

# Melville Douglas STANLIB Balanced Fund

Fund information update at 31 January 2022

## 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	<b>Moderately aggressive</b>	Aggressive
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## What is the suggested investment period for this fund?

### Minimum period

1 Month	6 Months	1 Year	3 Years	<b>5 Years</b>	7 Years
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## 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 422.45 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](http://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

	<b>Class B1</b>
<b>Initial fee (manager)</b>	0.000%
<b>Initial fee (adviser)</b>	3.450%
<b>Annual fee (manager)</b>	1.150%
<b>Annual fee (adviser)</b>	0.000%
<b>Performance fee</b>	N/A
<b>Adviser fee</b>	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 December 2021

	<b>Class B1</b>
<b>Based on period from:</b>	01/01/2019
<b>Total Expense</b>	1.22%
<b>Transaction Costs</b>	0.08%
<b>Total Investment Charge</b>	1.30%
<b>1 Year Total Expense</b>	1.24%

**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.

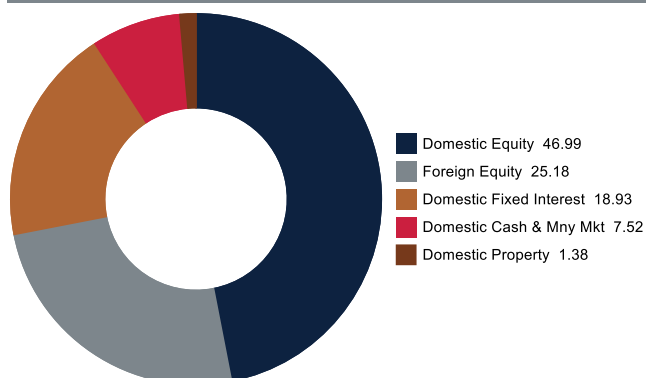
**Total Investment Charges (TIC):** This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not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

# Melville Douglas STANLIB Balanced Fund

Monthly update at 31 January 2022

## Holdings

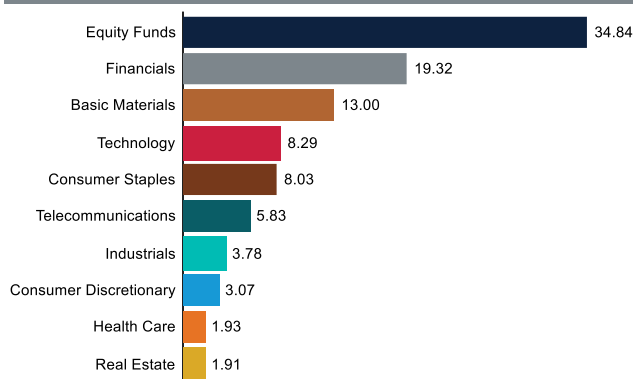
### Asset allocation (%)



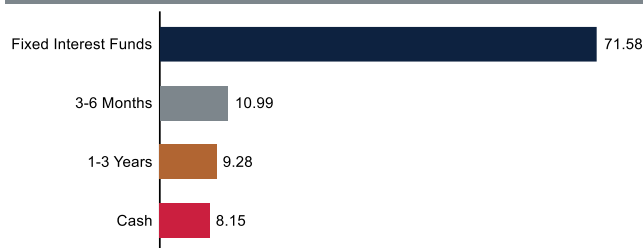
### Top Equity holdings (%)

Prosus NV N (ZAR)	3.88
Anglo American plc	3.47
MTN Group Ltd	3.17
FirstRand Ltd	3.06
Bid Corp Ltd	2.27
Naspers Ltd	2.11
Bhg Group Limited	1.94
Capitec Bank Holdings Ltd	1.90
Standard Bank Group Ltd	1.85
Sanlam Ltd	1.78

### Equity allocation (Industry) (%)



### Fixed Interest allocation (%)



## Performance and Income

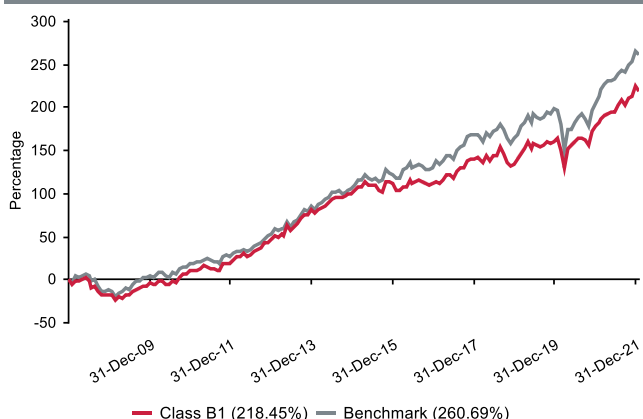
Class B1 Launch: 02 January 2008

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
<b>Class B1</b>					
Class	12.42	9.99	8.28	6.66	9.99
Rank/Out of	166/206	108/183	46/152	51/104	13/64
Sector Average	15.60	10.41	7.37	6.56	8.76
Benchmark	15.51	10.28	8.74	8.01	10.61

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
<b>Class B1</b>					
Positive Months	10	26	42	53	82
Max Gain	14.81	41.29	53.25	61.20	164.56
Max Drawdown	-2.08	-12.78	-12.78	-12.78	-12.78
Highest	26.08	26.08	26.08	26.08	27.54
Lowest	12.42	-8.63	-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.

### Amount declared (cents per unit)

	<b>Class B1</b>
<b>30 June 21</b>	6.05
<b>31 December 21</b>	8.91
<b>In last 12 months</b>	14.96
<b>In 2021</b>	14.96

# Melville Douglas STANLIB Balanced Fund

Quarterly update at 31 December 2021

## 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

The fund is up 4.2% for the month of December and 7.7% for the quarter. In SA, the JSE ALSI and Capped SWIX indices returned +4.8% and +4.9% over the month, resulting in an attractive +29.2% and +27.1% respectively for 2021. Financials were the main driver over the month (+8.7%), although resources retained top position over the year, delivering +32.2%. Our best performing shares in December were Capitec (+11.9%), Impala Platinum (+11.2%), Netcare (+10.4%) and BAT (+10.3%). The portfolio equity was up 6.0%, which was nicely ahead of the index. For the quarter the SA equity is up 8.0%, which is a little behind the capped SWIX of 8.7%. For the quarter the top performers are Richemont up a staggering 55.2%, Angloplat (+39.3) and Impala (+31.1). The detractors for the quarter were Spar (-12.1%), Sasol (-9.1%), Pick 'n Pay (-7.3%) and Sanlam (-7.1%).

The Asset swap in the fund also produced very credible returns, up 3.3% in December and 12.3% for the quarter. Over the year, the ZAR depreciated against the major currencies, and was down 7.8% against the USD. It depreciated 5.5% for the quarter. Strong US inflation that drove an uptick in short dated yields, plus the attractive interest rate differential vs other DM currencies like the Euro and Yen supported the rally in the dollar.

## Market overview

Despite growing concerns around the rapid rise in cases and subsequent lockdowns due to the new variant, equity markets ended the month higher. The more hawkish tone from central banks around the world appear to be priced in and didn't do much to derail the rally in risk assets. During December, the Fed accelerated the tapering of bond purchases, doubling the amount to \$30bn a month, with expectations for 3 rate hikes starting in the second quarter of this year. Inflation is likely to remain high (+6.8% annually in November) and above the +2% Fed target, although the rate of change would be the more important driver in terms of risks to derailing the equity rally. Central banks are very aware of the risk of policy error (being behind in the curve in not acting in time to curb inflation), which is a risk into 2022.

Global equity markets rallied +4% in December and delivered a healthy +18.5% return over the 2021 year. This is after a +16% return in 2020. Strong earnings growth was the primary factor driving returns, both due to base effects but also given the robust underlying demand and economic growth, specifically out of the US. There were several threats during the year – new variants, supply bottlenecks, inflation and a pullback in stimulus measures. However, strong jobs numbers, decent wage growth, robust economic activity and high albeit declining accommodative policy support were sufficient to offset the concerns.

## Looking ahead

Investors have become increasingly concerned about the slowdown in global growth momentum given elevated valuations and more hawkish rhetoric from central banks. Persistent inflation, supply bottlenecks and developments in China pose near term headwinds to the growth outlook. And to add to the list of concerns, Covid-19 with its variants continue to impact consumer's behaviour and spending plans. Although the world economy is going through a soft patch, investors will do well to look through the current mountain of concerns, many of which we believe are temporary in nature and rather focus on the cyclical economic recovery that remains firmly in place and fuelled by pent up demand, robust employment and an inventory rebuild that will continue to provide an underpin to corporate earnings and returns from risk assets. As we enter the next phase of the recovery cycle, security selection and a focus on fundamentals will become increasingly important to safeguard against any missteps from policy makers as support measures are slowly reined in.

In uncertain times, diversification and risk management are of utmost importance. We remain focussed on stock selection and long-term value creation.

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	Q4 2021	Q3 2021	Change
Domestic Cash & Mny Mkt	7.69	10.56	-2.87
Domestic Equity	46.19	47.01	-0.82
Domestic Fixed Interest	17.10	14.84	2.26
Domestic Property	1.38	1.48	-0.10
Foreign Equity	27.64	26.10	1.53

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	633.57	62,762,323.41	397,645,468.84

All data as at 31 December 2021.

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

# Melville Douglas STANLIB Balanced Fund

Important information update at 31 January 2022

## 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](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 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 January 2022.

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

## Contact details

### Manager

STANLIB Collective Investments (RF) (Pty) Limited  
Reg. No. 1969/003468/07  
17 Melrose Boulevard, Melrose Arch, 2196  
Telephone: 0860 123 003  
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Website: [www.stanlib.com](http://www.stanlib.com)

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### Third Party Manager

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