

STANLIB ALBI (NON TR) Index Tracker Fund

Fund information update at 30 September 2018

What is the fund's objective?

The objective of the STANLIB ALBI (non-TR) Index Tracker Fund is to track the performance of the JSE All Bond Index (ALBI) as closely as possible.

What does the fund invest in?

The fund invests in the constituents of the JSE All Bond Index (ALBI) and aims to replicate the index by holding the same weightings of these constituents.

The JSE All Bond Index (ALBI) is a composite bond Index that represents the top 20 vanilla bonds from across a range of maturities in the South African market, ranked by liquidity and market capitalisation.

The fund is rebalanced monthly. The fund may also hold a small portion in cash instruments and listed derivatives to effect efficient portfolio management.

What possible risks are associated with this fund?

Risks include default risk, interest rate risks, inflation risk, market volatility, economic and political risk.

Risk rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years
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Who should consider investing in this fund?

- The fund is a long-term investment aimed at investors with a time horizon of a minimum of three to five years.
- It is suited to conservative investors with a low risk appetite and is fully allocated to domestic bonds.
- This fund is aimed at investors who seek exposure to domestic bonds at reduced cost.
- It is a low-cost alternative to actively managed domestic bond funds.

Income

Distribution Net income is calculated and accrued daily and is declared and distributed quarterly.

Declaration 31 March, 30 June, 30 September, 31 December

General fund information

Manager(s) Ann Sebastian
Size (NAV) R 46.73 million
Classification South African - Interest Bearing - Variable Term
Regulation 28 Does not apply

Index JSE All Bond Index (ALBI)
Index info www.stanlib.com/indexinvestments
Methodology Replication
Rebalancing Monthly

	Class A	Class B1
Launch	11 March 2015	11 March 2015
ISIN number	ZAE000202438	ZAE000202420
JSE code	SIATA	SITB1
Minimum investment requirements -		
Lump sum	R 5,000	N/A
Monthly	R 500	N/A

What are the costs to invest in this fund?

Maximum charges including VAT

	Class A	Class B1
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	0.000% - 3.450%	0.000%
Annual fee	0.460%	0.288%
Performance fee	N/A	N/A
Adviser fee	1.150%	1.150%

Annual fee – this is a service charge (% based) applicable to each class of a fund, that is levied on the value of your portfolio and includes the fund management fee and administration fee. The fee also includes other charges such as audit, custody and index provider fees that are normally additional permissible deductions. Annual fees are calculated and accrued daily and recovered monthly from the income awaiting distribution in the fund.

Adviser fee - this is the maximum annual service fee (% based) an adviser can charge on the value of your portfolio. It is calculated and accrued daily and recovered monthly by means of a redemption of your units. It is not included in the **Annual fee**.

Cost ratios (annual) including VAT as at 30 June 2018

	Class A	Class B1
Based on period from:	01/07/2015	01/07/2015
Total Expense	0.47%	0.29%
Transaction Costs	0.00%	0.00%
Total Investment Charge	0.47%	0.29%
1 Year Total Expense	0.46%	0.28%

Total Expense (TER): This ratio shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher 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 TERs.

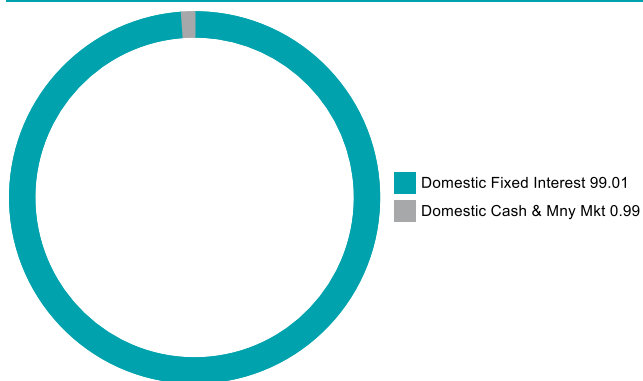
Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER.

Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

Monthly update at 30 September 2018

Holdings

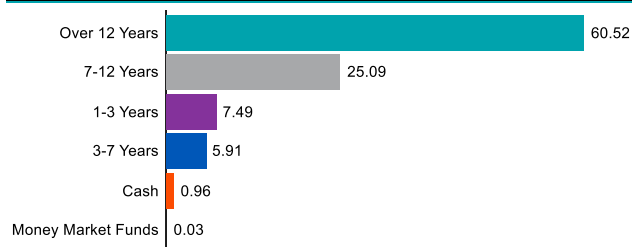
Asset allocation (%)



Top holdings (%)

R186 Republic Of South Africa	10.500%	21/12/2026	16.11
R2048 Republic Of South Africa	8.750%	28/02/2048	11.82
R2044 Republic Of South Africa	8.750%	31/01/2044	7.73
R2030 Republic Of South Africa	8.000%	31/01/2030	7.32
R2037 Republic Of South Africa	8.500%	31/01/2037	7.13
R213 Republic Of South Africa	7.000%	28/02/2031	6.23
R2032 Republic Of South Africa	8.250%	31/03/2032	5.82
R2023 Republic Of South Africa	7.750%	28/02/2023	5.25
R2035 Republic Of South Africa	8.875%	28/02/2035	5.07
R2040 Republic Of South Africa	9.000%	31/01/2040	4.97

Fixed Interest allocation (%)



Performance and Income

Class A Launch: 11 March 2015

Class B1 Launch: 11 March 2015

Benchmark: JSE All Bond Index (ALBI)

Returns (%)	YTD	1yr	2yrs	3yrs	Launch
Class A					
Class	4.39	6.54	7.00	6.84	5.55
Rank/Out of	18/31	20/31	24/29	23/25	20/22
Sector Average	4.15	6.33	6.89	7.36	6.37
Benchmark	4.81	7.14	7.67	7.65	6.72
Class B1					
Class	4.52	6.72	7.19	7.03	5.74

Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Statistics (%)	1yr	2yrs	3yrs	Launch
Class A				
Positive Months	6	16	23	25
Max Gain	13.53	19.51	35.35	43.00
Max Drawdown	-3.86	-3.86	-8.30	-12.95
Highest	15.20	15.20	15.20	15.20
Lowest	4.34	4.34	-1.94	-1.94
Class B1				
Highest	15.40	15.40	15.40	15.40
Lowest	4.54	4.54	-1.76	-1.76

Highest – this reflects the highest 12 month return during the period.

Lowest - this reflects the lowest 12 month return during the period.

Cumulative performance (%) from Launch



Amount declared (cents per unit)

	Class A	Class B1
29 December 2017	1.94	1.97
29 March 2018	2.04	2.14
29 June 2018	1.94	1.93
28 September 2018	2.05	2.09
In last 12 months	7.97	8.13
In 2017	7.75	7.92

Quarterly update at 30 September 2018

Who are the investment managers?

STANLIB Asset Management (Pty) Ltd, FSP 719, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, manage the investments of the fund.

The fund is run by the STANLIB Index Investments team which specialises in the manufacture of index and factor products for individual and institutional investors. Investors who seek a simple, transparent and low-cost investment solution can invest in index products that meet their financial goals.



Ann Sebastian

BSc (Hons)(Advanced Mathematics of Finance)
Portfolio manager

Possessing a very strong academic record and a passion for financial markets, Ann joined the Beta Quants team in 2012. As a quantitative analyst, she specialises in asset allocation, portfolio construction, investment risk management and multi-factor risk modelling. She is currently a Portfolio manager at STANLIB Index Investments responsible for the management of R 22 billion across quantitative enhanced index funds, smart beta funds, completion strategies and index tracking fund across a number of asset classes. Ann studied at Wits University, where she took a BSc in Mathematical Sciences with double majors in Pure Mathematics and Economic Sciences. She then went on to do her BSc honours degree studying Advanced Mathematics of Finance. She is currently studying towards a MSc in Statistical Science from UCT where her thesis covers "Tactical Asset Allocation with Flexible Investor Views".

Fund review

The review of the JSE All Bond Index in the last quarter saw no additions to the index or deletions from the index. The fund performed in line with the Index. The yield of the fund increased from 9.3% to 9.6% over the quarter. The modified duration of the fund decreased from 7.2 to 7.1 over the quarter.

Market overview

Over the third quarter US equities led, driven by the strong growth environment and confidence in the US economy. In contrast to the attractive returns of US equities, fixed income returns have been uninspiring. Strong US data has kept the Fed on track to hike rates. Global growth has however not been as synchronised as last year. UK markets have been sensitive to suspicions of a no-deal on Brexit, and there has been a slowdown in manufacturing in the Eurozone, led by fewer exports into China. The rebound in the US dollar has made emerging markets especially vulnerable to negative sentiment and fear. Dollar denominated assets took the lead over local assets as the Rand lost 3.03% to the Dollar over the third quarter. In Rand terms foreign equity delivered the highest returns (MSCI World +8.17%) and outperformed foreign bonds (Barclays Global Treasury Bond Index +1.26%). In South Africa the second quarter saw a decline in consumer confidence and an increase in consumer spending. Cash (STEFI +1.74%), bonds (ALBI +0.81%) and inflation-linked bonds (ILBI +0.44%) outperformed both property (PCAP -2.22%) and equities (SWIX -3.34%). Seasonally adjusted GDP shrunk for a second consecutive period, driven by falling output from agriculture, transport and trade.

Looking ahead

Against the backdrop of strong US economic growth, there is potential for the trade conflict directed from the US to deepen, resulting in higher prices and a significant drag on business and consumer growth, and ultimately global growth. While growth appears healthy currently, we expect risk aversion to rise as the ability of developed markets and vulnerable emerging economies to weather the impact of trade wars remains uncertain. Additionally, emerging economies with sizeable dollar debts and sizable fiscal deficits may struggle. We believe investors should focus on liquid markets segments with risk dialled down versus market benchmarks.

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.

Change in allocation of the fund over the quarter

Asset type	Q3 2018	Q2 2018	Change
Domestic Cash & Mny Mkt	0.99	0.72	0.26
Domestic Fixed Interest	99.01	99.28	-0.26

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	93.31	2,769,154.89	2,583,903.47
B1	Institutional	93.35	19,349,737.00	18,063,151.78

All data as at 30 September 2018.

Units – amount of participatory interests (units) in issue in relevant class.

Important information update at 30 September 2018

Disclosures

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending.

The STANLIB ALBI (NON TR) Index Tracker Fund is a portfolio of the STANLIB Collective Investment Scheme (the Scheme).

The manager of the Scheme is STANLIB Collective Investments (RF) (Pty) Limited (the Manager). The Manager is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manager is a member of the Liberty Group of Companies. The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of a CIS portfolio. A schedule of fees and charges and maximum commissions is available on request from the Manager.

The trustee of the Scheme is Standard Chartered Bank.

The investments of this portfolio are managed, on behalf of the Manager, by STANLIB Asset Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 719, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002.

Prices are calculated and published on each working day, these prices are available on the Manager's website (www.stanlib.com) and in South African printed news media. This portfolio is valued at 17h00 (prior to 28/02/18 15h00). Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

All performance returns figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 30 September 2018.

Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager.

Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for all periods of 1 year or longer, where blank no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).

Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Manager and from the Manager's website (www.stanlib.com).

Contact details

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