

Fund information update at 30 September 2018

What is the fund's objective?

The objective of the STANLIB High Equity Balanced Passive Fund of Funds is to provide investors with a broad exposure to a mix of asset classes within a single fund, with a high equity allocation, at a low cost.

What does the fund invest in?

The fund invests in underlying collective investment scheme portfolios or cash portfolios to achieve its objective.

Each of the underlying portfolios tracks a benchmark index in the equity, bond, property or money markets in order for the overall portfolio to track its benchmark as closely as possible.

The portfolio is rebalanced semi-annually and therefore has minimal trading costs.

What possible risks are associated with this fund?

Risks include general market conditions and market volatility, company specific risk, interest rate risk, inflation risk, default risk, 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?

- Investors who seek diversified exposure to different asset classes but with a high equity weighting;
- Investors who seek a low cost fund;
- Investors who seek a simple and transparent investment process that invests in liquid, listed securities;
- Investors who are willing to take a longer term view as this fund is aggressively risk profiled and investors should expect some volatility in the shorter term.

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)	Fazila Manjoo
Size (NAV)	R 77.26 million
Classification	South African - Multi Asset - High Equity
Benchmark	FTSE/JSE SWIX All Share Index 52.5% FTSE/JSE Capped Property Index 10% MSCI World Index (ZAR) 17.5% STeFI Call Deposit Rate Index 5% BESA All Bond Index 5% JSE ASSA Inflation Linked Bond Index (IGOV) 5% Barclays Global Treasury Bond Index (ZAR) 5%

Regulation 28 Complies

Regulation 28 of the Pension Funds Act sets the limits in terms of the maximum exposure the retirement fund and the individual retirement fund member's savings (i.e. your savings) may have to various asset classes. For more information please refer to the Regulation 28 Guidelines available on our website (www.stanlib.com). This Fund complies with this Regulation.

	Class A	Class B1
Launch	18 March 2016	18 March 2016
ISIN number	ZAE000216172	ZAE000216164
JSE code	SHFA	SHFB1
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	0.10%	0.10%
Total Investment Charge	0.57%	0.39%
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.

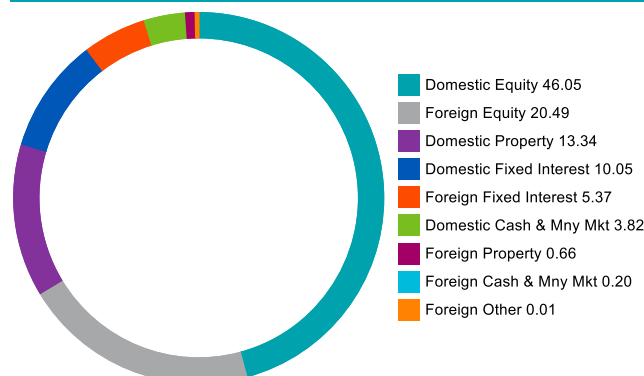
Monthly update at 30 September 2018

Holdings

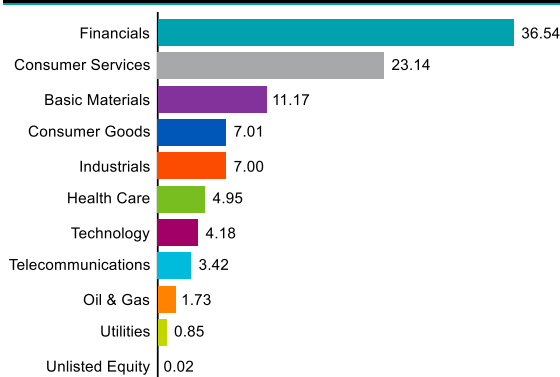
Holdings (%)

Stanlib Index Fund	52.07
Ginsglobal Equity Index Fund	21.48
Stanlib Capped Property Index Tracker Fund	10.03
Ginsglobal Bond Index Fund	5.37
Stanlib Albi Index Tracker Fund	5.06
Stanlib Inflation Linked Bond Index Tracker Fund	5.03
Stanlib Institutional Money Market Fund	0.46
Domestic Cash	0.49

Asset allocation (look through) (%)



Equity allocation (Industry) (look through) (%)



Top holdings (look through) (%)

Naspers Ltd	11.38
Sasol Ltd	2.53
Growthpoint Properties Ltd	2.02
Standard Bank Group Ltd	1.95
Redefine Properties Ltd	1.95
First Rand Ltd	1.89
Nepi Rockcastle Plc	1.62
British American Tobacco Plc	1.53
Anglo American Plc	1.42
MTN Group Ltd	1.38

Performance and Income

Class A Launch: 18 March 2016

Class B1 Launch: 18 March 2016

Benchmark: FTSE/JSE SWIX (52.5%); FTSE/JSE Cap Prop (10%); MSCI World (17.5%); STeFI Call (5%); ALBI (5%); IGOV (5%); Barc Gbl TBd (5%)

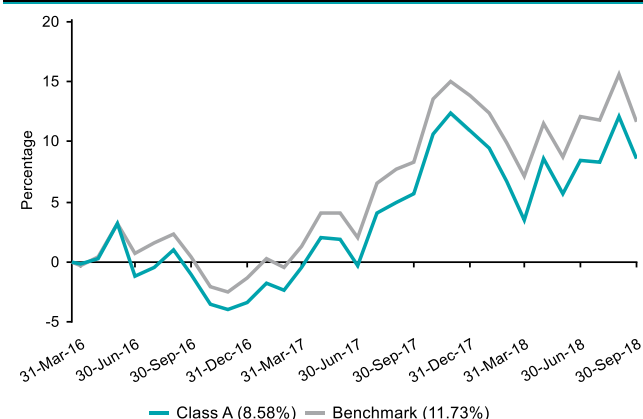
Returns (%)	6m	9m	1yr	2yrs	Launch
Class A					
Class	4.92	-2.17	2.75	4.77	3.30
Rank/Out of	88/192	175/188	98/184	71/165	101/153
Sector Average	4.65	0.89	3.13	4.55	3.84
Benchmark	4.29	-1.87	3.17	5.48	4.46
Class B1					
Class	5.01	-2.04	2.90	4.94	3.47

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	Launch
Class A			
Positive Months	5	12	16
Max Gain	8.39	17.11	20.76
Max Drawdown	-7.97	-7.97	-9.53
Highest	17.11	17.11	17.11
Lowest	2.75	-1.28	-1.28
Class B1			
Highest	17.34	17.34	17.34
Lowest	2.90	-1.09	-1.09

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	0.31	0.38
29 March 2018	1.07	1.09
29 June 2018	0.29	0.34
28 September 2018	1.30	1.28
In last 12 months	2.97	3.09
In 2017	2.27	2.48

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.



Fazila Manjoo

BSc (Actuarial Science, Mathematical Statistics), PGDip (Actuarial Science), Dip (Actuarial Techniques)
Head of research

Fazila specialises in the application of mathematical and statistical methods to financial and risk management problems. She is intellectually curious with a passion for research, technology, and sustainability. Fazila started her career in 2005 as an actuarial specialist at Alexander Forbes Financial Services, the largest actuarial and consulting firm in South Africa. Three years later she joined Old Mutual Investment Group's Symmetry Multi-manager where she was promoted to head of Quants and Risk Management. She joined Prescient Investment Management in 2011 as a portfolio manager, focusing on risk premia strategies, active quants, portable alpha, and enhanced indexation. She has managed equity, property and multi-assets funds invested in South Africa, Africa and global markets, and a sustainable equity fund on behalf of the World Wide Fund for Nature.

Fund review

The funds return was in line with its strategic benchmark over the third quarter of 2018. The high allocations to local equity and local property detracted from performance over the last quarter. This was largely offset by allocations to foreign asset classes that delivered attractive return diversification due to dollar strengthening over the quarter and US stocks rallying. We expect the impact of increased risk aversion over the short to medium term to be balanced by the fund's diversified asset mix. Over the long term the fund's higher strategic allocation to high growth assets both locally and offshore will contribute meaningfully to performance.

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	0.95	5.33	-4.38
Domestic Equity	52.07	51.15	0.92
Domestic Fixed Interest	10.10	9.13	0.97
Domestic Property	10.03	9.49	0.54
Foreign Equity	21.48	19.71	1.76
Foreign Fixed Interest	5.37	5.18	0.19

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	103.32	27,001.74	27,898.72
B1	Institutional	103.34	74,738,453.65	77,234,521.93

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 High Equity Balanced Passive Fund of Funds 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.

This portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

This portfolio is a Fund of Funds portfolio. A Fund of Funds portfolio is a portfolio that invests in other portfolios of collective investment schemes, that levy their own charges, which could result in a higher fee structure for the Fund of Funds portfolio.

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

Manager

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