Liberty MP 4 Long-Term Capital Growth (Reg 28 compliant)

Fund Factsheet | As at 31 August 2024

LIBERTY
In it with you

Portfolio Information

Discretionary Fund manager	STANLIB Multi-Manager
Client Need:	High Growth, Low Income
Primary Benchmark:	(ASISA) South African MA High Equity
Outcome Objective:	SA CPI +4-5% over rolling 5-yr period
Inception Date:	22 March 2022
Risk Profile:	Moderate Aggressive

Investor Profile

This portfolio is suitable for investors who seek long-term capital growth. These investors have an investment time horizon of more than seven years and are comfortable with medium to high levels of market volatility and the potential of capital loss over the short to medium term. This portfolio has a high allocation to growth assets and should therefore be seen as a moderately high-risk strategy.

Investor Objective

The portfolio seeks to provide long-term growth of capital and modest income, with a low probability of capital loss over long term. It aims to outperform the South African MA High Equity peer average and achieve and outcome of CPI plus 4-5% p.a. (i.e. to provide a real return of 5% p.a.) over rolling five-year periods. Typically, this portfolio's exposure to equities will be between 40 and 75%, but this may vary depending on market conditions.

Annualised fee estimate for bundled-fee products

(including VAT) as at 30 June 2024

Total Expense Ratio:	1.44%
Transaction Costs:	0.19%
Total Investment Costs	1.63%

The Total Expense Ratio (TER) depicts the percentage of the value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

The Transaction Costs (TC) depicts the percentage of the value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. The TC are a necessary cost in administering the Financial Product and impacts Financial Product returns. The TC should not be viewed in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

The Total Investment Charges (TIC), which is the sum of the TER and TC, depicts the percentage of the value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

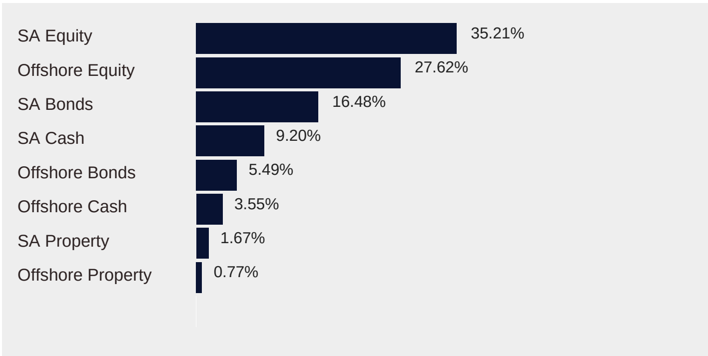
The TER, TC and TIC values represent the weighted average of all tax classes (where more than one tax class exists).

Please be advised that for portfolios that invest 100% into an underlying collective investment scheme portfolio (CIS) the TER, TC and TIC shown represent that of the underlying CIS.

The TER, TC and resultant TIC cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

Please note that the implicit fees are disclosed on the website under each fact sheet range.

Asset Allocation

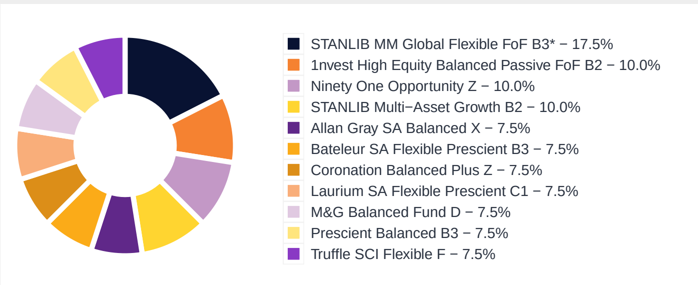


Date: 30/06/2024

Performance

	1 month	3 months	6 months	1 year
Portfolio RA	1.05%	4.74%	7.69%	12.63%
Portfolio Taxed	0.89%	3.97%	6.32%	10.20%
Benchmark	1.24%	5.42%	8.52%	13.21%
Inflation	0.43%	0.70%	2.75%	4.60%

Portfolio Holdings



Date: 30/06/2024

Commentary as at 30 June 2024

Market review

The US Federal Reserve (Fed) and global investment community thought 2024 would be a year of many rate cuts, but with inflation proving much stickier than most predicted, those expectations are unfortunately something of the past. Traders have already pared back their expectations and now see perhaps one or maybe two rate cuts happening this year. That is a big letdown from the six they anticipated at the start of the year. Apart for pushing out the first rate cut, the Fed also see the easing cycle bottoming out at a higher level than previously expected, underscoring the era of higher rates for longer. The Fed's move to signal fewer interest rate cuts this year deepens its divergence from peers who have already started to ease. The Bank of Canada lowered its benchmark overnight rate by 25 basis, followed soon by the European Central Bank (ECB) and central banks of Switzerland and Sweden. The MSCI AC World Index gained 2.9% in Q2 and is now up 11.3% year-to-date, led by a strong US market. The S&P 500 Index is up another 15.3% YTD, driven by a handful of mega cap tech stocks, led by Nvidia which gained 37% in Q2. The 'magnificent seven' has been responsible for approximately 60% of the S&P 500 total return this year, according to S&P Dow Jones Indices. Across the globe, equity markets in China (the second largest economy in the world) continues to lag its global peers. Investor confidence remains fragile due to increased regulatory oversight, entrenched deflation, geopolitical tensions, as well as the real estate downturn. In Europe, France has brought political risk back to European markets. The outcome of the European parliamentary election caused President Macron to announce a snap election. Market concerns about the possible outcome introduced significant volatility. The French equity market fell -6.4% in June and hampered broader European returns. Disaster is unlikely, but is giving global investors a reason – for the time – to avoid buying broad baskets of European equities. On the contrary, despite a rollercoaster quarter for the Japanese Nikkei 225 Index (down almost 2%), the equity market has been on a roll. Year to date the market is up 19% - improved corporate governance and the resulting improvement in corporate earnings, are just some of the factors that led to improved investor confidence, driving foreign investors to increase their holdings in Japanese equities. In the bond markets, the yield on the US 10-year government bond weakened to 4.4% over the quarter due to 'higher-for-longer' interest rates and surprise strength in the US labor market. The Bloomberg Barclays Global Aggregate Index fell 1.1% for the quarter and is down 3.2% this year. Locally, the economy recorded a small contraction in the first quarter of 2024, hurt by a slump in the mining and construction sectors. On a year-on-year basis the economy grew only 0.5%. Local inflation was unchanged at 5.2% in May. Accordingly, and as expected, the SA Reserve Bank kept interest rates unchanged at 8.25%. The JSE All Share Index had a slow start to the year but rallied 8.2% in Q2 as SA Inc shares spiked on optimism around the establishment of SA's government of national unity (GNU), after the ANC lost its parliamentary majority for the first time in 30 years. The gains were driven by a very strong showing from the financial sector (+15.9%), and to a lessor extent from industrials (+4.8%) and resources (+3.6%). The local mining industry has been overshadowed by the potential takeover of Anglo American by BHP – the biggest mining deal in history – after BHP made a non-binding conditional all-share offer to take over Anglo American PLC. Anglo American rejected the takeover offer and BHP never made a firm offer. Anglo American's share price increased 23.9% in Q2. The JSE All Property Index finished the quarter up 5.7%, benefitting from improved investor sentiment following the election outcome. SA bonds also gained from the change in sentiment towards domestic assets. On the back of this, the All Bond Index gained 7.5%. Money market assets, as measured by the STeFI Composite Index, delivered a respectable 2.1% for the quarter.

Solution review

The Solution performed well over the quarter but struggled to keep up with the peer group benchmark. This was a result of its overweight to global assets compared to peers. Local asset classes were the star performers over this quarter with local equities delivering the strongest returns. Global equities in USD returned moderate positive returns. However, after considering rand appreciation, all major global asset classes returned negative returns in rand terms. Exposure to SA Equity, SA Nominal Bonds and SA Listed Property contributed. Exposure to Global Assets detracted. Laurium benefitted from the strong rally in SA Equities and SA Bonds with stock selection being a big driver. FirstRand, Prosus, Anglo American, Absa and Foschini Group were the biggest contributors to performance. Bateleur delivered strong returns over the quarter on the back of their sizable (circa 78%) SA equity exposure, further assisted by SA bonds. The likes of African Rainbow Minerals, FirstRand and Standard Bank were big contributors. The STANLIB Multi-Manager Global Flexible Fund has lagged primarily due to stock selection. The exposure in global bonds also detracted as this asset class underperformed. The appreciation of the rand further exacerbated this outcome. Ninety One had a challenging quarter on the back of their high offshore equity exposure. Amongst their local stock selection, their holdings in BHP Billiton and BidCorp further detracted from performance. This manager does tend to underperform when the rand is on the front foot.

Looking ahead

The exposure to SA and global equities should drive the long-term performance of the portfolio. SA stocks seem attractive and given the sentiment post elections. Our exposure to risk assets is designed to deliver growth over the longer term. The Solution also has a meaningful exposure to global assets which offers diversification and a depth of opportunity compared to the local market.

Source: STANLIB Multi-Manager, Liberty

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Source: STANLIB Multi-Manager, Liberty Group Limited, Morningstar & I-NET Bridge.

DISCLAIMER: General information and Holdings - All size and holdings data are updated quarterly.

Performance

Cumulative Performance and Returns - All returns shown are in ZAR. The single premium investment returns shown are gross of Liberty product charges but net of implicit portfolios fees and shareholder participation (where applicable). Individual investor performance may differ as a result of initial fees, the actual investment date and/or the date of reinvestment. Past performance is not indicative of future performance. The contents of this document are for generic information purposes only and do not constitute advice or intermediary services as contemplated in the Financial Advisory and Intermediary Services Act, Act No 37 of 2002 (FAIS). Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty cannot be held responsible for any errors that may be represented. You are requested to consult your own accredited financial adviser prior to making any decisions of a financial nature. Investment performance is generally shown gross of asset management fees, but in certain instances it is shown net of these fees. Performance also includes bonuses proportional for the period under considerations, and makes allowance for implicit charges, where applicable. Performance will depend on the growth in the underlying assets within the portfolio, which will be influenced by inflation levels in the economy and prevailing market conditions. Past performance cannot be relied on as an indication of future performance. Unless stated otherwise, returns can be negative as well as positive. Expected return is after the deduction of tax but before any Liberty charges and fees. No adjustment has been made to the risk profile for the guaranteed version of the portfolio. Liberty may, from time to time, conduct securities lending activities on the assets in this portfolio. All of the risks in respect of these activities will be for Liberty's shareholders and will not negatively impact on the returns provided to its policyholders. Liberty Group Limited is a licensed Insurer and an Authorised Financial Services Provider (FAIS no. 2409).