

# STANLIB High Equity Passive Balanced Fund of Funds

Fund Information as at 31 March 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 Index or cash funds to gain exposure to the various asset classes in the weightings indicated below. The fund is rebalanced semi-annually and therefore has minimal trading costs.

SA equity	52.5%	SA cash	5.0%
SA property	10.0%	Global equity	17.5%
SA bonds	5.0%	Global bonds	5.0%
SA inflation linked bonds	5.0%		

## 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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## 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

## What is the suggested investment period?

Five years or longer.

## What are the costs to invest in this fund?

Portfolio charges including VAT:

	Class A
Initial advice fee (max)	0.00%
Initial manager fee	0.00%
Advice annual fee (max)	1.00%
Manager annual fee	0.46%
<b>Total Expense Ratio (TER) 1 year</b>	<b>0.56%</b>
<b>Total Expense Ratio (TER) 3 years (annualised)</b>	<b>1.55%</b>
Transaction Costs (TC) 3 year (annualised)	0.05%
Total Investment Charges (TIC) 3 year (annualised)	1.60%

Note: All fund returns already take these expenses into account.

**Class A fee** is an annual service charge on the value of your portfolio and includes the fees of your accredited financial adviser as indicated.

The **Total Expense Ratio (TER)** is the charges paid by the portfolio for management and operating costs incurred in the administration of the fund.

The TER is expressed as a percentage of the daily net asset value (NAV) of the fund and calculated over three years on an annualised basis. A higher TER does not necessarily imply a poor return, neither does a lower TER imply a good return.

The **Transaction Cost (TC)** is the cost incurred by the portfolio in the buying and selling of underlying assets. The TC is expressed as a percentage of the daily NAV of the fund and calculated over a one year period.

The **Total Investment Charges (TIC)** of the fund is the TER and TC combined.

## General fund information

<b>Launch date:</b>	18 March 2016
<b>Portfolio Manager(s)</b>	Fazila Manjoo
<b>Portfolio Size (NAV)</b>	R69.7 million
<b>Investment minimum:</b>	
<b>Lump sum:</b>	R5 000
<b>Debit order per month:</b>	R500
<b>ISIN Code:</b>	ZAE000216149
<b>JSE Code:</b>	SHFA
<b>Sector classification:</b>	South African – Multi Asset – High Equity
<b>Portfolio benchmark:</b>	FTSE/JSE Shareholders Weighted All Share Index 52.5%, FTSE/ JSE Capped Property Index 10%, MSCI World Index (ZAR) 17.5%, STeFI Call Deposit Rate Index 5%, BEASSA All Bond Index 5%, JSE ASSA Inflation Linked Government Issued Bonds Index 5%, Barclays Global Treasury Bond Index (ZAR) 5%
<b>Distribution status:</b>	Distributing – net revenue is calculated daily and distributed quarterly
<b>Income declaration:</b>	31 March, 30 June, 30 September, 31 December.
<b>Regulation 28 compliant:</b>	Yes

## Performance (%)

Annualised	1 year	3 year	5 year	Since incep.
Class A	4.45	-	-	1.89
Benchmark	5.77	-	-	2.84

Cumulative	1 year	3 year	5 year	Since incep.
Class A	4.45	-	-	3.40
Benchmark	5.77	-	-	5.86

### Actual lowest and highest annual returns (%)<sup>\*</sup>

Highest annual	17.11
Lowest annual	-1.21

Since February 28th 2018 the funds are priced at 17h00 (previously 15h00).

Performance is calculated based on the net asset value (NAV) of the portfolio. Individual investors may realise returns that are different to the NAV performance as a result of initial fees, actual date of investment, date of reinvestment of income and dividend withholding tax.

<sup>\*</sup>12-month rolling periods since inception.

## Income distribution

	Declared in last 12 months	Declared in 2017
Class A	2.66 cpu	2.27 cpu

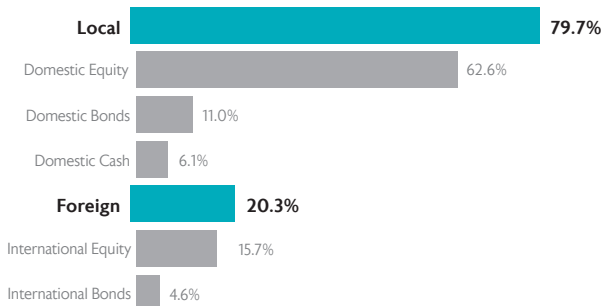
# STANLIB High Equity Passive Balanced Fund of Funds

Performance as at 31 March 2018

# STANLIB

INDEX INVESTMENTS

## Asset allocation



## Top 10 holdings (% of fund)

	Fund weight
Naspers Ltd -N-	11.37
Standard Bank Group Ltd	2.56
Sasol Limited	2.06
MTN Group Limited	1.98
Firstrand Ltd	1.97
British American Tobacco Plc	1.54
Anglo American Plc	1.45
Redefine International Limited	1.36
Liquidities And Others	1.33
Sanlam Limited	1.33

## Who are the fund managers?

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

#### Head of Research

BSc (Actuarial Sci, Mathematical Statistics), PGDip in Mgmt (Actuarial Science), Dip (Actuarial Tech)

Industry experience: 12 years

## Contact details

STANLIB Collective Investments (RF) Pty Limited Reg. No. 1969/003468/07

17 Melrose Boulevard Melrose Arch P.O Box 202  
Johannesburg Melrose Arch  
South Africa 2076

**Contact Centre:** 0860 123 003  
www.stanlib.com/indexinvestments

**Compliance number:** HX4559

**Published date:** 3 May 2018

## Fund review

The fund returned in line with its benchmark for the quarter, the negative performance being due to the decreased risk appetite for growth assets globally. While the fund's allocation to property and local and offshore equities detracted from performance, fixed income assets contributed positively to performance as the local bond market rallied, reacting positively to the changing political environment in South Africa and the fiscal consolidation that followed. We expect the impact of further market volatility to be partially offset by the fund's diversified asset mix. The fund's higher strategic allocation to high growth assets both locally and offshore will contribute meaningfully to performance over the long term.

## Market overview

The global recovery across China, Japan, Europe and the United States continued to support commodity prices and emerging market currencies in the first quarter of 2018. The Fed hiked rates by 25 basis points in their March meeting and there was growing tension in world trade between the US and China. Higher rates and potential for a trade war triggered volatility in global equity markets which posted a loss of 1.15% (MSCI World) over the quarter. In South Africa, Cyril Ramaphosa was sworn in as South Africa's president and his State of the Nation address was favourably received. Over the quarter local property fell 19.61% (SAPY) and equities were down 5.97% (ALSI). Losses in equities were driven by poor performance of rand hedge stocks, and by a sell-off in Naspers, following the announcement it would be trimming its shareholding in Tencent Holdings. Property's decline was due to losses in the Resilient stable. The local bond market rallied impressively to +8.06% (ALBI) over the quarter, signalling the pricing out of political risk with 10-year SA government bond yields falling sharply to their current levels of 8.04%. February's budget offered significant fiscal consolidation with VAT being raised to 15%. National Treasury cut the size of its weekly bond auction by a third, and the SARB cut its benchmark repo rate by 25bps. The bond market momentum was further reinforced by Rating's Agency Moody's decision to keep the countries investment grade credit rating and improve the countries outlook to stable.

## Looking ahead

We expect continued rate increases in the US and escalating trade friction to add further anxiety to global equity markets over the short to medium term. While the changing political and economic environment is a positive for South Africa, uncertainty remains around the direction of the land restitution debate and the implications for agricultural investment and property rights.

## Disclaimer

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This portfolio is valued on a daily basis at 17h00. Investments and repurchase will receive the price of the same day if received prior to 15h00.

The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The manager has a right to close the portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate.

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Performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. A fund of funds portfolio, that is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, could result in a higher fee structure for the fund of funds.

**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

T 0860 123 003 W www.stanlib.com/indexinvestments **Compliance number:** HX4559 **Published date:** 3 May 2018

**Investment manager:** STANLIB Asset Management (Pty) Ltd, an authorised FSP under FAIS Act