

STANLIB Multi-Manager SA Equity Fund

Minimum Disclosure Document

As at 30.09.2018

STANLIB

STANLIB Multi-Manager (Pty) Ltd

STANLIB Multi-Manager (Pty) Ltd was established in 1999 and is the centre of excellence for multi-managed solutions within STANLIB. The investment team, led by Chief Investment Officer Joao Frasco, consists of an experienced team with a diverse set of investment skills. We have offices in Johannesburg and London, and currently have mandates in excess of R150 billion under stewardship.

What is the Fund's objective?

The Fund's objective is to outperform the FTSE/JSE Capped Shareholders Weighted All Share Index (FTSE/JSE Capped SWIX). It aims to provide investors with high capital growth over the long term, based on harvesting the equity alpha opportunities. Income generation is a function of the dividends earned from listed companies. Producing above average peer returns is a secondary objective.

Risk profile



■ Defensive assets ■ Growth assets

What are the investment guidelines?

The Fund is a local-only portfolio, and will be invested in equities (all industries and sectors, and all capitalisations sizes) listed in South Africa (although many of these companies will have significant offshore revenue).

The Fund complies with provisions of the Collective Investment Schemes Control Act, No. 45 of 2002 and the Regulations thereto, as amended from time to time.

How is the Fund managed?

The Fund is designed to deliver superior investment returns more consistently than through a single asset manager or mandate. Our approach allows investors' to outsource the fund / manager selection decision, which includes the ongoing due diligence of managers and construction of portfolios, to meet pre-defined objectives over time.

The Portfolio Managers dedicated to the Fund



Jennifer Henry
Head of Portfolio Management:
Retail Clients
BCom(Hons), CFA,
FRM



Vuyo Mkhathazo
Portfolio Manager
CA(SA)

How do we select managers?

STANLIB Multi-Manager (Pty) Ltd 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. We only entrust our 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.

Who are the underlying managers/funds?

The portfolio construction currently includes the following managers/funds:

Underlying managers	Portfolio managers	Strategic allocation
Truffle Asset Management	Ilian Power	15%
Coronation Asset Management	Neville Chester	20%
STANLIB Asset Management (Passive)	Teboho Tsotesi	10%
Foord Equity Fund	Multi-Councillor	15%
Prudential Investment Managers	Chris Wood	25%
Visio Capital Management	Patrice Moyal	15%

How do we approach risk management in the Fund?

Risk management is a fundamental component of our investment philosophy and process and is therefore approached holistically. It permeates every part of our investment process, requiring participation and accountability from all individuals involved in the process.

As a multi-manager, our risk management process begins at the time of portfolio specification and design, because by the time securities are included in the portfolio by the underlying managers, one has already accepted the risks and has limited ability to mitigate them. Our process then moves to manager research and portfolio construction, where we seek to know the managers intimately and construct a portfolio to behave in line with our broader investment objectives.

"Risks Inherent in our Funds" is a document that classifies the sources of risk associated with the management of our Funds. It can be obtained from the website www.stanlibmultimanager.com.

Information to be considered before investing

The STANLIB Multi-Manager SA Equity Fund should be considered a medium to long-term investment. The value of units (participatory interest) may go down as well as up and past performance is not necessarily a guide to future performance. General market risks include a change in interest rates and economic conditions, share price volatility and a decline in property values. The Fund is traded at ruling prices using forward pricing, and can engage in borrowing of up to 10% of the market value of the portfolio to bridge insufficient liquidity as a result of the redemption of units and may engage in scrip lending. A schedule of fees, charges and maximum commissions is available upon request from STANLIB Collective Investments (RF) Pty Limited (the Manco). Commissions and incentives may be paid and if so, would be included in the overall costs of the Fund. Liberty is a full member of the Association for Savings and Investments South Africa (ASISA). The Manco is a member of the Liberty Group of Companies.

Unit price – how it works

Collective Investment Schemes (i.e. “Unit Trusts”) are traded at ruling prices set on every trading day. Forward pricing is used which means Fund valuations take place at approximately 15h00 each business day, and your instructions are therefore processed at prices that are not yet determined when your instructions are received. Instructions must reach the Management Company before 13h00 to ensure same day value. The 13h00 cut-off time only applies to investments and switches. Repurchases will receive the price of the same day if received prior to 15h00. The money market funds are valued at 12h00. The funds of funds and feeder funds are valued at 24h00 and 17h00.

The payment of withdrawals may be delayed in extraordinary circumstances, when the Manco with the consent of the Fund trustees deems this to be in the interest of all Fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the Fund. When the suspension of trading relates to only certain assets held by the Fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the Fund. If the Fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force the Manco to sell the underlying investments in a manner that may have a negative impact on remaining investors of the Fund.

Performance information on the monthly factsheet

Performance is calculated by STANLIB Multi-Manager (Pty) Ltd as at month end for a lump sum investment using net asset value (NAV) prices with income reinvestments done on the ex-dividend date. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs including manager fees, and trading costs incurred within the Fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the weighted average compound growth rate over the performance period measured. Past investment returns are not indicative of future returns and no guarantee is provided with respect to capital or return of the Fund.

Total Expense Ratio (TER) and Transaction Costs (TC) = Total Investment Charge (TIC)

The TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 36-month period to the previous quarter end (December, March, June and September).. This includes the TER charged by any underlying fund(s) held as part of this Fund. A high 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 TER’s – expenses vary and the performance fee component can fluctuate over time.

Transaction costs are a necessary cost in managing a fund and impacts the fund’s return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER. The sum of the TER and Transaction Costs is shown as the Total Investment Charge (TIC).

Management fee

The Fund charges a fixed annual management fee (i.e. fee class) as a percentage of the assets under management, to ensure a simple and understandable fee structure. The Fund invests primarily in segregated mandates but may also invest in other unit trusts i.e. “Underlying Fund Fees”, which are included in the Total Expense Ratio (TER).

Underlying performance fees

STANLIB Multi-Manager (Pty) Ltd does not earn any performance fees. In addition to earning fixed fees, the underlying manager(s)/fund(s) may also earn performance-based fees if they outperform a specific benchmark. The performance-fee methodology of the underlying manager(s) / fund(s) is incorporated in their respective mandates. You can obtain more information on the underlying performance fee methodologies on the website www.stanlibmultimanager.com.

The annual management fee is accrued daily and performance fees are accrued monthly – both paid on a monthly basis (with the exception of some performance fees which are paid annually).

STANLIB Multi-Manager (Pty) Ltd does not provide financial advice

STANLIB Multi-Manager (Pty) Ltd is an authorised Financial Services Provider licenced under the Financial Advisory and Intermediary Services Act, 37 of 2002. FSP licence No.26/10/763. This information does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Independent financial advice should always be sought before making an investment decision.

If you appoint an adviser, advice fees are contracted directly between you and the adviser. We will facilitate the collection of advice fees (including initial advice fees up to a maximum of 3.00%) only upon receiving your instruction. You may cancel the instruction to facilitate the payment of advice fees at any time.

Where can I find additional information?

Additional information such as brochures, application forms and annual or quarterly reports, can be obtained from the websites: www.stanlib.com / www.stanlibmultimanager.com.

The prices of Funds are calculated and published on each working day. These prices are also available on the websites and in South African printed news media.

Investment Description

The Fund adopts a multi-managed approach to investing and blends different skilled and experienced active equity managers and strategies (with some passive and risk-premium strategies).

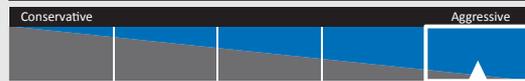
This is a local-only portfolio and invests in equities (all industries and sectors, and all capitalisations sizes) listed in South Africa (although many of these companies will have significant offshore assets and revenue). The Fund aims to provide investors with high capital growth over the long-term.

The Fund also aims to outperform the ASISA Equity General Sector average, at risk levels consistent with that of the sector.

Suitable Investors

- Who wish to diversify single manager risk
- Who are seeking a high exposure to growth assets/ do not require income in the short term
- Who understand that equities are high risk and can deliver negative returns over the short-term
- Who typically have an investment horizon of at least seven years

Risk Rating



■ Defensive assets ■ Growth assets

Please refer to the "Information to consider before investing" section on page 2 for further risk information.

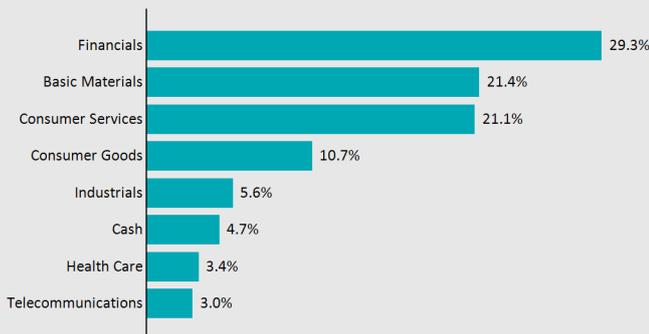
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class A	-1.97	2.43	4.15	8.73
Class B1	-1.08	2.96	4.73	9.36
Benchmark	0.39	3.60	5.53	10.11
Sector Average	0.97	3.88	5.69	10.19

Underlying Fund Managers / Funds

Coronation Fund Managers
 Foord Equity Fund
 Prudential Investment Managers
 STANLIB Asset Management (Passive)
 Truffle Asset Management
 Visio Capital Management

Physical See Through Asset Allocation %



Income Distribution

	Declared in last 12 months	Declared during 2018
Class A	16.54 cpu	10.53 cpu
Class B1	23.60 cpu	12.94 cpu

Portfolio Facts

Portfolio Manager(s)	Jennifer Henry and Vuyo Mkhathazo
Portfolio Size (NAV)	R 9708 million
Sector	South African Equity General
Income Distribution	Net revenue is calculated on a daily basis and distributed bi-annually.
Income Declaration	30 June & 31 December
Benchmark	FTSE/JSE Capped SWIX

Class A
Launch Date 12 Oct 1998

Minimum Investment
 Lump Sum R5,000
 Debit Order Per Month R500

ISIN No. ZAE000020160
JSE Code GDSE

	Class A		Class B1	
	1 Year	3 Year	1 Year	3 Year
Advisor Fee ¹	0.50	0.50	0.00	0.00
Management Fee	0.95	0.95	0.95	0.95
Underlying Fund Fees	0.01	0.01	0.01	0.01
Underlying Performance Fees	0.11	0.10	0.11	0.10
Other ²	-0.08	-0.07	-0.05	-0.06
VAT	0.22	0.22	0.15	0.15
Total Expense Ratio (TER)³	1.72	1.71	1.17	1.15
Transactional Costs (inc. VAT)⁴	0.33	0.33	0.33	0.33
Total Investment Charges	2.05	2.04	1.50	1.48

- ¹ The A Class includes an ongoing adviser fee, which will be charged in addition to a maximum 3% upfront fee
- ² Other includes: bank charges, custody fees, sundry income, audit & trustee fees
- ³ The TER is a measure of the actual expenses incurred by the Fund over a 1 and 3-year period (annualised) ending 30 June 2018
- ⁴ Transaction Costs include: brokerage, Securities Transfer Tax (STT), STRATE, Levies and VAT.

Cumulative Returns - Last 5 Years



Top 10 Equity Holdings

Naspers Ltd	10.72%
Sasol Ltd	6.53%
British American Tobacco Plc	5.72%
Standard Bank Group Ltd	5.05%
Anglo American Plc	4.81%
Old Mutual Ltd	3.89%
BHP Billiton Plc	2.84%
MTN Group Ltd	2.39%
BARCLAYS AFRICA GROUP LTD	2.26%
BidCorp Ltd	1.98%

FUND INFORMATION TO BE CONSIDERED BEFORE INVESTING

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TRUSTEES Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196

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Market overview

Emerging markets lagged developed markets for the second consecutive quarter in 2018 as the global trade war between the United States and China continued to dominate headlines. South Africa fared worse than its EM peers as signs of poor economic growth surfaced during the quarter. For these reasons, foreign investors sold \$1 billion of SA equities. On the back of this, the Capped SWIX produced negative 1.7% over the quarter largely driven by poor returns from the Industrials sector, led by a 12.3% fall in Naspers. SA property fell 1.0% as Intu PLC, Hyprop and Growthpoint fell 12.6%, 5.2% and 4.9% respectively. The only sector that delivered good returns for the quarter and year was Resources (+27% 12-month return), mainly driven by the diversified miners performing well.

Asset class performance and risk statistics

Asset class	Q3 2018	1 year	3 years p.a.	5 years p.a.
FTSE/JSE ALSI	-2.2%	3.4%	6.7%	8.0%
<i>Financials</i>	2.8%	8.1%	4.6%	10.9%
<i>Resources</i>	5.2%	27.1%	15.7%	1.0%
<i>Industrials</i>	-7.8%	-7.7%	2.5%	7.7%
FTSE/JSE Capped SWIX	-1.7%	0.4%	4.5%	7.4%
Bonds ALBI	0.8%	7.1%	7.8%	7.2%
Cash STeFI Composite	1.8%	7.3%	7.3%	6.8%
All Property Index (ALPI)	-1.5%	-14.0%	-3.5%	6.1%

Risk statistics since launch

Lowest rolling 12-month return -30.9% (12 months ended February 2009)
 Highest rolling 12-month return 41.3% (12 months ended March 2010)

	Fund ¹	Benchmark
Maximum drawdown	-36.4%	-9.6%
Portfolio volatility	12.2%	10.2%

Source: STANLIB Multi-Manager.

Portfolio review

The Fund marginally outperformed the benchmark for the quarter but remains slightly behind over the 12-month period, as a result of the Fund's exposure to Steinhoff. Over the six-month period, the Fund is 2% ahead of the benchmark. As liquidity has dried up on the back of the US raising rates, markets have witnessed increased volatility, making it a good environment for active managers.

Truffle was the best performing underlying manager over the quarter, driven by being active in terms of sector rotation, as well as being overweight Sasol and Old Mutual.

The investment case for Old Mutual has been a positive for many of the underlying managers. Old Mutual has been through a process of unbundling various businesses. Quilter, which provides advice, investments and wealth management both in the UK and internationally, was unbundled during the quarter. Nedbank was unbundled at the start of October. Going into the quarter, the fund had a 2.3% overweight to Old Mutual. While Visio's relative performance improved over the past six months, their recovery has not been as pronounced as that of Truffle.

Foord had a particularly difficult month in September, which detracted from their short-term performance. They had a 4% overweight to Aspen, which lost 32% after publishing results.

Prudential's 12-month alpha reduced over the short-term given their overweight to Naspers and BTI, which were both down for the quarter. Nevertheless, Prudential produced excellent alpha over a 12-month view.

Portfolio positioning and outlook

The economic outlook has not changed much from last quarter as we expect trade wars to continue to dominate headlines. In SA, asset prices have retreated to pre-Ramaphoria levels, which may provide a good entry point for local investors. Foreign outflows could also provide buying opportunities for local investors. To balance this view, the Fund has more than a 6% overweight exposure to rand hedges. This would support performance should sentiment to EMs continue to deteriorate or SA's economic conditions not improve, resulting in a weaker rand.

Portfolio managers



Jennifer Henry
 Head of Portfolio Management:
 Retail Clients
 BCom(Hons), CFA,
 FRM



Vuyo Mkhathazo
 Portfolio Manager
 CA(SA)