STANLIB Global Emerging Markets Fund

STANLIB

Minimum Disclosure Document as of 29 February 2024

Risk profile: ●●●●● **Aggressive**

The fund is a class fund of STANLIB Offshore Unit Trusts which invests exclusively in the STANLIB Funds Limited-STANLIB Global Emerging Markets Fund.

Objectives

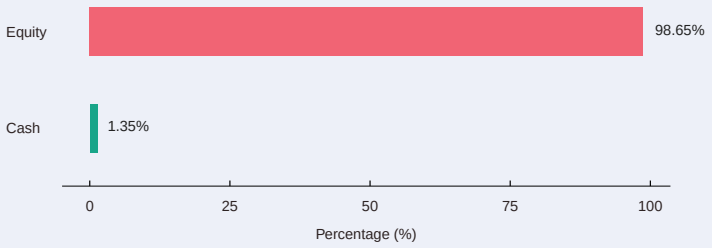
The aim is to provide investors with long term capital growth from a diverse and actively managed Class Fund of securities selected from global stock markets. The STANLIB Global Emerging Markets Fund invests as a feeder fund into a class fund of STANLIB Funds Limited - Global Emerging Markets Fund, which invests in a number of emerging market territories which may include (among others) the Pacific Basin regions, Brazil and Russia and other regions characterised as developing or emerging by the World Bank, the United Nations or the MSCI Emerging Markets Index.

Performance

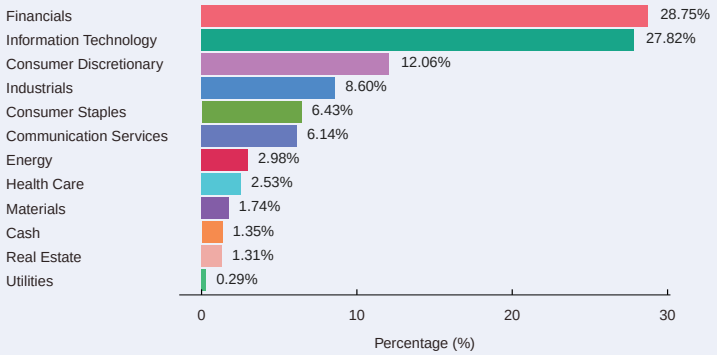
Statistics	1 Year	3 Years	5 Years	10 Years
Fund Annualised Return: Class A	13.20%	-13.72%	0.67%	-0.20%
Fund Annualised Return: Class B1	13.88%	-13.20%	1.27%	-
Fund Annualised Return: Class B2	14.11%	-13.03%	1.48%	-
Index Annualised Return	9.18%	-5.93%	2.28%	3.39%
Highest Return over 12 rolling months				80.14%
Lowest Return over 12 rolling months				-40.57%

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

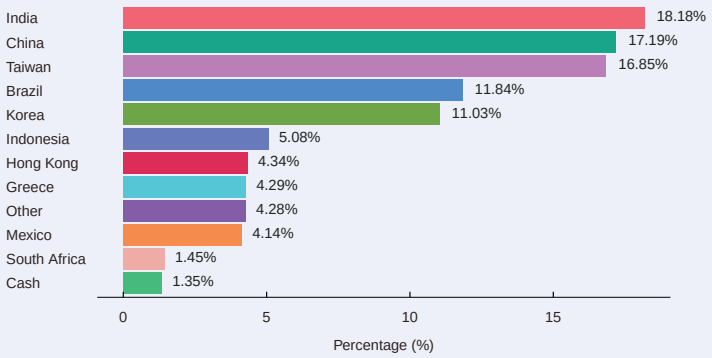
Asset allocation



Sector allocation



Geographic allocation



Portfolio facts

Investment manager	STANLIB Asset Management Pty Limited
Underlying investment manager	Columbia-Threadneedle Investment Manager
Launch date	02 May 1997
Denominated in	US Dollar
Fund size	US $ 10.95 million
Min. investment amount	US$2,500
Min. subsequent investment	US$1,000
Upfront charge (maximum)	3.00%
Annual management charge (AMC): Class A	1.20%
Annual management charge (AMC): Class B1	0.60%
Annual management charge (AMC): Class B2	0.40%
Class A intermediary trail commission (Paid from AMC)	0.50%
ISIN code (Class A)	GB00B0661J70
ISIN code (Class B1)	JE00BD8RJN95
ISIN code (Class B2)	JE00BD8RJP10
Benchmark index	Benchmark: MSCI Emerging Market Index TRN
Manager and administrator	STANLIB Fund Managers Jersey Limited
Trustee	Apex Financial Services (Corporate) Limited

Portfolio costs (TER, TC and TIC)

Fund Class	TER (12 m)	TER (36 m)	TC (36 m)	TIC (36 m)
Class A	2.39%	2.06%	0.24%	2.30%
Class B1	1.79%	1.46%	0.24%	1.70%
Class B2	1.59%	1.26%	0.24%	1.50%

Total Expense Ratio (TER): This 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 a rolling three years (where applicable) 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 cannot be regarded as an indication of future TERs.
Transaction Costs (TC): The percentage of the value of the fund as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs 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. Where a transaction cost is not readily available a reasonable best estimate has been used. Estimated transaction costs may include Bond. Money Market and FX Costs (where applicable).
Total Investment Charges (TIC): The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expense , these costs (the TER & TC) should not be deducted from the fund returns. It is the sum of the TC & TER.

Top holdings

Taiwan Semiconductor Manufacturing Co., Ltd.	9.63%
Samsung Electronics Co., Ltd.	5.98%
Tencent Holdings Ltd.	3.67%
SK hynix Inc.	3.15%
PT Bank Rakyat Indonesia (Persero) Tbk Class B	2.83%
ICICI Bank Limited	2.53%
PDD Holdings Inc. Sponsored ADR Class A	2.30%
PT Bank Central Asia Tbk	2.25%
Larsen & Toubro Ltd.	2.22%
IndusInd Bank Ltd.	2.21%

Fund Review

Gross of fees, the fund outperformed its benchmark over the quarter.

At the sector level, the consumer sectors, financials and technology were among the top relative contributors, owing mostly to positive selection effects, though the overweight in technology was also supportive. At the other end, our picks in communication services and materials were a hindrance, along with the zero weight in utilities and overweight in industrials.

By country, allocation effects were positive in Russia after the sale of one of our holdings (Fix Price Group) to a third party. The lack of exposure to United Arab Emirates, the underweight in China and the overweight in Brazil also proved beneficial, as did selections in Korea and Greece. On the other side, selections in the Philippines and India weighed on relative performance. The overweight in Hong Kong and underweight in Taiwan also proved unhelpful.

At the stock level, PDD Holdings (formerly Pinduoduo) was the top contributor. PDD is China's largest e-commerce company; the shares extended their strong year-to-date gains as Q3 earnings far exceeded consensus forecasts, helped by steady growth in the domestic business.

Other positive contributors included the aforementioned Fix Price Group; we took advantage of increased liquidity to dispose of the holding. The position in Polish supermarket chain Dino Polska also added value. The shares were boosted by positive sentiment towards Poland after the incumbent Law and Justice Party (PiS) lost power in the country's general election, ceding control of parliament to a pro-EU coalition.

Detractors from relative performance included Chinese technology firm Baidu. Shares declined amid reports that stricter US export controls will delay the company's access to the most advanced semiconductor chips – important technology in the production of Baidu's AI processors.

Chinese video-game developers Tencent and NetEase also underperformed following the aforementioned news around proposed regulations for online gaming.

Market Background

The MSCI Emerging Markets (EM) index rose by 7.9% in US dollars over the fourth quarter (Q4). Positive sentiment was driven by a growing belief that the Federal Reserve had reached the end of its tightening cycle and would soon start cutting interest rates, with the resulting decline in Treasury yields and US dollar weakness proving a tailwind for EM equities.

In Asia, China lagged the broader EM index. The latest macro data over the period showed retail growth below expectations and negative year-on-year consumer price inflation, while import and export figures were sluggish. The property sector also remains troubled, with declines in residential property prices and property investment throughout 2023. Beijing announced support for the sector by raising the country's fiscal deficit ratio to 3.8% (from 3%), allowing it to issue up to 1 trillion yuan (around US$137 billion) of sovereign debt. Meanwhile, the People's Bank of China kept its main lending rates on hold and injected record liquidity into the financial system as a further measure to jump-start the economy. Towards the end of the period, the country's gaming regulator issued new guidelines, including rules for governing game operation and limiting app monetisation, which subsequently impacted stocks in the space. This preceded a partial recovery after the regulator approved the release of several games and outlined support for the "healthy development" of the industry.

Elsewhere in Asia, Korea outperformed the EM benchmark thanks in part to constructive trends for chip and electric vehicle (EV) battery makers. Export data showed strength, and Bank of Korea officials highlighted this as one of the economy's bright spots. Taiwan also outperformed the EM index over the quarter as foreign investment flows boosted sectors such as IT and healthcare. In India, economic data was mixed. According to official estimates from the National Statistical Office, quarterly GDP growth to the end of September was stronger than expected, rising 7.6% compared with the same period last year, led by industrial production. However, private consumption climbed only modestly. Indonesia's market underperformed as annual GDP growth slowed in Q3, while Bank Indonesia unexpectedly raised interest rates by 25 basis points (bps) to support the currency as the country adjusts to higher oil prices.

Latin America was the best-performing region in the index. In Brazil, the reform of the complex tax system moved a step closer after Senator Eduardo Braga – with the backing of President Lula's government – published his first draft of a significant new tax bill. In addition, the country's central bank took advantage of easing core inflation to cut its benchmark SELIC rate twice during the quarter to end the year at 11.75%. Domestic demand and inflation are moving in line with forecasts, although household inflation expectations are not yet re-anchored. In Mexico, Q3 GDP came in ahead of expectations, supported by domestic consumption and industrial activity. The country's central bank kept rates on hold, as expected, while also increasing its 2023 and 2024 GDP growth forecasts. Elsewhere, South Africa outperformed the benchmark over the quarter due to currency strength after an unexpected rise in inflation prompted hawkish comments from the country's central bank. Food, metals and transport equipment were among the sectors that experienced the sharpest price increases. Meanwhile, manufacturing production increased but fell short of forecasts, and the country's important mining sector shrank more than expected.

Outlook

The near-term catalyst for EMs will be rate cuts. Many EM economies are experiencing low inflationary pressure, such as Mexico, Brazil, Indonesia, India and Poland, which is within their respective central bank's tolerance bands. Some central banks have started easing monetary policy already, but we expect the majority to take their lead from the Fed, and the market is predicting rate cuts in 2024. China's lacklustre post-Covid recovery, property sector woes and geopolitical tensions have been weighing on the overall market. However, we have noted improving policy visibility, especially regarding stimulus, reforms and regulation. Geopolitical tensions will remain a key risk to monitor; while frictions have eased, the underlying issues have not changed. In terms of US-China relations, recent developments with regards to dialogue have been positive. We are also monitoring developments around the Taiwanese elections this year.

North Asian economies have benefited from China reopening. The semiconductor cycle is showing signs of bottoming out, while inventory destocking has peaked in memory devices and a milder downturn has taken place in logic devices, benefiting the economies of South Korea and Taiwan.

ASEAN economies are demonstrating resilience and stand to gain from the reconfiguration of Asia's supply chains. Indonesia is benefiting from economic momentum thanks to strong consumer demand and commodity prices. Policy reforms in areas like supply-chain downstreaming have stimulated foreign direct investment (FDI) and resulted in a current account surplus. Additionally, Indonesia's central bank has signalled the end of policy tightening.

India is in a structural growth cycle: again, reforms (in this case related to tax, bankruptcy, labour and real estate) have been key, making it easier to do business. The government is focused on infrastructure investment and expanding the country's manufacturing sector, all to encourage FDI. The government has also kick-started a new property and credit cycle, which, over the longer term, should be underpinned by favourable demographics.

In Emerging Europe, Poland's economy is in a good place, with low unemployment; low private/public leverage levels and FDI at record highs. The economy is also benefiting from positive net migration.

In Latin America, Brazil's challenges from inflation and political uncertainty are receding. Inflation has been surprising on the downside, and the country's central bank has started easing policy: with the SELIC rate at 11.75%, there is plenty of room to cut, which will provide tailwinds for equities. Meanwhile, Mexico has a strong growth outlook as a beneficiary of nearshoring, given its proximity to the US and trade agreements, which should help address the supply-chain fragility identified during the pandemic.

EM stocks are attractive from a valuation perspective, trading significantly below long-term averages and cheap relative to global equities. In our portfolios, we are focusing on quality companies with strong market positions, preferring those with stable earnings, low leverage and pricing power, which should fare better in this environment.

Statutory disclosure and general terms & conditions

Collective investment schemes in securities are generally medium to long-term investments. The value of participatory interests may go down as well as up and investors may get back less cash than originally invested. Past performance is not necessarily a guide to future performance. An investment in the participations of a collective investment scheme in securities is not the same as a deposit with a banking institution. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Participatory interest prices are calculated on a net asset value basis, which is the total value of all assets less liabilities in the Class Funds including any provisions made for any purchase, fiscal or other charges that would have been incurred had all the assets of the relevant class fund been bought or sold at that time, divided by the number of participatory interests in issue. Please refer to the prospectus for more details on the charges and expenses that may be recovered from the Class Funds. Participatory interests are priced daily using the forward pricing method. The Class Funds may borrow up to 10% of the market value of the Class Funds to bridge insufficient liquidity as a result of the redemption of participatory interests. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending.

A schedule of fees and charges and maximum commissions is a vailable on request from STANLIB Fund Managers Jersey Limited, ('the Manager'). The Class Funds of the STANLIB Offshore Unit Trusts scheme, are Feeder Funds which only invest in the participatory interests of a single Class Fund of a collective investment scheme. In addition to the annual management charge, other fees are incurred by the trust (trustee, custodian and general expenses). There is no sales tax applicable in Jersey. Commission and incentives may be paid and if so, are included in the overall costs. The Class Funds of STANLIB Offshore Unit Trusts scheme are accumulation Class Funds and do not distribute income. Please refer to the prospectus of this scheme for more details, a copy of which is available on request from STANLIB Collective Investments (RF) Pty. Limited, ('STANLIB'), the address of which is 17 Melrose Boulevard, Melrose Arch, 2196, South Africa. The registered office of the Manager is Standard Bank House, 47-49 La Motte Street, St Helier, Jersey, Channel Islands. The Trustee is Apex Financial Services (Corporate) Limited, 12 Castle Street, St. Helier, Jersey, Channel Islands.

A representative agreement exists between STANLIB Collective Investment (RF) Pty. Limited and STANLIB Fund Managers Jersey Limited.

Class Funds are valued on a daily basis using 23:59 (UK Time) prices. Transaction requests received before 14h30 (UK Time) will receive the following day unit price. This is an accumulation portfolio and does not distribute income.

The Manager and trustee are regulated by the Jersey Financial Services Commission to conduct Fund services business.

The Trust is regulated as a Collective Investment Fund by the Jersey Financial Services Commission.

Figures quoted are from Morningstar for a lump sum investment using NAV-NAV prices.

Liberty is a member of the Association of Savings and Investment of South Africa.

The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Manager has a right to close the portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate.

Additional information

Additional information about this product, including brochures and application forms can be obtained from the Manager, free of charge and from the website www.stanlib.com.

The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager's website (www.stanlib.com) and in the South African printed news media.

Target market

STANLIB promotes using the services of an accredited Financial Adviser when making investment decisions.

Please contact either your accredited Financial Adviser or our Contact Centre on 011 448 6000 if you have any questions about this product.

Risk rating explanation

The risk rating seen above is designed to give an indication of the level of risk, measured by volatility, associated with this specific portfolio.

In order to arrive at the specific risk rating of the portfolio in question, STANLIB measures the volatility of the fund, in the form of standard deviation, over a three year rolling period, and compares the result to internal risk parameters. Please note that these risk ratings are designed as guide only.

Fund management

The investment management of the underlying fund is managed by Columbia Threadneedle, a London based management firm wholly owned by Ameriprise Financial - a publicly quoted company listed on the NYSE. Founded in 1994, Threadneedle Investments is fully-owned by Ameriprise Financial (NYSE: AMP), a publicly quoted investment company that is listed on the NYSE. With origins in the UK insurance industry, they h ve continued to innovate and now manage assets on behalf of clients across Europe, A sia and the US, including pension schemes, insurance companies, private investors, corporations, mutual funds and affiliate companies.

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, macroeconomic risks, political risks, tax risks, settlement risks and potential limitations on the availability of market information.

Contact details

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