

STANLIB Multi-Manager Enhanced Yield 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 is benchmarked against the STeFI Composite Index, with the aim of delivering regular income distributions and performance in excess of 12-month cash returns.

Risk profile



■ Income assets ■ Growth assets

What are the investment guidelines?

The Fund is a flexible cash-plus solution that invests in bonds, fixed deposits and other interest earning securities. It is diversified across different types of money-market, enhanced yield and income managers to ensure that the Fund is competitive in the ASISA South African - Interest Bearing - Short Term category.

This Fund may not invest in equity securities, real estate securities or cumulative preference shares. It may have direct and / or indirect foreign exposure up to the maximum as per the ASISA category above, as amended from time to time.

The Fund complies with provisions of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) and the Regulations thereto, as amended from time to time. It will be managed in compliance 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.

Who are the underlying managers/funds?

The portfolio construction currently includes the following managers/funds:

Underlying managers	Portfolio managers	Strategic allocation
Investec Money Market Fund	Lisa MacLeod, Vivienne Taberer	10%
STANLIB Money Market Fund	Ansie van Rensburg	20%
Aluwani Capital Partners	Conrad Wood	25%
Prescient Investment Management	Guy Toms	25%
STANLIB Income Fund	Victor Mphaphuli	20%

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

Collective investments schemes (CIS) are generally medium to long-term investments. 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. 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 participatory interests and may engage in scrip lending. The yield on the Fund is calculated monthly based on the actual distributions declared in the last twelve months divided by the average daily net asset value of the Fund, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. A schedule of fees, charges and maximum commissions is available on 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. 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.

STANLIB Multi-Manager Enhanced Yield Fund

As at 30.06.2019

STANLIB

Investment Description

The Fund is an enhanced cash plus solution that invests in short-term interest earning and money market instruments. It is diversified across different types of money market, enhanced yield and income type strategies to ensure that the Fund is conservative, liquid and competitive in the ASISA Interest Bearing Short Term sector.

The Fund is benchmarked against the STeFi Composite Index, with the aim of delivering regular income distributions and performance in excess of money market returns.

Suitable Investors

- Who wish to diversify single manager risk
- Who require monthly income distributions
- Who are looking for stable income but seek returns higher than cash or bank deposits
- Who are highly risk-averse with little capacity for capital loss
- Who typically have an investment horizon of at least six months

Risk Rating



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

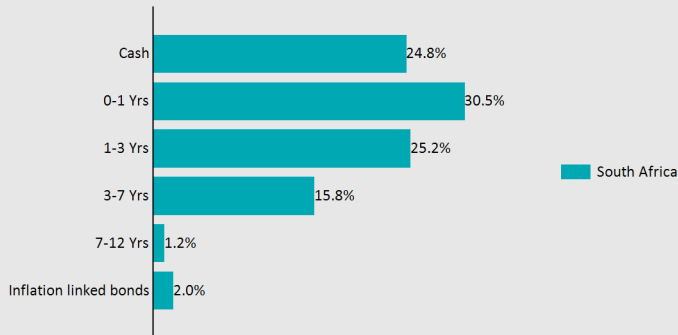
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class B1	8.32	8.45	0.00	0.00
Benchmark	7.31	7.43	7.08	6.55
Sector Average	8.48	8.49	7.73	7.21

Underlying Fund Managers / Funds

Aluwani Capital Partners
Investec Money Market Fund
Prescient Investment Management
STANLIB Income Fund
STANLIB Money Market Fund

Physical See Through Asset Allocation %



Fund Duration	0.3 year(s)
Benchmark Duration	0.6 year(s)

Income Distribution

	Declared in last 12 months	Declared during 2019
Class B1	7.85 cpu	3.92 cpu

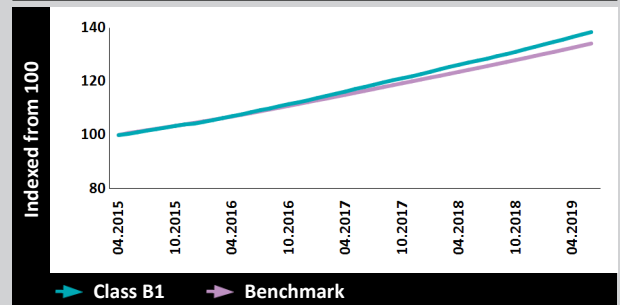
Portfolio Facts

Portfolio Manager(s)	Jennifer Henry and Richo Venter
Portfolio Size (NAV)	R 1883 million
Sector	South African Interest Bearing Short Term
Income Distribution	Net revenue is calculated on a daily basis and distributed monthly.
Income Declaration	Monthly
Benchmark	STeFi Composite Index
	Class B1
Launch Date	24 Oct 2014
Minimum Investment	
Lump Sum	R10,000
Debit Order Per Month	R500
ISIN No.	ZAE000203410
JSE Code	SMEY1

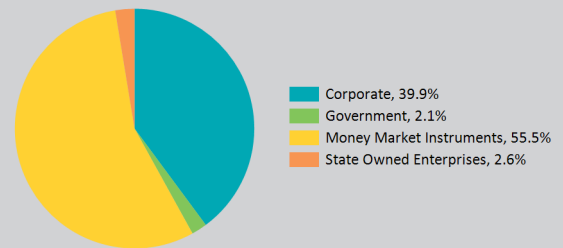
	Class B1	
	1 Year	3 Year
Advisor Fee ¹	0.00	0.00
Management Fee	0.50	0.50
Underlying Fund Fees	0.01	0.03
Underlying Performance Fees	0.00	0.00
Other ²	0.01	0.00
VAT	0.08	0.08
Total Expense Ratio (TER)³	0.59	0.61
Transactional Costs (inc. VAT)⁴	0.00	0.00
Total Investment Charges	0.59	0.61

- 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.

Cumulative Returns - Since Inception



Holding Composition



*Other is inclusive of Preference Shares, Property Shares, and Derivatives

FUND INFORMATION TO BE CONSIDERED BEFORE INVESTING

Collective Investment Schemes should be considered a medium to long term investments. The value of units (participatory interests) may go down as well as up and past performance is not necessarily a guide to the future performance. 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 participatory interests and may engage in scrip lending. The yield on the Fund is calculated monthly based on the actual distributions declared in the last 12 months divided by the average daily net asset value, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments (RF) Pty Ltd (the Manco). Commission and incentives may be paid and if so, would be included in the overall costs. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manco is a member of the Liberty Group of Companies. The manager does not provide guarantee in respect of capital or return of portfolio.

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

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Market overview

The second quarter witnessed a number of events that were important SA fixed income assets. The trade war between the US and China negatively impacted, while the Fed abandoning plans to continue raising rates this year, proved positive. Brexit continues to drive uncertainty in the markets. SA recorded the lowest quarterly GDP numbers in 10 years. Inflation, however, remains benign and in control – this is also positive for bond markets. Overall the ALBI gained 3.7% for the quarter, driven by the middle of the curve – the 3-7 year area. As inflation appeared to be under control, inflation-linked bonds underperformed the ALBI for the quarter, gaining 2.9%.

The current environment looks conducive to the SARB cutting local interest rates. The Forward Rate Agreements curve 12-month out dropped approximately 0.5% to 6.6%, which indicates a high probability of a cut. This benefitted longer-dated maturities with the STeFI 12-month index returning 2% for the quarter relative to the STeFI Composite average of 1.8%.

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	6.9% (12 months ended March 2017)	
Highest rolling 12-month return	8.8% (12 months ended August 2017)	
	Fund*	Benchmark
Maximum drawdown	0.3%	0.4%
Portfolio volatility	0.3%	0.6%

Source: STANLIB Multi-Manager.

Portfolio review

Pleasingly, the Fund returned 2.2% for the quarter and 8.9% over the 12 months on a gross basis. All of the Fund's underlying managers outperformed the STeFI Composite Index. Once again, the portfolio construction of the Fund proved robust. As global yields fell and SA followed suit, income-oriented managers that had longer duration positions delivered stronger performance. In our construct both Aluwani and STANLIB perform this income-oriented role and performance has been good.

Prescient's more cash-plus type mandate also produced good returns supported by good credit selection. Within the money market context both the Investec and STANLIB money market funds produced satisfactory results.

The Fund continues to perform in line with peers on a net basis.

Portfolio positioning and outlook

The Fund's positioning during the quarter remained largely unchanged with a near 70% allocation to bank paper and more than 26% to non-bank corporate credit. A rate cut by SARB would signal that inflation is well under control. This is usually positive for longer-dated positions. We expect our income-oriented managers to do well in this scenario. The Fund is overweight income-oriented managers and cash-plus managers. The risk to this positioning is the potential downgrade by Moodys in November. This does place uncertainty on the inflation outlook and hence yields could rise, which would be negative for income-oriented managers. However, the Fund have an allocation of approximate 22% to money market funds, which would support returns.

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