

Melville Douglas STANLIB Bond Fund

Fund information update at 31 August 2024

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 Drotchie

Size (NAV) R 2.94 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 30 June 2024

| | Class A |
|--------------------------------|------------|
| Based on period from: | 01/07/2021 |
| Total Expense | 0.87% |
| Transaction Costs | 0.00% |
| Total Investment Charge | 0.87% |
| 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.

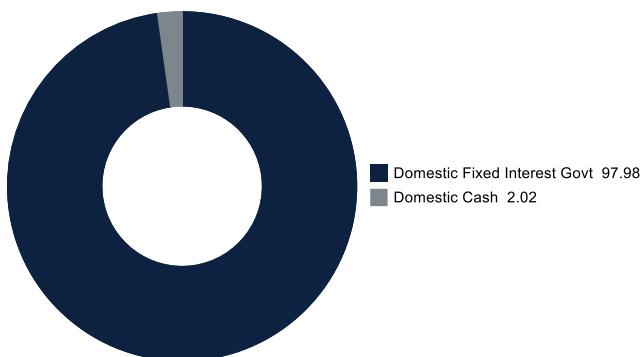
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Melville Douglas STANLIB Bond Fund

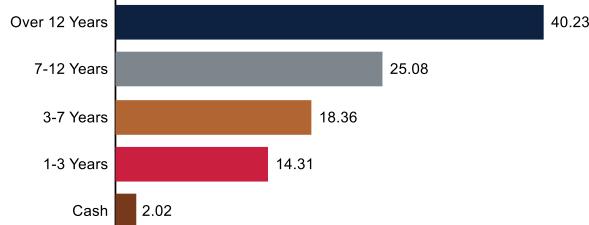
Monthly update at 31 August 2024

Holdings

Asset allocation (%)



Fixed Interest allocation (%)



Fixed Interest Top 10 Issuer exposure (%)



Performance and Income

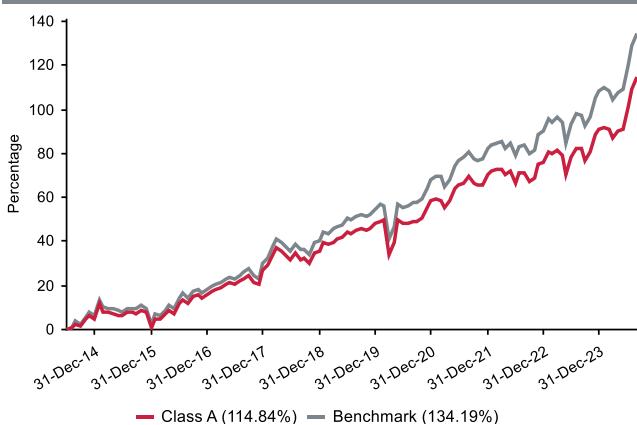
Class A Launch: 01 July 2014

Benchmark: FTSE/JSE All Bond Index

| Returns (%) | 1yr | 3yrs | 5yrs | 7yrs | 10yrs |
|----------------|-------|-------|-------|-------|-------|
| Class A | | | | | |
| Class | 17.96 | 8.19 | 8.13 | 8.29 | 7.67 |
| Rank/Out of | 26/53 | 32/41 | 25/33 | 24/28 | 15/18 |
| Sector Average | 17.21 | 8.64 | 8.44 | 8.55 | 7.98 |
| Benchmark | 18.60 | 8.96 | 9.12 | 9.25 | 8.47 |

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 | 9 | 23 | 40 | 55 | 76 |
| Max Gain | 21.44 | 29.92 | 60.08 | 77.87 | 112.40 |
| Max Drawdown | -2.87 | -5.81 | -10.44 | -10.44 | -10.44 |
| Highest | 17.96 | 17.96 | 17.96 | 17.96 | 17.96 |
| Lowest | 3.25 | -0.74 | -4.09 | -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 |
|-------------------|---------|
| 29 September 23 | 2.03 |
| 29 December 23 | 2.02 |
| 28 March 24 | 2.02 |
| 28 June 24 | 2.16 |
| In last 12 months | 8.23 |
| In 2023 | 7.90 |

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Melville Douglas STANLIB Bond Fund

Quarterly update at 30 June 2024



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



Paolo Senatore

MSc (Mechanical Engineering)

Strategist



Bernard Drotchie

BCom (Hons), CFA®, CFPTM

Chief Investment Officer

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 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 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 experienced positive returns during the period outperforming its benchmark as the positive sentiment following the general elections buoyed the currency and bond yields.

Market overview

By the time the second quarter of the year began, financial markets (the markets) had moderated their interest rate expectations and had resigned themselves to higher interest rates for a while longer. However, there was still unanimity in the markets that indeed central banks will still adjust policy rates lower in the second half of the year albeit shallower than initially priced.

Given this global policy backdrop which kept global bond yields elevated, the local bond market had another country specific risk to contend with. President Ramaphosa had announced the date of the general elections (29th May 2024) and the country was in full swing gripped with election fever. Political parties were criss-crossing the country canvassing votes.

When South Africans cast their votes on 29th May, opinion polls were suggesting that the ruling party (ANC) that had governed the country since 1994 would lose its electoral majority. These polls were divided on the magnitude of the expected electoral loss. However, the polls were unanimous on one thing, the higher the losses were, the more difficult it would be for the ANC to assemble political parties to form a new administration. The country's constitution dictates that the minimum threshold to form an administration is 50% +1. In the absence of an outright winner, political parties who participated in the elections must come together, in one of various permutations, to breach that minimum threshold and form a government. In an event where these parties do not find each other and a new government cannot be formed, new elections must be held within ninety (90) days after the announcement of election results. When the results were announced on 2nd June 2024, the ANC received just above 40% of the electoral support. It remained the single party that received the most votes, with its next rival the Democratic Alliance (DA) receiving support of just above 22%.

After a nerve wrecking two weeks where political parties scrambled to find partners to join them in forming a government, the ANC invited its political opponents into a broad government of national unity. The Democratic Alliance and the Inkatha Freedom Party (IFP) were the first to indicate their willingness to join this arrangement. They would enter this arrangement with minimum conditions in place, on the proviso that those parties who were perceived to have campaigned on a ticket of threatening the constitution and rule of law, were not part of that government. A government of national unity was formed amongst eleven political parties, the biggest amongst which are the ANC, DA and IFP. This cooperative arrangement was able to vote President Ramaphosa, leader of the ANC, to his second term as the President of the Republic. Mr. Ramaphosa was sworn in as the president on Wednesday 19th June 2024. Following his ascendancy, once again, to the first citizen of the country, his immediate task was to assemble his executive team to reflect the broad nature of the Government of National Unity (GNU).

Financial markets have welcomed this political outcome with the local currency trading through R18/\$ on the day Ramaphosa was inaugurated. This recovery was the best performance the local currency had experienced in recent weeks, having traded from above R19/\$ after the announcement of the election results on 2nd June. This denotes a more than 5.6% recovery in the space of two weeks. Domestic bonds and equities were not left behind and joined the relief rally with bond yields experiencing a 120-basis points recovery (from 12.4% to 11.2%) and equity markets gaining more than 5.2% during the same period.

The positive sentiment expressed through the price action described above, may catapult the country on a new path of growth and reform. South Africa is stuck in a low growth environment, with high interest rates, escalating levels of national debt and high levels of unemployment, inequality, and poverty.

Looking ahead

Looking into the future and underpinned by the stability and success of this political arrangement, we expect that in the short to medium term, growth will be dependent on the continued implementation of the structural reforms and an improvement in external demand. We expect improved growth projections in the near term due to a reduction in load-shedding. In this positive political backdrop, that is supportive of a currency recovery, we expect inflation to continue its deceleration path, however, we believe the central bank will monitor the developments before rushing into cutting rates. We believe this positive backdrop, if sustained, will be supportive of the fiscus and will go a long way in reducing the country's borrowing costs.

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 | Q2 2024 | Q1 2024 | Change |
|------------------------------|---------|---------|--------|
| Domestic Cash | 2.58 | 2.73 | -0.15 |
| Domestic Fixed Interest Govt | 97.42 | 97.27 | 0.15 |

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

| Class | Type | Price (cpu) | Units | NAV (Rand) |
|-------|--------|-------------|--------------|--------------|
| A | Retail | 90.59 | 6,320,197.94 | 5,730,000.00 |

All data as at 30 June 2024.

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

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

Melville Douglas STANLIB Bond Fund

Important information update at 31 August 2024



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 August 2024.

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