

Melville Douglas STANLIB SA Equity Fund

Fund information update at 31 December 2022

What is the fund's objective?

The investment objective of the fund is to generate capital growth over the medium to long term through investing in listed South African equity securities. Income generation is a secondary objective of the fund.

What does the fund invest in?

The fund will primarily consist of high quality and superior South African equities securities listed on the Johannesburg Stock Exchange (JSE). The fund will adopt a more aggressive approach over the medium to long term, attempting to achieve a high alpha relative to the benchmark. The Fund may invest in non-equity securities such as, but not limited to, equity linked notes and money market instruments as permitted by legislation from time to time. The fund may also utilise listed and unlisted financial instruments, in accordance with the provisions of the Act.

What possible risks are associated with this fund?

General market risks include unfavourable market movements, volatility, economic and political risk, and company-specific risk. There may be additional risks, such as possible constraints on liquidity and the return of funds to South Africa, macroeconomic risks, political risks, tax risks, settlement risks, and possible 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) Paolo Senatore and Greg Wood
Size (NAV) R 14.95 million
Classification South African - Equity - General
Benchmark FTSE/JSE Capped SWIX All Share Index
Regulation 28 Does not apply

Class B3

Launch 01 March 2022
ISIN number ZAE000308227
JSE code STMFB3
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 B3
Initial fee (manager)	0.000%
Initial fee (adviser)	3.450%
Annual fee (manager)	0.403%
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 September 2022

	Class B3
Based on period from:	01/03/2022
Total Expense	0.44%
Transaction Costs	1.02%
Total Investment Charge	1.46%
1 Year Total Expense	0.37%

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.

The TER, TC & TIC cannot be determined accurately for portfolios/portfolio classes that are not yet 1 year old because of the short life span of the portfolio/portfolio class. Calculations in this instance are based on actual data where possible and best estimates where actual data is not available.

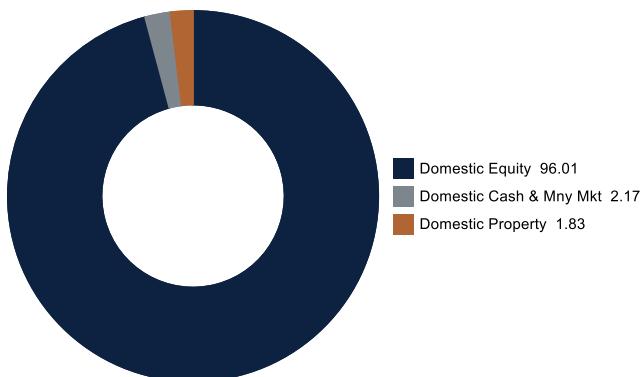
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Melville Douglas STANLIB SA Equity Fund

Monthly update at 31 December 2022

Holdings

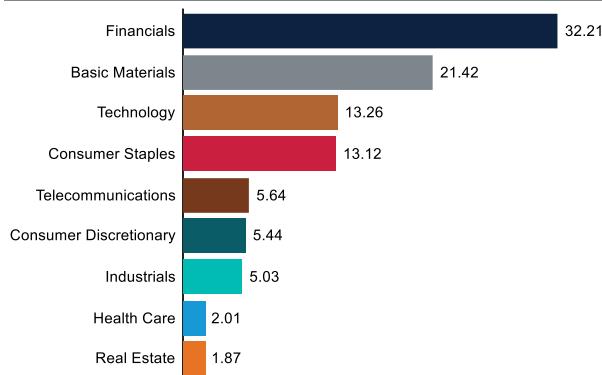
Asset allocation (%)



Top Equity holdings (%)

Naspers Ltd	8.59
Anglo American plc	6.42
FirstRand Ltd	5.42
British American Tobacco plc	4.83
Standard Bank Group Ltd	4.71
Prosus NV N (ZAR)	4.39
Bid Corp Ltd	4.24
MTN Group Ltd	4.03
Absa Group Ltd	3.75
Richemont Securities	3.63

Equity allocation (Industry) (%)



Performance and Income

Class B3 Launch: 01 March 2022

Benchmark: FTSE/JSE Capped SWIX All Share Index

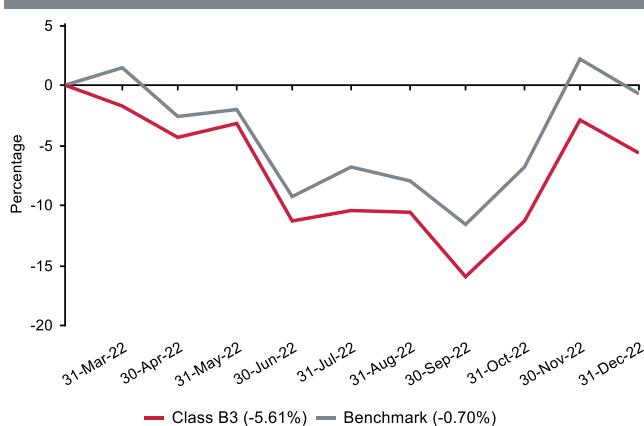
Returns (%)	1m	3m	6m	9m	Launch
Class B3					
Class	-2.84	12.29	6.42	-4.05	-5.61
Rank/Out of	132/179	44/177	155/175	142/173	163/173
Sector Average	-2.40	10.90	9.19	-0.91	-0.10
Benchmark	-2.81	12.22	9.50	-2.16	-0.70

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

Amount declared (cents per unit)

	Class B3
30 June 22	2.30
30 December 22	2.01
In last 12 months	4.31
In 2021	0.00

Cumulative performance (%) from Launch



Melville Douglas STANLIB SA Equity Fund

Quarterly update at 31 December 2022



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



Greg Wood
BBusSc, CFA®
Portfolio manager

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).

Greg has been a research analyst and portfolio manager at Melville Douglas since 2006. Greg holds a Business Science Degree from Rhodes University and is a Chartered Financial Analyst.

Fund review

The SA Equity Fund returned 12% for the quarter against the FTSE/JSE Capped SWIX Index which returned 12.2% over the corresponding period.

The fund's best performing sectors for the quarter were Technology (24.4%), Basic Materials (18.1%) and Real Estate (12.1%). The worst performing sectors were Health Care, Telecommunications and Industrials. The fund's best five performing stocks were Anglogold, Richemont, Naspers, Impala Platinum and Prosus.

Market overview

Despite global central banks' best efforts to reduce inflation by slowing demand growth with tighter monetary policy, risk assets made a comeback during the fourth quarter of 2022. The US dollar lost its shine, giving back some of its outperformance over the past year and seeing the ZAR strengthen 6.2% against the USD for the quarter and improving the one-year decline to 6.5%. The bounce from the October lows was due to investors focusing on the improved outlook for inflation as consumer goods, food and energy prices all eased. An important development, as high and stubborn inflation coupled with a vibrant labour market, have resulted in one of the most aggressive interest rate hiking cycles in recent history. Additional factors that contributed to the bounce in equity markets are the prospect of less restrictive COVID-19 measures in China and a significant decline in the price of natural gas in Europe.

December was softer than the quarter with MSCI ACWI down 3.8%, but up 3.9% for the quarter. Consistent with the theme of 2022, the weakness was largely related to the outlook for interest rates. The Fed raised rates by the expected 50bps in December, however the commentary remained hawkish. Powell indicated that he does not see them lowering rates until they are confident inflation is moving lower and staying down. Stocks remain sensitive to any perceived changes in Fed policy. Both the FTSE/JSE All Share Index and the FTSE/JSE Capped SWIX Index followed global markets and closed the year softer down 2.3% and 2.8% in December but gained 15.2% and 12.2% for the quarter.

Other than Greece (0.3%), every major stock market was negative last year in dollar terms. The S&P 500 had its worst year since the GFC. Tech stocks have predominantly taken the brunt of the selling pressure as the rising yields environment has weighed on growthier names seeing the Nasdaq falling by over 33% in 2022.

Looking ahead

Under the conditions of elevated interest rates, the consequence is that the USA economy is set to slow. There is some expectation that this economy may enter a recession, but our view is that, if it does, it will be shallow and short.

The South African economy is expected to grow at around the 1% GDP mark during 2023. South Africa has had to contend with a number of debilitating factors such as unprecedented levels of loadshedding. The country also faces the challenges of delivering basic service delivery and the maintenance of the country's infrastructure. Unemployment remains uncomfortably high and much higher growth rates are required to reverse this negative trend.

Inflation in South Africa is also currently at levels above its upper target band of 6%. As such, rates in South Africa are expected to rise still further. We expect a further 50 bps rise in rates in two equal 25 bps tranches during the January and May meetings. Thereafter we expect rates to be held level throughout the remainder of the year. Any expectation for interest rate cuts, both in SA and the USA, are essentially left for 2024 and once inflation is within upper target bands.

As a result of the above scenario, of low growth and elevated interest rates, it will be a difficult operating environment for many South African companies. Domestic companies trade on valuation levels that appear attractive from a historical perspective despite the structural economic headwinds. If 2024 is a year of synchronised global economic recovery and an environment of lower interest rates these current valuation levels may represent an attractive level from which a base is formed. Having said that, the base effects for earnings will become more challenging (in a slowing growth environment) and the equity market may only benefit once it sees the end to interest rate increases (which should be by mid-year). In conclusion equity volatility is expected to continue with a more positive conviction for stronger equity returns during the second half of 2023.

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 2022	Q3 2022	Change
Domestic Cash & Mny Mkt	2.17	1.28	0.89
Domestic Equity	96.01	96.79	-0.78
Domestic Property	1.83	1.93	-0.10

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B3	Institutional	91.93	15,231,356.88	14,001,857.93

All data as at 31 December 2022.

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

Melville Douglas STANLIB SA Equity Fund

Important information update at 31 December 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 SA Equity 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 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 December 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).

Contact details

Manager

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This is a Minimum Disclosure Document (MDD) and General Investor Report (GIR).