Melville Douglas STANLIB Bond Fund

Fund information update at 31 March 2025

What is the fund's objective?

The objective of the fund is to achieve capital preservation and income generation by investing in long-term fixed interest securities. This fund is an actively managed, unconstrained, South African fixed-income strategy that aims to generate consistent and predictable long term returns through investments in high quality income-yielding debt securities.

What does the fund invest in?

Securities will normally consist of a spread of gilts, semi-gilts, loan stock, debentures, debenture bonds, approved securities, notes and liquid assets and any other securities which are consistent with the fund's investment policy.

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

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?

This fund suits 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 quarterly.

Declaration 31 March, 30 June, 30 September, 31 December

General fund information

Manager(s)	Mzimasi Mabece, Paolo Senatore and Bernard Drotschie
Size (NAV)	R 2.81 billion
Classification	South African - Interest Bearing - Variable Term
Benchmark	FTSE/JSE All Bond Index
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 A
Launch	01 July 2014
ISIN number	ZAE000191763
JSE code	MDBFA

Minimum investment requirements -

Lump sum	R 50,000
Monthly	R 1,000

What are the costs to invest in this fund?

Maximum charges including VAT

	Class A
Initial fee (manager)	0.000%
Initial fee (adviser)	3.450%
Annual fee (manager)	0.863%
Annual fee (adviser)	0.000%
Performance fee	N/A

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.

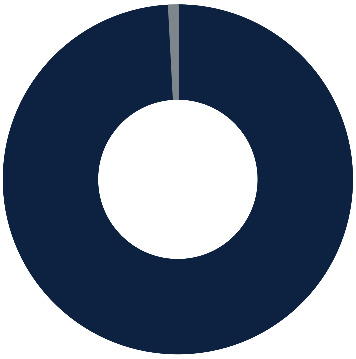
Cost ratios (annual) including VAT as at 31 December 2024

	Class A
Based on period from:	01/01/2022
Total Expense	0.88%
Transaction Costs	0.00%
Total Investment Charge	0.88%
1 Year Total Expense	0.88%

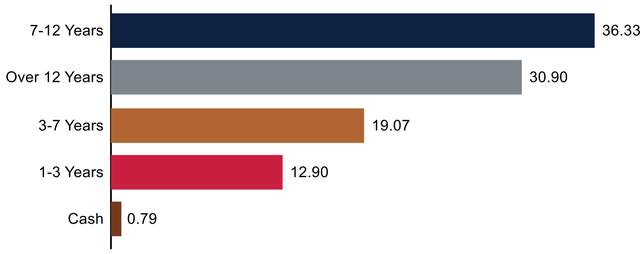
Total Expense (TER): This ratio shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher TER does not 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.

Holdings

Asset allocation (%)



Fixed Interest allocation (%)



Fixed Interest Top 10 Issuer exposure (%)

Performance and Income

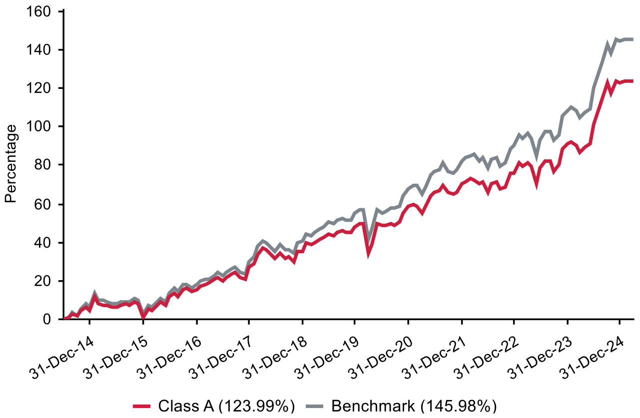
Class A Launch: 01 July 2014

Benchmark: FTSE/JSE All Bond Index

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class A					
Class	19.80	9.09	10.79	7.29	7.61
Rank/Out of	27/49	29/43	20/31	25/26	16/19
Sector Average	18.68	9.10	10.82	7.88	7.92
Benchmark	20.16	9.83	11.73	8.30	8.41

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	10yrs
Class A					
Positive Months	10	24	40	55	78
Max Gain	19.80	34.62	66.91	72.02	121.45
Max Drawdown	-2.29	-5.81	-5.81	-10.44	-10.44
Highest	25.95	25.95	25.95	25.95	25.95
Lowest	5.89	-0.74	-1.54	-4.09	-5.81

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 A
28 June 24	2.16
30 September 24	2.20
31 December 24	2.16
31 March 25	2.10
In last 12 months	8.63
In 2024	8.54

Melville Douglas STANLIB Bond Fund

Quarterly update at 31 March 2025

MelvilleDouglas
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.

Mzimasi Mabece
BSc
Head of Fixed Income: South Africa

Mzimasi has more than 14 years financial market experience spanning both quantitative analysis as well as portfolio management and has managed both fixed income and equity funds. Prior to joining Melville Douglas, he was Head of Fixed Income at Mvunonala Asset Managers. He previously held Portfolio Manager roles at Prowess Investment Managers and Old Mutual Investment Group (OMIGSA) and also worked at Sanlam Investments as a fixed income Quantitative Analyst. Mzimasi holds a BSc degree.

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).

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.

Fund review

The fund performed inline with its peers on a 3-month basis but behind the benchmark. However, on a rolling twelve-months basis, the fund performed ahead of both its peers and the benchmark. This performance was underpinned by a still benign inflation and lower interest rates outlook and having reduced the duration of the fund to defensive at the beginning of the year when global uncertainty resurfaced following the inauguration of President Trump in the US.

Market overview

The first quarter of 2025 proved to be a very tumultuous start to the year. No sooner had the President of the United States been inaugurated in January 2025, than he began signing a raft of Executive Orders and promising to impose heavy tariffs on trading partners. One of the most important orders that President Trump signed, within few hours of assuming office, was to withdraw the United States of America from the Paris Climate Agreement. The rational for this would be to allow oil explorers to find new commercially viable oil and gas fields and bring these to production without being constrained by these agreements. Global oil prices nosedived at the prospects of increased supply. The US Federal Reserve did not escape President Trump's gaze either, with the President putting pressure on the central bank to cut rates. The central bank did not buckle under this undue pressure and as such in its March meeting, once again, kept interest rates unchanged, reiterating its stance that its policy decision will be data dependent.

Global interest rates markets were rattled by the developments from the newly minted Washington administration. Although by the end of the first quarter, there had been no announcement on global tariffs, President Trump had signalled his intentions to do so by 2nd April 2025, in what he termed "liberation day" for Americans. Given this uncertain global backdrop, the South African Reserve Bank (SARB) decided to a adopt a cautious approach to interest rates. After having, in a 4:2 vote split, cut rates by 25 basis points in the January meeting, the SARB decided to keep rates unchanged in its March meeting. This, despite inflation hovering around the floor of the inflation target band of 3% - 6%.

It has been a long established South African tradition that in the afternoon of the third Wednesday in February of every year, the Minister of Finance, delivers his budget speech in Parliament. This speech outlines the fiscal framework, budget allocations and appropriations for the coming fiscal year. After being tabled in Parliament by the minister, it is debated by parliamentarians before being voted in and becoming the budget for the following fiscal year. On the said Wednesday and as tradition would have it, the National Assembly was convened by the Speaker of Parliament with lawmakers and the citizens of the Republic ready to hear from the minister what was contained in his speech. At the very last minute, with lawmakers having taken their seats in the national assembly, it was announced that the event had been cancelled and the minister would not be delivering his speech. It soon transpired that the speech had to be postponed after a disagreement on the Minister's proposal, of a two percentage points rise in Value Added Tax (VAT) from 15% to 17% and to allow for bracket creeps in personal income tax. The disagreement emanated from partners of the Government of National Unity (GNU), with the Democratic Alliance (DA) announcing that they would not support a budget with an increase in VAT and bracket creeps. The Minister together with the National Treasury were asked to rework the budget and come back to Parliament by 12 March 2025 to table a more palatable budget.

On 12 March 2025, the minister delivered his revised speech, and the reworked budget proposed increasing VAT by 1% from 15% to 16%, over two fiscal years and still not to adjust income tax buckets by inflation. Again, the DA vowed not to support this reworked budget and would vote against it in parliament. These local developments brought in new elements of domestic risk factors, i.e. that the GNU in its current composition may collapse and that the budget may not get the nod in parliament resulting in a budget and fiscal crises.

Looking ahead

Global tariff announcement by Mr Trump on 2nd April 2025 were widely expected by the financial markets. However, what surprised the markets was the magnitude of the tariffs imposed on various countries. We expect the rout brought about by these developments to persist, whilst the world figures a way to respond to Washington. Domestic asset classes and currency will not be spared this rout and local politics and concerns around fiscal stability add another layer of risk. However, we believe that local bond yields above 11,0% are oversold and offer buying opportunities. Given the prevailing uncertainties, we believe the SARB is correct in proceeding with caution, opportunity to cut rates further (25 basis points) notwithstanding.

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 2025	Q4 2024	Change
Domestic Cash	0.79	1.90	-1.11
Domestic Fixed Interest Govt	99.21	98.10	1.11

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	93.86	5,430,082.18	5,096,578.74

All data as at 31 March 2025.
Units – amount of participatory interests (units) in issue in relevant class.

STANLIB

Melville Douglas STANLIB Bond Fund

Important information update at 31 March 2025

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 Bond 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 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 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 March 2025.

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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