

1invest ALSI 40 Fund



Fund information update at 31 August 2021

What is the fund's objective?

The objective of the 1invest ALSI 40 Fund is to track the FTSE/JSE Top40 Index (Top40) as closely as possible.

What does the fund invest in?

The fund invests in the constituents of the Top40 Index and aims to replicate the index by holding the same weightings of these constituents.

The Top40 is an equity Index of the 40 largest companies by market capitalisation, listed on the JSE.

The fund is rebalanced quarterly and therefore has minimal trading costs.

The fund may also hold a small portion in cash instruments and listed derivatives to effect efficient portfolio management.

What possible risks are associated with this fund?

Risks include general market conditions and market volatility, company specific risk, economic and political risk.

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?

- Investors who seek exposure to the South African equity market;
- Investors who seek a low cost fund;
- Investors who seek a simple and transparent investment process that invests in liquid, listed securities;
- Investors who seek equity market exposure that blends well with other investment strategies to reduce total costs and diversify risk;
- Investors who are willing to take a longer term view as this fund is aggressively risk profiled and investors should expect some volatility in the shorter 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) Ryan Basdeo, Bokang Koela and Rademeyer Vermaak

Size (NAV) R 1.09 billion

Classification South African - Equity - Large Cap

Regulation 28 Does not apply

Index FTSE/JSE Top 40 Index (J200T)

Methodology Replication

Rebalancing Quarterly

	Class A	Class B1
Launch	17 March 2000	01 July 2015
ISIN number	ZAE000023602	ZAE000207205
JSE code	LBFT	SLAFB1

Minimum investment requirements -

Lump sum	R 5,000	N/A
Monthly	R 500	N/A

What are the costs to invest in this fund?

Maximum charges including VAT

	Class A	Class B1
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	0.000% - 3.450%	0.000%
Annual fee	0.460%	0.288%
Performance fee	N/A	N/A
Adviser fee	1.150%	1.150%

Annual fee - 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 fund management fee and administration fee. The fee also includes other charges such as audit, custody and index provider fees that are normally additional permissible deductions. 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 A	Class B1
Based on period from:	01/07/2018	01/07/2018
Total Expense	0.46%	0.29%
Transaction Costs	0.09%	0.09%
Total Investment Charge	0.55%	0.38%
1 Year Total Expense	0.46%	0.29%

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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Monthly update at 31 August 2021

Holdings

Asset allocation (%)



Top equity holdings (%)

BHP Group Plc	10.92
Richemont Securities	9.35
Anglo American plc	8.67
Prosus NV N (ZAR)	7.38
Naspers Ltd	5.98
FirstRand Ltd	3.46
MTN Group Ltd	2.74
Mondi Plc	2.22
Standard Bank Group Ltd	2.17
Impala Platinum Holdings Ltd	2.01

Equity allocation (Industry) (%)



Performance and Income

Class A Launch: 17 March 2000

Class B1 Launch: 01 July 2015

Benchmark: FTSE/JSE Top 40 Index (J200T)

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class A					
Class	21.90	8.03	8.24	6.88	10.96
Rank/Out of	6/13	3/11	3/11	2/10	3/7
Sector Average	23.94	6.52	6.73	5.61	9.75
Benchmark	22.61	8.53	8.88	7.38	11.52
Class B1					
Class	22.05	8.22	8.43		

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 A					
Positive Months	8	20	33	46	71
Max Gain	34.14	58.95	60.56	68.55	203.94
Max Drawdown	-6.77	-20.27	-20.27	-20.27	-20.27
Highest	53.54	53.54	53.54	53.54	53.54
Lowest	-2.71	-16.67	-16.67	-16.67	-16.67
Class B1					
Highest	53.80	53.80	53.80		
Lowest	-2.55	-16.53	-16.53		

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	Class B1
30 September 20	4.23	4.57
31 December 20	1.13	1.33
31 March 21	6.48	6.82
30 June 21	2.43	2.71
In last 12 months	14.27	15.43
In 2020	13.26	13.85

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Quarterly update at 30 June 2021

Who are the investment managers?

1INVEST Fund Managers (Pty) Ltd, FSP 49955, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, manage the investments of the fund.

The fund is run by the 1invest team which specialises in the manufacture of index and factor products for individual and institutional investors. Investors who seek a simple, transparent and cost-effective investment solution can invest in index products that meet their financial goals.



Ryan Basdeo

MBA (Wits), BCom (Taxation),
Registered Securities Trader
Head of Index Portfolio Management



Bokang Koela

MSc (Financial Mathematics)
Junior Portfolio Manager



Rademeyer Vermaak

MEng (Electronic - Cum Laude),
CFA
Head of Portfolio Management

Commentary

Fund review

The fund performed in-line with the index over the quarter. The last quarterly review of the index saw no changes to the index. The fund benefited from its exposure to Investec PLC, Investec Ltd and Nedbank, which were the three top performers, with Investec PLC returning 26.38% over the quarter. However, its exposure to Anglo American Platinum, AngloGold Ashanti Ltd and Northam Platinum Ltd detracted from performance over the quarter, as these were the three worst performers in the fund. Anglo American Platinum returned -23.4% over the quarter.

Market overview

Global markets continued to advance over Q2 2021 on the back of positive global vaccine developments and rollout progress. During this quarter, the MSCI EMEA was up 6.2%, MSCI World was up 7.3% and MSCI EM was up 4.4%. All eyes were in the direction given by the FOMC with regards to inflation being persistent or transitory and the direction of long-term interest rates. The FOMC left rates unchanged in its June 16 meeting whilst the market bounced around interpreting their commentary. The global economy remains worried over the development of the Delta variant, which highlighted the global vaccine divide between Emerging and Developed Markets. In South Africa, the government continues to extend its vaccination program. Vaccinations have been opened to people aged 50+ and they have also introduced walk-in vaccination stations in an attempt to speed up vaccination efforts. On the 27th June 2021 the President introduced a country wide level 4 lockdown in response to a sharp increase in COVID infections. On the back of inflation remaining within range in the near term, the Monetary Policy Committee kept the repo rate unchanged over the quarter at 3.5% with an expected increase later in the year due to improved economic recovery. The Reserve Bank revised annual GDP growth expectations from 3.8% to 4.2% but revised downwards in its 2022 projections to 2.3% from 2.4%. The annual rate of inflation increased to 4.4% y/y in April 2021 from 3.2% y/y in March 2021, the bank expects headline consumer inflation to average 4.2% in 2021, up from 3.3% in 2020 and expect it to average 4.4% in 2022 and 4.5% in 2023. Local indices were mostly up over the quarter, including the Top 40 (-1.18%), All Share (-0.35%), the Capped SWIX ALSI (0.03%), ALBI (6.85%), and the STeFI (+0.92%).

Looking ahead

With the effective rollout of vaccines in developed countries such as US and UK, the global focus has moved from damage control via lockdowns to extending vaccination programs and easing social distancing restrictions. Europe and China have accelerated their vaccination attempts and will soon close the gap, whilst emerging markets have had mixed progress but generally lag the developed countries and will continue to focus on management of outbreaks until vaccine programmes pick up speed. A combination of increased vaccines, better management of COVID outbreaks, easing of lockdown restrictions and supporting monetary policy have led to better than expected global economic growth and will continue in the second half of the year. The increase in the growth has led to high inflation particularly in the US as supply fails to meet increasing demand which is fuelled by the significant stimulus package that was injected into the economy in the 1st half of the year. The Federal PCE index is now above the 2% threshold and will stay elevated for the remainder of the year. The FOMC believes that rise in prices is transitory and not permanent and will continue to leave interest rates unchanged. Locally, vaccine rollout has been bolstered by increased supplies of vaccines and walk in station for people aged 50+, which means the economy is likely to begin recovery sooner rather than later. However, the recent the lockdown does threaten the expected economic growth and could have long lasting impact if it stretches for too long. On the political front, the ruling party has made progress in their stance against corruption by successfully suspending the General Secretary, however the focus will now shift on how they respond to the former President Jacob Zuma's sentence by the Constitutional Court. The President has announced an increase to the max threshold for self-generation electricity projects from 1MW to 100MW. This will create less dependability on Eskom and businesses will be able to continue operations during load shedding. Continued execution in this regard by the President, should start to lift foreign and business confidence and hopefully translate to future fixed investment into the economy.

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	0.07	0.07	0.00
Domestic Equity	99.93	99.93	0.00

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	670.04	40,781,357.65	273,250,370.02
B1	Retail	670.30	109,745,444.55	735,618,334.58

All data as at 30 June 2021.

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

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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 1invest ALSI 40 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 1INVEST Fund Managers (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 49955, 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 17h00 (prior to 28/02/18 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, incubator portfolio. The Manager retains full legal responsibility for this portfolio. A third party named, incubator portfolio is a portfolio bearing the name of the financial services provider (FSP), who intends to apply to the Registrar to be approved as a manager within three years after the Registrar has approved the portfolio, and 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. 1INVEST Fund Managers (Pty) Ltd, an authorised FSP, FSP No. 49955, 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

Manager

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