Excelsior Multi-Manager Absolute Income Portfolio

As at 31 October 2020

▼ General information

- **Asset manager(s)**: STANLIB Multi-Manager
- **Benchmark**: JSE All Bond Composite Index (ALBI)
- **Portfolio size**: R 233 million as at 30/09/2020
- **Launch date**: 02 January 2002
- **Regulation 28**: Compliant
- **Guarantee available**: Yes - Optional Guarantee(s) available on selected products.

▼ Portfolio objective

This portfolio provides investors with access to a highly liquid income portfolio managed on a segregated basis. The portfolio employs a multi-manager investment approach that should result in lower risk and enhanced diversification benefits. The portfolio is invested in income producing assets and is principally focused on capital preservation. This portfolio is not permitted to make any direct or indirect foreign investments. The portfolio is invested in the STANLIB Multi-Manager Absolute Income Fund.

▼ Cost ratios

<table>
<thead>
<tr>
<th>Annualised (including VAT) as at 31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on period from</td>
</tr>
<tr>
<td>Total Expense Ratio (TER)</td>
</tr>
<tr>
<td>Transaction Costs (TC)</td>
</tr>
<tr>
<td>Total Investment Charges (TIC)</td>
</tr>
</tbody>
</table>

Please refer to Cost ratios section of Disclosures for important information relating to the above.

▼ Performance

- **Cumulative performance (%) over 5 Years**

![Performance Chart]

- **Portfolio**: (46.40%)
- **Benchmark**: (43.44%)
- **Inflation**: (25.51%)

▼ Investor profile

This portfolio is suited to the investor who:
- is looking for preservation of capital
- wants low variability in returns
- is looking for a more actively managed portfolio than a cash/money market investment
- has a short term investment horizon not exceeding 2 years

▼ Risk profile

<table>
<thead>
<tr>
<th>Conservative</th>
<th>Moderately Conservative</th>
<th>Moderate</th>
<th>Moderately Aggressive</th>
<th>Aggressive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

▼ Holdings

### Asset allocation (%) as at 30/09/2020

- **Local Bonds**: 86.00%
- **Local Cash**: 13.90%
- **Local Equity**: 3.60%

### Top equity holdings (%) as at 30/09/2020

- Ninety One High Income Z: 24.90%
- Ninety One Corporate Bond Z: 18.90%
- R186 Republic of South Africa 10.50% 21/12/2026: 15.60%
- I2025 Republic of South Africa 2.00% 31/01/2025: 8.30%
- R197 Republic of South Africa CPI 5.50% 07/12/2023: 7.00%
- Standard Chartered Account: 6.30%
- Receive Fixed 3.95% 14/08/2020: 5.20%
- STANLIB Multi-Manager Enhanced Yield B3: 4.90%
- Standard Bank Ltd Idc 3M Jibar +210Bps 08022024: 4.60%
- Nedbank Irs Rec 7.565% Pay 3M Jibar 22/01/2030: 4.30%

### Sector allocation (%) as at 30/09/2020

- **Local Fixed Interest**: 86.00%
- **Local Money Market**: 11.40%
- **Financials**: 2.60%

Statistics

- **Over 10 years**
  - **Best %**: 4.60%
  - **Worst %**: -2.51%
  - **% Positive**: 94.21%
- **Volatility, calculated over a three-year period**: 0.72%

Please refer to Disclosures for important information relating to the content of this document.

Liberty Group Limited (reg no 1957/002788/06) is a registered Long-term Insurer and an Authorised Financial Services Provider (FAIS no. 2409).
Excelsior Multi-Manager Absolute Income Portfolio

As at 31 October 2020

▼ Asset manager(s)

STANLIB Multi-Manager

Founded in 1999, STANLIB Multi-Manager is the centre of excellence for multi-managed solutions within the Liberty Group, with an excess of 20 years of multi-asset know-how. STANLIB Multi-Manager has a proud and long-term track record. Over the past decade the business evolved and now offers a range of pre-designed solutions and/or customised solutions across the risk spectrum to suit investors at all stages of their lives.

Manager Selection

STANLIB Multi-Manager follows a rigorous and disciplined manager research and selection process that starts by analysing the sector for which the portfolio is being built, and determining the key drivers of outperformance. The manager research team conducts thorough quantitative and qualitative analyses, culminating in an extensive investment due diligence to identify those managers that have the skill and ability to outperform. This results in the production of high conviction buy/hold/sell lists, as well as mandate performance expectations under different environments, defining events and sell triggers/disciplines. The portfolio management team then constructs a framework for blending managers into the portfolio that targets the key areas of outperformance and promotes diversification. They only entrust their client’s assets to the highest quality managers, who are then selected into this framework to provide the portfolio with exposure to these sources of market outperformance over the long term. Passive alternative are considered in the process and where used, these help to lower portfolio costs. On a regular basis the portfolio is reviewed to ensure it is delivering on its long term objectives. From time to time changes are made to improve the structure and or risk return profile of the portfolio. Global exposure – they outsourced the management of the global component to specialist global managers. Gaining access to foreign markets via a specialist approach gives them greater control over the full investment process.

▼ Underlying managers

The assets of this portfolio are currently allocated to the below managers, shown within their respective asset classes.

Absolute Income

ALUWANI

Ninety One

Prescient

▼ Commentary as at 30 September 2020

Market review

Equity markets across the globe continued to rally in the third quarter, despite pulling back during September. However, recent news of a second wave of Covid-19 infections in the US, UK and some countries in Europe, has somewhat derailed the rally. In addition, the almost forgotten trade war between China and the US resurfaced, leading to a sell-off in equity markets in September. Locally, the FTSE/JSE Capped SWIX returned 1.01% for the quarter, which together with the 21.64% achieved in Q2, helped reverse some of the pain experienced during the first quarter. Resources remain the main driver of local equity returns for 2020, returning 6.03% over the quarter and up 27.31% for the year. Within resources gold companies, platinum miners and general miners performed well. Technology stocks (Naspers and Prosus) rallied by 30.8% benefitting from the need for people to work from home which has increased demand for their services. Financials continued to struggle during the quarter, down -1.64% and Industrials down -2.79%. Local fixed income markets have fared better, outperforming growth assets, returning 1.45% over the quarter. The long end of the yield curve remains steep (above 9%) and seems to be pricing in, amongst other things, SA’s deteriorating fiscal position and the exodus of foreign investors from the local market. The short end is anchored low with the SARB having cut interest rates by 300 basis points this year. Global equity markets have performed better delivering 4.22% over the quarter as a result of the rally in technology companies.

Fund review

While both floating and fixed rate debt instruments assisted performance for the quarter, the fund’s small exposure to property and preference shares detracted from performance. ALUWANI was again the best underlying performer for the quarter, with performance driven by good timing on duration positioning and excellent credit selection. Prescient lagged peers for the quarter as their exposure to property, preference shares and ILBs continue to weigh on performance. Performance from Ninety One has been satisfactory during the quarter. From a positioning standpoint, they were slightly overweight duration and pro-risk earlier on in the quarter but on the back of extension risks and prevailing uncertainties, shifted to a more defensive duration position, which detracted from performance. Their nominal bond position maintains a bias to the front and belly of the yield curve, which is tethered to SARB action and less dependent on the fiscus.

Looking ahead

New cases of COVID-19 decreased drastically in SA and under Lockdown Level 1 economic activity is improving. Regardless of these positive factors, the impact of COVID-19 on the economy is expected to be felt for years to come. SA’s escalating debt levels combined with poor growth prospects and a worrying unemployment rate remain a major concern for the SA economy. However, regardless of the risks, markets continue to offer areas of good opportunity. As an example, with SA’s 10-year government bond yielding well above 9% and inflation expected to be under control over the foreseeable future, these bonds offer compelling real returns. Therefore, with money markets yields extremely low and SA offering good value across asset classes, our managers have taken the opportunity to explore these opportunities. We are positive on the prospects for the fund and believe that the last quarter could offer a considerable value unlock in local yields if the global macro environment stabilises and if the MTBPS proves decisive in navigating SA to a sustainable growth path.

Source: SMM, Liberty

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.
Disclosures

General information and Holdings
All size and holdings data is updated quarterly.

Cost ratios
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 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.

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

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 performance of the portfolio benchmark over time provides the basis against which the portfolio manager will be measured. This may be changed from time to time. Benchmark performance is gross of all fees.

Statistics
- Best % - the highest 1 month and 1 year RA return that the portfolio has delivered over the last 10 years or since inception.
- Worst % - the lowest 1 month and 1 year RA return that the portfolio has delivered over the last 10 years or since inception.
- % Positive - the number of positive 1 month RA returns, shown as a percentage of the total number of 1 month return periods during the last 10 years or since inception.

Volatility - this is a measure of how much a portfolio’s RA returns vary from the average of its RA returns over the relevant period.

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).

While 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 (reg no 1957/002788/06) is a registered Long-term Insurer and an Authorised Financial Services Provider (FAIS no. 2409).

Contact details

factsheets@liberty.co.za

www.liberty.co.za

Please refer to Disclosures for important information relating to the content of this document.

Liberty Group Limited (reg no 1957/002788/06) is a registered Long-term Insurer and an Authorised Financial Services Provider (FAIS no. 2409).