

Melville Douglas STANLIB SA Equity Fund

Fund information update at 31 May 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 13.89 million
Classification	South African - Equity - General
Benchmark	FTSE/JSE Capped SWIX All Share Index
Regulation 28	Does not apply
Class B1	
Launch	01 March 2022
ISIN number	ZAE000308201
JSE code	STMFB1
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 2022

	Class B1
Based on period from:	01/03/2022
Total Expense	0.86%
Transaction Costs	0.71%
Total Investment Charge	1.57%
1 Year Total Expense	0.86%

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.

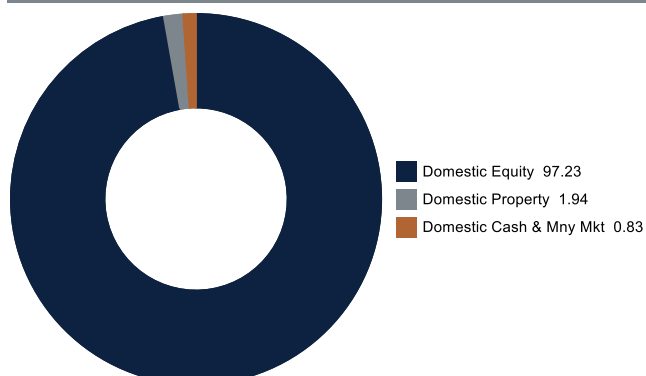
The TER, TC & TIC cannot be determined accurately for portfolios/portfolio classes that are not yet 1 year old because of the short life span of the portfolio/portfolio class. Calculations in this instance are based on actual data where possible and best estimates where actual data is not available.

Melville Douglas STANLIB SA Equity Fund

Monthly update at 31 May 2022

Holdings

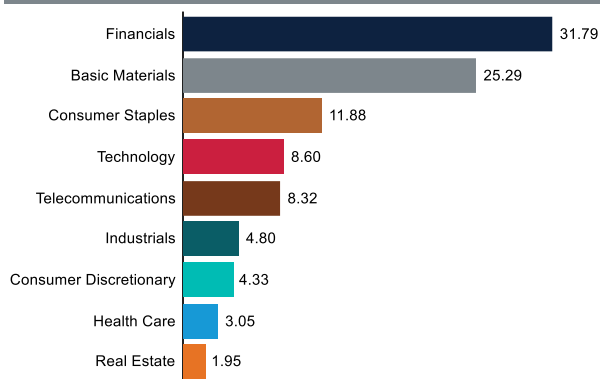
Asset allocation (%)



Top Equity holdings (%)

Anglo American plc	9.04
FirstRand Ltd	7.23
MTN Group Ltd	6.21
Prosus NV N (ZAR)	5.43
Standard Bank Group Ltd	4.85
Impala Platinum Holdings Ltd	4.80
British American Tobacco plc	4.74
Capitec Bank Holdings Ltd	4.68
Sanlam Ltd	4.23
BHP Group Ltd	3.92

Equity allocation (Industry) (%)



Performance and Income

Class B1 Launch: 01 March 2022

Benchmark: FTSE/JSE Capped SWIX All Share Index

No performance is currently displayed as performance data may not be shown for portfolios/classes that have less than a 6 month track record.

No income is currently displayed as the first distribution (income) is yet to be declared on this portfolio/class.

Melville Douglas STANLIB SA Equity Fund

Quarterly update at 31 March 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

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 Wood
BBusSc, CFA
Portfolio manager

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 fund has less than a month of history and there is very limited information for a fund review. We shall provide a full fund review in the second quarter of 2022.

Market overview

South African Equity advanced 6.7% in the first quarter of 2022, as measured by the FTSE/JSE Capped SWIX index. The quarter was very volatile with the FED starting the interest rate lift off in March caused by inflation which is at record levels in the USA and further aggravated by the invasion of the Ukraine by Russia.

Inflation globally has been pushed to record levels through global supply bottlenecks, US real wage increases and higher commodity prices. Capital markets were forced to adjust forward looking growth as the cost of capital changed, albeit against the backdrop of strong growth at present, particularly in the USA, something that Jerome Powell referred to in his monetary policy commentary. Nonetheless, real rates in places like the USA remain negative which does point to accommodative monetary policy, despite the rising interest rates.

Growth assets over the quarter were the worst affected given the slowing growth outlook whereas counters that reflected very low growth in the valuations fared far better, South African equities are a prime example of this.

Added to the inflation and interest rate risk, the invasion of Ukraine by Russia posed huge uncertainty in terms of world order and fundamentally pushed the risks of higher inflation for longer upwards as supply disruptions in hard and soft commodities were a consequence of sanctions on Russia. Markets do not like uncertainty initially, but as we witnessed late in the quarter, markets do find ways to price uncertainty and we did see a recovery at the back end of the quarter, in line with previous conflicts in history.

Domestic growth in South Africa will remain below the required level to meaningfully reduce unemployment and drive sustainable growth that domestic companies require to generate optimal returns on capital for the foreseeable future. Having said that, South African equity trades on valuations that appear to be attractive in the global context despite the structural economic headwinds. Many of the companies have successfully managed their way through the lockdowns and balance sheets domestically appear to be very healthy. As we move through 2022, the base effects for earnings will become tougher. Much of the easy money has been made through the rerating of stocks and earnings delivery will be key. We have a positive outlook on South African Equities based on their valuations on an absolute and relative basis.

Looking ahead

2022 has started off on a very volatile note. The FED hiking driven by rampant inflation aggravated fundamentally by the Russia/Ukraine conflict has caused a sharp selloff in growth assets. South African equities were spared to some degree given the starting valuation and exposure to commodities which have benefitted over the quarter.

Much of the rerating of SA equities happened in 2021 and now the delivery of earnings growth is paramount. SA equity valuations appear attractive relative to history and peers and underpins our positive view on the asset class despite the risks of rising interest rates.

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

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 2022	Q4 2021	Change
Domestic Cash & Mny Mkt	1.95	0.00	1.95
Domestic Equity	96.04	0.00	96.04
Domestic Property	2.01	0.00	2.01

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	98.33	1,000,000.00	983,337.10

All data as at 31 March 2022.

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

Melville Douglas STANLIB SA Equity Fund

Important information update at 31 May 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 May 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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Third Party Manager

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