

STANLIB Sector Neutral Value Index Tracker Fund

Fund information update at 30 September 2018

What is the fund's objective?

The objective of the STANLIB Sector Neutral Value Index Tracker Fund is to track the customised STANLIB Sector Neutral Value Index ("the Index") as closely as possible. This Index is constructed to give investors consistent and reliable exposure to stocks exhibiting strong value characteristics in the South African equity market.

What does the fund invest in?

The portfolio invests in the constituents of the Index. It aims to replicate the performance of the Index by holding the constituents in the same weightings that are held in the index. This customised Index includes the top 33% ranked stocks by the value score from each sector in the S&P South Africa Composite Index. These are then weighted according to a combination of the value score and market capitalisation. The portfolio is rebalanced quarterly. The portfolio 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 general market conditions and market volatility, company specific 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 exposure to South African equities exhibiting strong value characteristics;
- Investors who seek a low cost fund;
- Investors who seek a simple and transparent investment process that invests in liquid, listed securities;
- Investors who seek a value style exposure that blends well with other investment strategies to reduce total costs and diversify risk;
- 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 semi-annually.

Declaration 30 June, 31 December

General fund information

Manager(s)	Ann Sebastian	
Size (NAV)	R 38.31 million	
Classification	South African - Equity - General	
Regulation 28	Does not apply	
Index	STANLIB Sector Neutral Value Index	
Index info	www.stanlib.com/indexinvestments	
Methodology	Replication	
Rebalancing	Quarterly	

	Class A	Class B1
Launch	12 June 2017	12 June 2017
ISIN number	ZAE000245536	ZAE000245544
JSE code	SSV11	SSVB1
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	0.633%	0.403%
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:	12/06/2017	12/06/2017
Total Expense	0.63%	0.40%
Transaction Costs	0.26%	0.26%
Total Investment Charge	0.89%	0.66%
1 Year Total Expense	0.62%	0.39%

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.

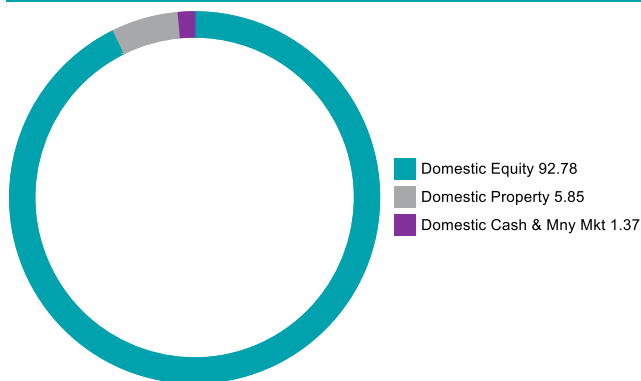
Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be 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

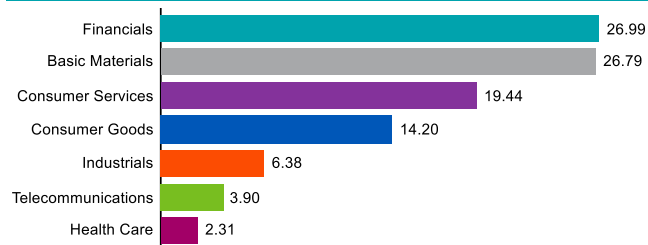
Asset allocation (%)



Top Equity holdings (%)

Billiton Plc	10.45
Anglo American Plc	8.09
Truworths International Ltd	6.49
Steinhoff International Holdings Ltd	6.47
The Foschini Group Ltd	5.58
Standard Bank Group Ltd	5.37
Imperial Holdings Ltd	4.81
Investec Ltd	4.58
British American Tobacco Plc	4.49
Tsogo Sun Holdings	4.20

Equity allocation (Industry) (%)



Performance and Income

Class A Launch: 12 June 2017

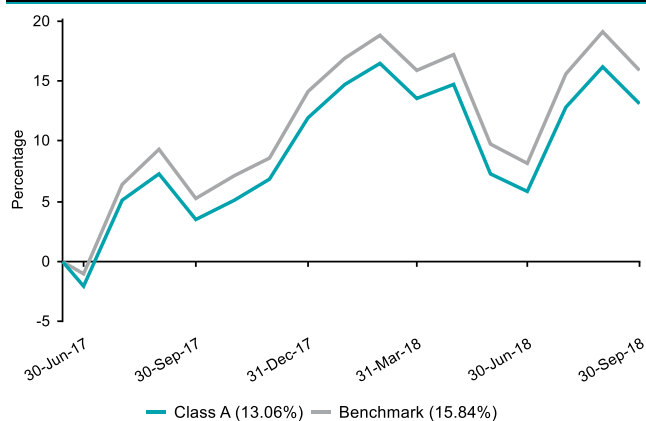
Class B1 Launch: 12 June 2017

Benchmark: STANLIB Sector Neutral Value Index

Returns (%)	3m	6m	9m	1yr	Launch
Class A					
Class	6.83	-0.40	0.97	9.25	9.88
Rank/Out of	2/174	96/171	17/168	10/166	21/160
Sector Average	-0.70	0.56	-4.24	1.13	4.95
Benchmark	7.03	-0.13	1.44	9.98	11.83
Class B1					
Class	6.92	-0.25	1.20	9.57	10.18

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

Cumulative performance (%) from Launch



Statistics (%)	1yr	Launch
Class A		
Positive Months	8	10
Max Gain	12.55	22.86
Max Drawdown	-9.13	-12.19
Highest	9.25	9.25
Lowest	7.33	7.33
Class B1		
Highest	9.57	9.57
Lowest	7.64	7.64

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

Amount declared (cents per unit)

	Class A	Class B1
29 December 2017	1.84	1.94
29 June 2018	2.29	2.45
In last 12 months	4.13	4.39
In 2017	2.08	2.20

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 last quarterly review of the index saw amongst others, the inclusion of Standard Bank, Imperial Holdings, MTN and Investec to the index and the deletion of Woolworths, Telkom, Lewis Group and Old Mutual from the index. The fund has been repositioned for this change. The fund performed in line with its benchmark for the third quarter of the 2018. The fund benefitted from its allocation to Steinhoff International (+78.3%) and Sanlam (+12.9%), while its allocation to Woolworths (-10.6%) and Tigerbrands (-20.0%) detracted from 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	1.37	1.65	-0.28
Domestic Equity	92.78	93.36	-0.58
Domestic Property	5.85	4.99	0.85

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	108.49	544,014.48	590,199.86
B1	Institutional	108.59	520,437.06	565,125.58

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 Sector Neutral Value 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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