

Melville Douglas STANLIB Balanced Fund

Fund information update at 31 August 2021

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 | 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?

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 397.71 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). 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

| | 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 30 June 2021

| | Class B1 |
|--------------------------------|------------|
| Based on period from: | 01/07/2018 |
| Total Expense | 1.22% |
| Transaction Costs | 0.07% |
| Total Investment Charge | 1.29% |
| 1 Year Total Expense | 1.22% |

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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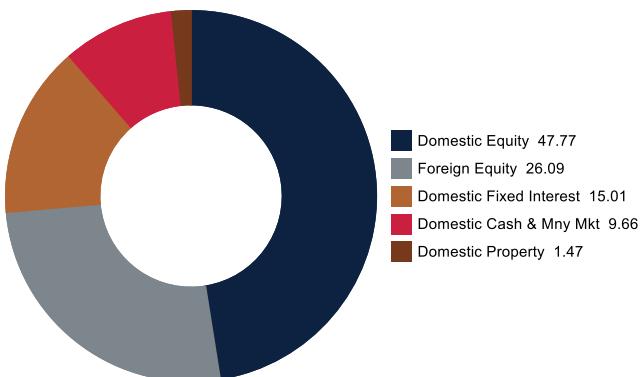
Melville Douglas STANLIB Balanced Fund

Monthly update at 31 August 2021



Holdings

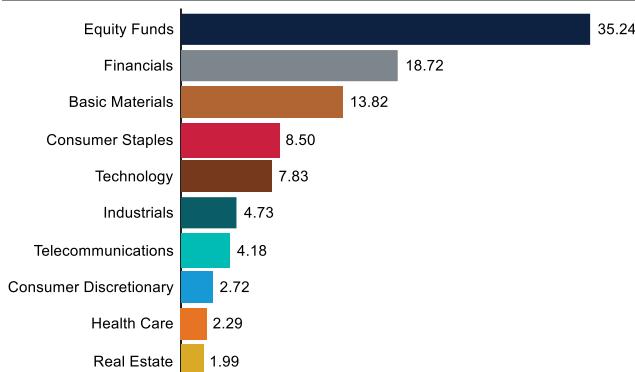
Asset allocation (%)



Top Equity holdings (%)

| | |
|---------------------------|------|
| Anglo American plc | 4.77 |
| Prosus NV N (ZAR) | 4.45 |
| FirstRand Ltd | 2.87 |
| BHP Group Plc | 2.73 |
| Standard Bank Group Ltd | 2.35 |
| Bid Corp Ltd | 2.21 |
| Mondi Plc | 2.01 |
| MTN Group Ltd | 2.01 |
| Sanlam Ltd | 1.94 |
| Capitec Bank Holdings Ltd | 1.91 |

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.

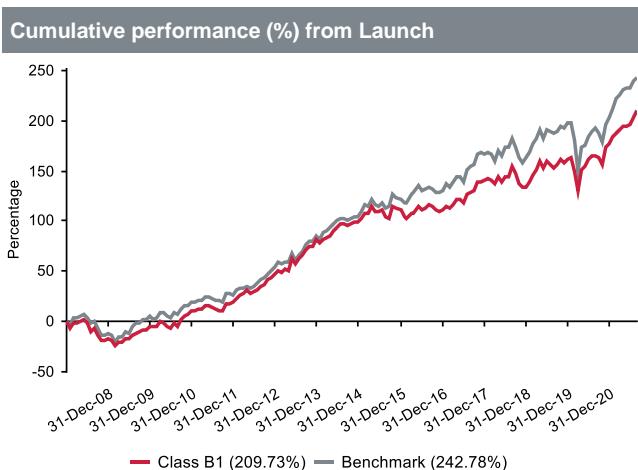
| Returns (%) | 1yr | 3yrs | 5yrs | 7yrs | 10yrs |
|-----------------|--------|--------|--------|-------|-------|
| Class B1 | | | | | |
| Class | 16.83 | 6.82 | 7.45 | 6.71 | 10.83 |
| Rank/Out of | 98/200 | 73/176 | 30/148 | 42/95 | 6/61 |
| Sector Average | 17.25 | 6.46 | 6.11 | 6.43 | 9.07 |
| Benchmark | 17.19 | 6.77 | 7.91 | 7.77 | 11.00 |

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

| Statistics (%) | 1yr | 3yrs | 5yrs | 7yrs | 10yrs |
|-----------------|-------|--------|--------|--------|--------|
| Class B1 | | | | | |
| Positive Months | 10 | 25 | 41 | 54 | 82 |
| Max Gain | 20.88 | 34.56 | 47.44 | 58.20 | 180.69 |
| Max Drawdown | -3.35 | -12.78 | -12.78 | -12.78 | -12.78 |
| Highest | 26.08 | 26.08 | 26.08 | 26.08 | 27.54 |
| Lowest | -1.90 | -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)

| | Class B1 |
|-------------------|----------|
| 31 December 20 | 4.84 |
| 30 June 21 | 6.05 |
| In last 12 months | 10.89 |
| In 2020 | 11.41 |

Melville Douglas STANLIB Balanced Fund

Quarterly update at 30 June 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



Susan Gawith
BSc, MBA
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).

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 Dynamic Strategy Fund (ZAR). Susan holds a BSc degree and an MBA.

Fund review

The fund is up 2.2% for the quarter, with the best performing asset being our SA bond holding, which was up 7%.

For the quarter our domestic equity is up 0.75%, strong performances from Richemont +22%, Capitec +20% and MTN +18% couldn't undo the damage of heavyweight Naspers and Prosus falling 15%. We have added domestic equity in the last quarter, the new positions are Implats, Angloplat and Thungela Resources (spun out of Anglo American). We also bought SA equity across the board to increase our domestic equity exposure. We reduced AVI and sold out of Anheuser-Busch after its 14% recovery.

Market overview

Global equity returns have continued to surprise positively this year aided by strong underlying growth in company earnings and improving economic fundamentals as vaccinations have been rolled out. At the same time monetary and fiscal policies have been exceptionally accommodative over the past year and played an important part in supporting valuations across assets, including commodity prices. The underlying growth outlook for many economies remains encouraging. COVID-19 and its effects are not going to disappear any time soon, but countries, companies and households have learned to adapt to a new environment. The successes achieved from the vaccination programs have been well documented but continue, alongside technological innovation, to be one of the most important vectors behind the strong rebound in economic activity.

The MSCI All Country World Index rallied +1.3% (USD) in June, with the US (+2.8%) leading regional returns on the back of fresh infrastructure stimulus and a rapid vaccine rollout with almost half the population fully vaccinated. Lower bond yields during the month prompted the outperformance of Tech (growth) and the underperformance of Financials (value). Global staples continued to outperform during the month and Energy +3.3% was one of the few sectors within Resources printing a positive return.

Domestic equities lost some ground in June with the ALSI and Capped SWIX down 2.4% and 3% respectively as the resources sector sold off 6.4% and financials were down 3.1%. The Industrials sector ended the month in positive terrain despite the weak performance from Naspers and Prosus - both shares were down c. 15% over the past 3 months on the proposed transaction and underperformance in Tencent's share price. Perhaps more striking is the 8% differential in returns between the major domestic equity indices and the MSCI ACWI during the month, resulting in an outperformance of global equities over domestic equities during the second quarter of the year.

Looking ahead

The global growth outlook has improved on the back of the successful vaccine roll out programs and unprecedented monetary and fiscal stimulus. One concern is high inflation, which will be a headwind for global equities, as sustained inflation is negative for margins and valuations. Some of this is temporary in nature, caused by global supply chain bottlenecks. Global assets remain expensive, and we expect lower future returns.

South African assets continue to offer value. The restructuring of SOE's coupled with infrastructure roll out programs and improved outlook for SA's fiscus will provide an underpin to SA's growth and domestic assets returns, if successfully implemented.

Investors will have to be vigilant and selective in their approach – companies with strong balance sheets, unique offerings and pricing power will continue to outperform.

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 2021 | Q1 2021 | Change |
|-------------------------|---------|---------|--------|
| Domestic Cash & Mny Mkt | 11.35 | 6.02 | 5.33 |
| Domestic Equity | 45.44 | 47.47 | -2.03 |
| Domestic Fixed Interest | 15.37 | 16.86 | -1.49 |
| Domestic Property | 1.80 | 1.72 | 0.08 |
| Foreign Equity | 26.04 | 27.93 | -1.89 |

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

| Class | Type | Price (cpu) | Units | NAV (Rand) |
|-------|--------|-------------|---------------|----------------|
| B1 | Retail | 581.87 | 62,961,235.70 | 366,353,941.20 |

All data as at 30 June 2021.

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

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Melville Douglas STANLIB Balanced Fund

Important information update at 31 August 2021



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) 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 August 2021.

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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