

## Who are the investment managers?

Feeder - STANLIB Asset Management (Pty) Ltd, FSP 719, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, manage the investments of the fund.

Underlying - Columbia Threadneedle Investments were appointed by the investment manager (STANLIB Asset Management Limited) as the sub-investment manager of the STANLIB European Equity Fund, a sub-fund of STANLIB Funds Limited, with Anne Steele being the portfolio manager of this sub-fund. Columbia Threadneedle Investments is a leading global asset management group that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world. Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE: AMP), a leading US-based financial services provider. As a part of Ameriprise Columbia Threadneedle Investments are supported by a large and well capitalised diversified financial services firm.

## Fund review

The portfolio slightly underperformed its benchmark index over the quarter on a gross basis. Geographical and sector allocation added value; the under-weightings in Switzerland and consumer staples were especially beneficial. However, stock selection detracted in aggregate. Positive relative contributors included ASML. The semiconductor equipment firm reported that fourth quarter results had exceeded expectations. Further strong growth is forecast for 2021, driven by demand for logic and a recovery in memory. ING performed well amid strength in the financial sector, which stands to gain from higher interest rates. Detractors included green energy firms Neste and Orsted; shares in both companies reached multi-year highs earlier in the year as the trend towards green energy gathered pace, boosted by the Democratic Party's victory in the US election. However, a rise in the oil price led some investors to rotate into traditional energy companies.

## Market overview

The first quarter saw further gains for European markets, which were buoyed by vaccination rollouts and economic stimulus measures. The portfolio's benchmark index rose by 8.5% in euro terms. Cyclical stocks benefited from investor interest in sectors which are geared towards an economic recovery. However, rising bond yields periodically jolted markets, amid concerns that interest rates could move higher. Stocks were also rattled by the emergence of mutant COVID strains, which have driven another wave of the pandemic in much of Europe. The US launched a substantial stimulus package; a relatively speedy rollout of COVID vaccines and signs of strength in the economy (notably non-farm payrolls) also helped propel equities higher. The Federal Reserve remained unperturbed about inflation, which allayed investors' fears of imminent interest rate increases. The European Central Bank responded to the ongoing sell-off in debt markets by accelerating the pace of its bond purchases. In the UK, the Bank of England mirrored the Fed's dovish approach to inflationary risks, and the UK's vaccination rollout continued apace, leading to the gradual easing of lockdown restrictions across the country. Conversely, vaccination rates in the EU remained relatively low, and rising coronavirus infections prompted new or extended lockdown measures in several countries, including Germany, France, Italy and the Netherlands. Economic indicators were mixed but some data gave grounds for hope that a recovery is underway, and the EU forecast that the eurozone economy could return to its pre-pandemic size in 2022. The high-profile ZEW index of economic sentiment for Germany jumped higher in each month of the quarter, reflecting expectations of improved conditions as respondents looked past current uncertainty. A composite measure of eurozone economic activity returned to growth territory in March, driven by strength in manufacturing. Italian shares rebounded as former ECB president Mario Draghi agreed to form a government and was sworn in as prime minister, avoiding a snap election. In Germany, Angela Merkel is nearing the end of her tenure as chancellor, and rival political factions are jostling for power in advance of a general election later this year. Within the benchmark index, energy, financials and materials were the top performing sectors, while real estate, utilities and healthcare delivered subdued returns.

## Looking ahead

The potential for a post-virus recovery is building confidence, though some sectors will be under strain for years to come, and inflationary pressures may surface. COVID-19 still dominates sentiment; the current wave has meant a return of lockdowns and travel restrictions, although successful vaccination programmes should mean the worst is over by the summer. A fraught end to the US election left the Democrats with tentative control of the Senate as well as the House and the presidency – so a return to Obama-like policies is ensuing, with an emphasis on fiscal and monetary stimulus, and this may tend to favour companies which would benefit from a cyclical upturn. However, some previously fragile business models are proving unsustainable, impacting small businesses and employment in the hospitality and travel sectors. Some post-Brexit practicalities are still unclear, particularly as lockdowns and travel restrictions continue. The main focus in managing this portfolio is on stock selection, informed by macroeconomic and thematic views. We favour companies that have a competitive advantage and pricing power generated by brands, patented processes, regulatory barriers to entry and strong market positions.

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 2021	Q4 2020	Change
Domestic Cash & Mny Mkt	3.51	3.04	0.47
Domestic Equity	0.94	0.97	-0.02
Domestic Fixed Interest	0.00	0.06	-0.06
Foreign Cash & Mny Mkt	1.68	0.00	1.68
Foreign Equity	90.21	92.20	-1.99
Foreign Property	3.65	3.73	-0.08

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
A	Retail	2.10	584.18	21,667,957.63	126,579,335.76
B1	Retail	1.43	628.73	12,724,956.98	80,005,132.06

All Price, Units and NAV data as at 31 March 2021.

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

TER - 1 Year Total Expense Ratio (%) including VAT as at 31/12/2020. The Total Expense ratio (TER) 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.

## 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 STANLIB European Equity Feeder 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 STANLIB Asset Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 719, 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 Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

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 March 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.

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

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