

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 Global Balanced Cautious Fund, a sub-fund of STANLIB Funds Limited, with Alex Lyle 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

Gross of fees, the portfolio trailed the benchmark for the quarter. As calculated using 'look-through' attribution, asset allocation added value in relative terms. Being underweight in fixed income and overweight in equities was favourable in the conditions described above. However, this was more than offset by negative selection effects as the portfolios underperformed their benchmarks. The equity portfolio was the main relative detractor here, as the rally in value stocks did not suit our quality/growth style.

Market overview

The first quarter of 2021 was dominated by the so-called 'reflation trade'. Core government bond yields rose sharply along with inflation expectations, while equities delivered strong gains. Credit spreads narrowed but, in most cases, by nowhere near enough to offset the rising core yields. Commodities, particularly oil and copper, had a good quarter despite a late pullback as the US dollar strengthened. These moves came as a pickup in the pace of the US vaccine rollout and developments around fiscal stimulus fuelled hopes of a strong economic recovery. Better-than-expected corporate results also bolstered sentiment towards risk assets. The MSCI AC World index returned 4.7% in dollar terms. At the same time, market leadership rotated away from stocks which have performed best amid the pandemic-driven restrictions – such as the big tech names – and into cheaper cyclicals which have most to gain from economic reopening. Energy and financials were the chief beneficiaries, also buoyed, respectively, by rising oil prices and Treasury yields. By region, UK equities fared best as a stronger pound inflated returns in dollar terms. Sterling was lifted by the success of the UK's vaccine rollout and the fading prospect of negative interest rates. US equities outperformed modestly, aided by stimulus hopes and strong corporate results; the S&P 500's earnings growth turned positive in the fourth quarter (Q4) of 2020. Emerging markets also underperformed, as fears of rising US interest rates and a stronger dollar dimmed their appeal. The Bloomberg Barclays Global Aggregate index of global bonds returned -4.5% in dollar terms. The 10-year US Treasury yield rose 83 basis points (bps) over the quarter, while the UK equivalent rose 65 bps. German bunds held up much better amid the conditions described above but the 10-year yield still finished 28 bps higher. In risk-adjusted terms, global investment-grade credit spreads tightened by a little under 8%, helped by general risk appetite and expectations for lighter new issuance this year than last.

Looking ahead

Real yields have risen lately as markets factor in a quicker start to the Fed's (and the BoE's) next interest-rate hiking cycle. This has unsettled investors, but the degree to which it has impacted equities and credit spreads has so far been relatively modest. As life continues to return to normal, helped by the huge additional policy stimulus and vaccine rollouts, the rise in real yields could prove consistent with a reflationary, risk-positive setting: indeed, our US growth forecasts are now at the upper end of the consensus for both this year and next. But a lot rests on the ability of the Fed and other central banks to look through what will likely be a sharp rise in inflation as the economy normalises and growth rebounds in the second half of this year. The Q4 corporate earnings season was extremely strong across most regions, and our expectations for 2021 and 2022 are modestly more constructive than currently bullish consensus expectations. Indeed, earnings growth is sufficiently strong, in our view, to secure good total returns for equities – even with some de-rating. The run-up in core yields has not been enough to tempt us to close our underweight in core fixed income, where value remains limited in our view. As the pace of the recovery will affect regions, industries, and companies differently, we believe active management remains critical to adding value through asset allocation and security selection.

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	3.12	3.54	-0.42
Domestic Fixed Interest	0.16	0.06	0.10
Domestic Property	0.03	0.03	0.00
Foreign Cash & Mny Mkt	-1.01	-1.01	0.00
Foreign Equity	31.84	31.73	0.11
Foreign Fixed Interest	54.44	54.26	0.18
Foreign Other	0.28	0.28	0.00
Foreign Property	11.14	11.10	0.04

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	TER	Price (cpu)	Units	NAV (Rand)
A	Retail	2.14	328.51	67,490,613.30	221,713,849.65
B1	Retail	1.44	360.63	39,401,419.21	142,094,213.18

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 Global Balanced Cautious 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) 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).

Contact details

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Trustee

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