

# Melville Douglas STANLIB Balanced Fund

Fund information update at 31 May 2024

## 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)** Bernard Drotschie, Paolo Senatore and Refilwe Moroka

**Size (NAV)** R 389.52 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

	Class B1
<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 March 2024

	Class B1
<b>Based on period from:</b>	01/04/2021
<b>Total Expense</b>	1.29%
<b>Transaction Costs</b>	0.08%
<b>Total Investment Charge</b>	1.37%
<b>1 Year Total Expense</b>	1.30%

**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.

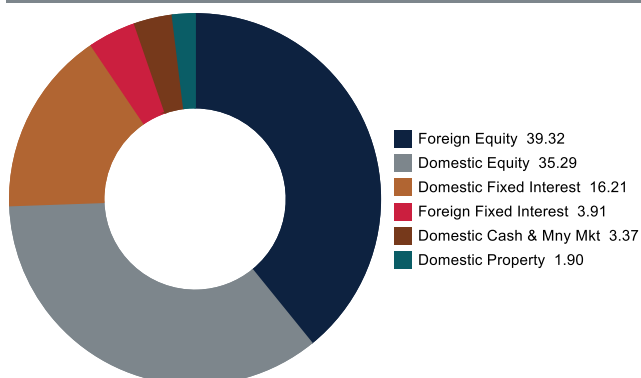
**Total Investment Charges (TIC):** This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not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

# Melville Douglas STANLIB Balanced Fund

Monthly update at 31 May 2024

## Holdings

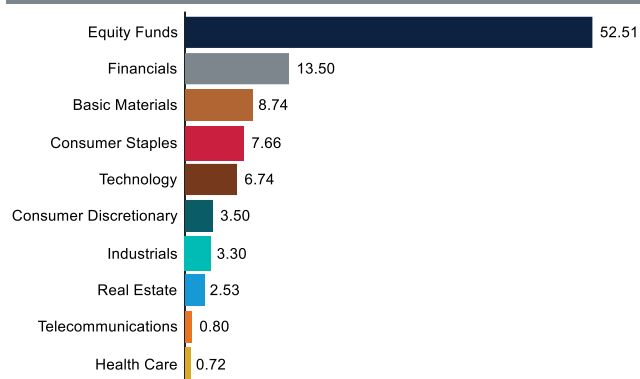
### Asset allocation (%)



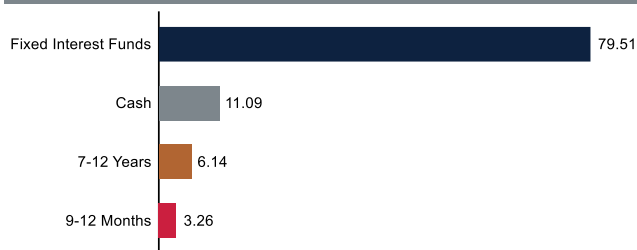
### Top Equity holdings (%)

Naspers Ltd	3.77
FirstRand Ltd	2.35
Anglo American plc	2.21
Standard Bank Group Ltd	1.87
AngloGold Ashanti plc	1.75
Bid Corp Ltd	1.49
Mr Price Group Ltd	1.34
The Bidvest Group Ltd	1.32
Compagnie Financière Richemont SA	1.28
Prosus NV N (ZAR)	1.28

### Equity allocation (Industry) (%)



### Fixed Interest allocation (%)



## Performance and Income

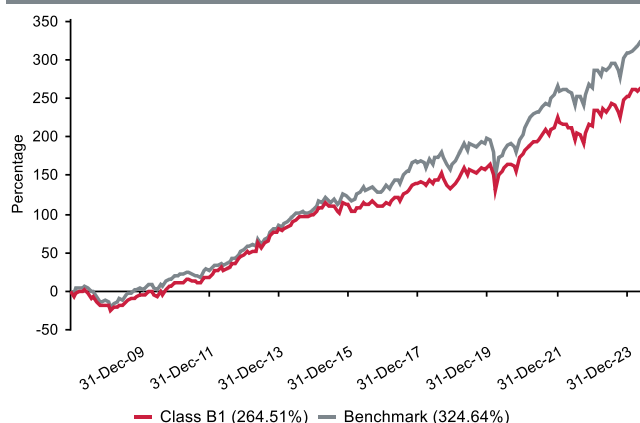
Class B1 Launch: 02 January 2008

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	9.49	7.44	7.66	7.32	6.75
Rank/Out of	126/210	162/193	149/176	70/151	46/82
Sector Average	9.85	8.64	8.98	7.31	6.95
Benchmark	9.70	8.53	8.53	8.19	8.00

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	7	19	36	52	73
Max Gain	12.15	25.22	58.36	67.04	92.16
Max Drawdown	-5.35	-10.49	-12.78	-12.78	-12.78
Highest	14.67	21.12	26.08	26.08	26.08
Lowest	5.78	-4.08	-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
<b>30 June 23</b>	6.78
<b>29 December 23</b>	8.70
<b>In last 12 months</b>	15.48
<b>In 2023</b>	15.48

# Melville Douglas STANLIB Balanced Fund

Quarterly update at 31 March 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.



**Bernard Drotschie**  
BCom (Hons), CFA®, CFPTM  
Chief Investment Officer

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.



**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. 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).



**Refilwe Moroka**  
BCom, BCompt (Hons), CFA®  
Senior Analyst, Investment Research

Refilwe joined Melville Douglas in 2017 as domestic equity research analyst covering the Diversified industrials and Telecommunications sectors, and is now the Head of Domestic Equity Research. Refilwe co-manages the Melville Douglas High Alpha Fund and the Melville Douglas Balanced Fund. Prior to joining Refilwe was a Diversified Lending & Leveraged Credit Risk Manager dealing specifically in the FMCG, Retail sector at Standard Bank. She holds a B.Com Accounting degree, a B.Compt (Hons) in Cost Management Accounting and is a CFA® Charterholder.

## Fund review

The Balanced Fund delivered a return of 2.4% in the 1st quarter 2024, outperforming the benchmark return of 1.6%. The outperformance was driven by strong relative returns from the global equity component in the fund and marginal outperformance from the SA equities held in the fund. The Fund returned 10% against the benchmark return of 9.4% for the 12-month period.

## Market overview

Global equity markets have reached new highs as the World's economic expansion and corporate earnings cycle have proven to be more resilient than was expected only a few months ago. Global equities (MSCI ACWI) are up 8% year-to-date, 23% over the past 12 months and an eye-watering 44% higher since the low point reached in 2022. While a "soft landing" was our base case it would now appear that a "no landing" is the most probable outcome for the Global economy as corporate profits and the investment cycle have turned positive. In South Africa, economic growth remains lacklustre with few vectors in the near term expected to drive growth. Corporates earnings have been under pressure, but favourable base effects are expected to drive earning growth higher over the next 12 months. The disappointing growth and heightened uncertainty over this year's general elections resulted in JSE listed equities not only underperforming global equities but also the emerging market peer group. We have already witnessed the SA 10-year bond (R2035) selling off from 11.37% beginning of the year to 12.24% at the end of March. The South African Rand weakened from R18.362 (December 2023) to R18.992 (March 2024) against the US dollar. Headline inflation remained at the upper bounds of where the SARB would like to anchor long term inflation expectation. at 5.6%. During the quarter, the SARB kept rates unchanged at 8.25% in a unanimous vote.

## Looking ahead

We continue to believe that interest rates have peaked, and rate cuts are expected to materialise both locally and globally in the latter part of 2Q24, which will support valuations in 2024. Sovereign bond yields have adjusted modestly higher to reflect the reality that the path for core inflation, albeit lower, is set to be both bumpy and sticky on its way down and as the Global economy recovers and favourable base effects begin to fade. We believe local bond yields remain attractive and have taken an overweight position in this asset class as we expect returns to be well above cash over the medium term as interest rates decline. SA equity valuations remain undemanding but what remains crucial is the implementation of Government's structural reform initiatives which are required to unlock value for investors. We remain constructive on global equities which provide investors diversification and the opportunity to invest in stocks and sectors that have secular growth drivers. We continue to actively monitor the key drivers of asset class returns, which include valuations, the outlook for inflation, interest rates, the change in the direction of leading economic indicators and developments in employment. Our strategy remains unchanged, and we will continue to invest in high-quality businesses with strong balance sheets, robust cash flow streams and attractive valuations.

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 2024	Q4 2023	Change
Domestic Cash & Mny Mkt	2.51	4.29	-1.78
Domestic Equity	35.54	37.86	-2.32
Domestic Fixed Interest	16.63	17.35	-0.73
Domestic Property	1.97	0.39	1.59
Foreign Equity	39.41	36.23	3.18
Foreign Fixed Interest	3.94	3.88	0.06

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
B1	Retail	653.59	54,616,786.69	356,968,372.70

All data as at 31 March 2024.

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

# Melville Douglas STANLIB Balanced Fund

Important information update at 31 May 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 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 May 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](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  
Email: [contact@stanlib.com](mailto:contact@stanlib.com)  
Website: [www.stanlib.com](http://www.stanlib.com)

### Third Party Manager

Melville Douglas Investment Management (Pty) Ltd  
An authorised financial services provider, FSP No. 595  
Reg. No. 1987/005041/07  
8th Floor West Wing, 30 Baker Street, Rosebank, 2196  
Telephone: +27 (0)11 721 7964  
Website: [www.melvilledouglas.co.za](http://www.melvilledouglas.co.za)

### Trustee

Standard Chartered Bank  
Reg. No. 2003/020177/10  
2nd Floor, 115 West Street, Sandton, 2196  
Telephone: +27 (0)11 217 6600

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