgraded as the real economy impact of higher rates feeds through to margins and top line growth. Volatility and cheaper valuations do however provide new opportunities that should be welcomed by patient investors that focus on long term fundamentals. Many high-quality stocks with structural growth tailwinds and strong balance sheets have become attractive once again and provide the necessary margin of safety for us to consider. Cash and fixed income yields have also adjusted significantly higher and for the first time since the 2008 Financial Crisis are providing returns that exceed longer term inflation forecasts, which allow investors to take less risk (lower equity and credit) than before to generate positive risk-adjusted returns in balanced portfolios. We believe that volatility will remain elevated in the near term as global economic growth slows. However, lower starting valuations coupled with declining inflation, a peaking interest rate cycle and defensive positioning by market participants, do provide the necessary backdrop for investors to look forward to a year of improved returns.

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 2023	Q4 2022	Change
Domestic Cash & Mny Mkt	6.81	3.21	3.60
Domestic Equity	43.41	48.84	-5.43
Domestic Fixed Interest	20.22	20.76	-0.54
Domestic Property	0.81	0.96	-0.15
Foreign Equity	28.04	26.23	1.82
Foreign Fixed Interest	0.71	0.00	0.71

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	610.00	62,058,078.36	378,554,375.22

All data as at 31 March 2023.
Units – amount of participatory interests (units) in issue in relevant class.

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Melville Douglas STANLIB Balanced Fund

Important information update at 31 May 2023

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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 Balanced 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 31 May 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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