

STANLIB Multi-Manager Balanced Fund

Minimum Disclosure Document

As at 30.06.2019

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 aims to provide long-term growth of capital and income with volatility at risk levels consistent with a high equity (<75% equity) portfolios. The objective of the Fund is to produce returns in excess of the ASISA Multi-Asset High Equity category average, without assuming additional risk.

Given our standard assumptions*, we expect the Fund to deliver real returns of 6% p.a. i.e. CPI+6% p.a. over the long term (net of fees). To minimise the chance of capital loss, investors should expect to invest over periods of at least seven years.

*The real return objectives are derived from our long-term real return expectations for a range of asset classes, our expected systematic exposure to those asset classes in each of the funds, and the alpha expected from the managers managing the funds (from security selection and asset allocation).

Risk profile



■ Income assets ■ Growth assets

What are the investment guidelines?

The Fund is a multi-asset class portfolio that is diversified across asset classes, sectors, various strategies and asset managers – both in South Africa and internationally.

This Fund's maximum equity exposure (including international equity) is capped at 75% and the maximum property exposure (including international property) is capped at 25% of the market value of the Fund – as per the ASISA South African – Multi Asset – High Equity category as amended from time to time.

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, and complies with Regulation 28 of the Pension Funds Act.

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



Richo Venter
Portfolio Manager
BCom(Hons)
(cum laude), CFA

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.

Global exposure – we outsourced the management of the global component to specialist global managers. Gaining access to foreign markets via a specialist approach gives us greater control over the full investment process.

Who are the underlying managers/funds?

The portfolio construction currently includes the following managers/funds:

Underlying managers	Portfolio managers	Strategic allocation
Allan Gray Investments	Multi-councillor	15%
Coronation Asset Management	Karl Leinberger	15%
Foord Asset Management	Multi-councillor	15%
Prudential Investment Management	Michael Moyle	20%
Investec Asset Management	Chris Freund	10%
STANLIB Multi-Manager Global (equities, bonds and cash)		25%

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 Balanced Fund should be considered a medium to long-term investment. The value of units (participatory interests) 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. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to South Africa, macroeconomic risks, political risks, tax risks, settlement risks and possible limitations on the availability of market information. The Fund is traded at ruling prices using forward pricing, and can engage in borrowing 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). Commission and incentives may be paid and if so, would be included in the overall costs of the Fund. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. 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. The TER is a measure of the actual expenses incurred by the fund over a one and three-year period (annualised).

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 disclosed separately.

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).

The annual management fee is accrued daily and paid on a monthly basis.

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

This is a multi-asset class portfolio that is diversified across asset classes, sectors, various strategies and asset managers - both in South Africa and internationally.

The Fund also aims to achieve CPI+6% over the long-term.

The Fund is Regulation 28 compliant.

Suitable Investors

- Who want a multi-asset class solution where asset allocation decisions are outsourced to specialist managers
- Who seek to accumulate long-term capital growth and real returns
- Who are comfortable with taking on some risk of market fluctuation
- Who typically has a medium to long-term investment horizon

Risk Rating



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

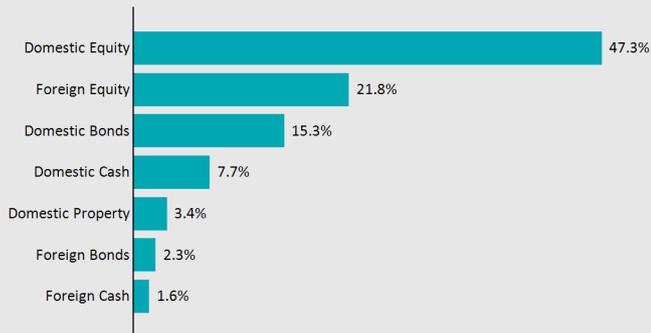
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class A	3.17	4.08	5.17	10.28
Class B1	3.75	4.68	5.77	10.91
Benchmark	3.43	4.03	5.11	10.14
Sector Average	3.16	3.95	4.83	9.82

Underlying Fund Managers / Funds

- Allan Gray Investments
- Coronation Fund Managers
- Foord Domestic Balanced Fund
- Investec Asset Management
- Prudential Investment Managers
- STANLIB Multi-Manager (Global)
- STANLIB Multi-Manager Absolute Income Fund

Physical See Through Asset Allocation %



Income Distribution

	Declared in last 12 months	Declared during 2019
Class A	11.13 cpu	4.49 cpu
Class B1	13.50 cpu	5.63 cpu

Portfolio Facts

Portfolio Manager(s)	Richo Venter and Jennifer Henry
Portfolio Size (NAV)	R 6389 million
Sector	South African Multi-Asset High Equity Average
Income Distribution	Net revenue is calculated on a daily basis and distributed bi-annually.
Income Declaration	30 June & 31 December
Benchmark	South African Multi-Asset High Equity Median

	Class A
Launch Date	02 Jan 2002

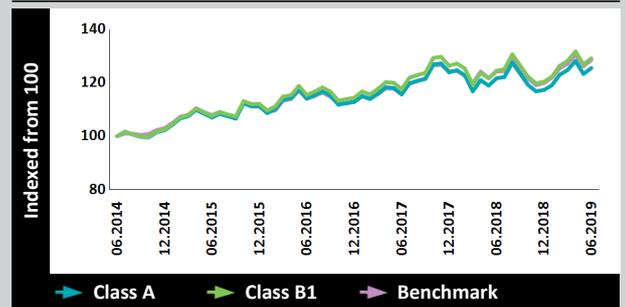
	Class A
Minimum Investment	
Lump Sum	R5,000
Debit Order Per Month	R500

ISIN No.	ZAE000035382
JSE Code	STHE

	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	1.15	1.15	1.15	1.15
Underlying Fund Fees	0.19	0.18	0.19	0.18
Underlying Performance Fees	0.00	0.00	0.00	0.00
Other ²	-0.53	-0.19	-0.54	-0.18
VAT	0.20	0.25	0.12	0.17
Total Expense Ratio (TER)³	1.50	1.89	0.92	1.32
Transactional Costs (inc. VAT)⁴	0.09	0.08	0.09	0.08
Total Investment Charges	1.59	1.97	1.01	1.40

- 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 31 March 2019
 - ⁴ Transaction Costs include: brokerage, Securities Transfer Tax [STT], STRATE, Levies and VAT.
- * Please note: the one-year TER figure is lower due to the performance fee refund in November 2018, whilst the 3-year TER figure is more representative. TER figures are expected to normalise during the course of 2019.

Cumulative Returns - Last 5 Years



Top 10 Equity Holdings

Naspers Ltd	5.30%
British American Tobacco Plc	3.00%
Standard Bank Group Ltd	2.77%
Sasol Ltd	2.64%
Anglo American Plc	2.48%
BHP Billiton Plc	1.87%
MTN Group Ltd	1.68%
iShares MSCI World (Acc) (IE)	1.23%
Compagnie Financiere Richemont SA	1.20%
Barclays Africa Group Ltd	1.12%

FUND INFORMATION TO BE CONSIDERED BEFORE INVESTING

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PERFORMANCE DISCLOSURE

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 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.

TRUSTEES Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196 T 011 217 6600

Contact Details - STANLIB COLLECTIVE INVESTMENTS (RF) PTY LIMITED Reg. No. 1969/003468/07 17 Melrose Boulevard, Melrose Arch, 2196, PO Box 203, Melrose Arch, 2076

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Market overview

The second quarter of 2019 proved an eventful one for the markets. While local elections provided no surprises, global events dominated. Most importantly, fears of growing trade tensions between the US and China had a negative impact on investor sentiments, resulting in equity markets retreating during May. Fortunately, these tensions de-escalated late June and this provided relief for equity markets. Low inflationary environments coupled with fears of slowing global growth prompted dovish sentiment from central bankers in Europe and the US. This supported global bond markets.

Local equities gained 2.9% for the quarter, while global equities returned 1.4% in rand terms. The JSE All Bond Index returned 3.7% and the rand strengthened by 2.7%. A tough local trading environment continued to restrict listed property share performance, with the asset class gaining only 1.5%.

Asset class performance and risk statistics

Asset class	Q2 2019	1 year	3 years p.a.	5 years p.a.
FTSE/JSE ALSI	3.9%	4.4%	6.9%	5.9%
Financials	5.4%	5.7%	6.2%	7.1%
Resources	2.4%	21.2%	20.7%	0.9%
Industrials	4.0%	-3.7%	1.8%	5.3%
FTSE/JSE Capped SWIX	2.9%	1.1%	2.8%	4.3%
Bonds ALBI	3.7%	11.5%	9.9%	8.6%
Cash STeFI Composite	1.8%	7.3%	7.4%	7.1%
All Property Index (ALPI)	1.5%	-5.1%	-4.7%	3.3%

Risk statistics since launch

Lowest rolling 12-month return -21.8% (12 months ended February 2009)

Highest rolling 12-month return 51.5% (12 months ended April 2006)

	Fund ¹	Benchmark
Maximum drawdown	-27.0%	-18.3%
Portfolio volatility	9.5%	7.3%

Source: STANLIB Multi-Manager.

Portfolio review

The Fund returned 0.7% on a net basis for the quarter, marginally lagging peers. Positions in British American Tobacco (BTI) and Sasol detracted from performance. Longer-term performance remains well ahead of industry peers. In particular, stock selection within resources assisted peer relative performance over the past year.

Investec had a promising quarter. They are largely invested in global cyclical companies exhibiting favourable earnings revisions profiles – such as Anglo American, BHP Billiton and Naspers – alongside more defensive companies such as AB InBev and BTI. They also have exposure to select 'SA Inc.' plays with decent relative earnings revisions profiles and trading at reasonable valuations – including FirstRand, Foschini and Sanlam. They continue to hold a sizeable allocation to local bonds.

Allan Gray's performance for the quarter lagged peers. The main performance detractors were the relatively large BTI and Sasol positions. An overweight position in Glencore also detracted. Sasol's share price came under pressure following reports by the company that their capital intensive plant in the US will require additional capital to complete, costing significantly more than originally planned. The market has subsequently penalised the share price severely.

After an exceptional first quarter, Coronation's performance was muted. Holdings in BTI and Northam Platinum detracted from performance. They continue to hold high weightings in JSE-listed global stocks – BTI, Naspers, MTN, Bidcorp, AB InBev – all of which have attractive valuations for specific bottom-up reasons.

Foord remains conservatively positioned in domestic assets given the weak domestic economy. Their equity positioning favours globally exposed businesses. Top holdings include BHP, Naspers, Richemont and Stor-Age property.

Prudential delivered consistent performance, remaining overweight SA equities and longer duration SA bonds. Good positioning in bonds offset some of stock pick underperformers during the quarter. They prefer resources with exposure to global growth, such as Sasol and Anglo American, and continue to find value in financials. They remain underweight retail and property stocks.

The STANLIB Multi-Manager Global Equity Fund marginally outperformed its benchmark for the quarter. Overweight positions in technology, financials and industrials contributed. The STANLIB Multi-Manager Global Bond Fund also marginally outperformed its benchmark, with overweights to emerging markets, corporate bonds and longer duration positions contributing to performance.

Portfolio positioning and outlook

The SA economy still faces many headwinds. These include economic growth that is battling to take off and struggling State-Owned Enterprises. However, on balance the Fund's underlying managers remain cautiously optimistic on a local equity market that is fairly cheap based on many valuation metrics. Consequently, the Fund has a fair allocation to local listed equities.

Both in the US and in SA, expectations are growing that central banks will soon cut interest rates. This is typically positive for equity and bond returns. In addition, local bonds and income-type assets are expected to continue delivering promising real returns and as such, remain key components in the Fund's construction.

Duration – a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

Portfolio managers



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



Richo Venter
Portfolio Manager
BCom(Hons)
(cum laude), CFA