

# STANLIB Global Property Fund

The fund is a class fund of STANLIB Offshore Unit Trusts which invests exclusively in the corresponding STANLIB Funds Limited Global Property Fund.

Minimum Disclosure Document as at 31 January 2019

STANLIB Collective Investments (RF) Pty. Limited. Registration number 1969/003468/07

# STANLIB

## Portfolio Facts

Investment Manager	STANLIB Asset Management Pty Limited
Launch Date	04 January 2010
Benchmark	FTSE EPRA/NAREIT Developed Rental Index Net Total Return
Fund Size	\$36.92 million
Minimum Investment Amount	US\$ 2,500
Minimum Subsequent Investment	US\$1,000
Manager and Administrator	STANLIB Fund Managers Jersey Limited
Currency Denomination	US Dollars
Upfront Charge (Maximum)	3.00%
Annual Management Charge (AMC): Class A	1.10%
Annual Management Charge (AMC): Class B1	0.40%
Annual Management Charge (AMC): Class B2	0.20%
Class A Intermediary Trail Commission (Paid from AMC)	0.30%
ISIN code: Class A	JE00B51KKN60
ISIN code: Class B1	JE00BD8RKB47
ISIN code: Class B2	JE00BD8RKM51
Trustee	Link Corporate Services (Jersey) Limited

Class Funds are valued on a daily basis using 23:59 (UK Time) prices. Transaction requests received before 14h30 (UK Time) will receive the following day unit price. This is an accumulation portfolio and does not distribute income. Please refer to Statutory Disclosure and General Terms and Conditions.

## Total Expense Ratio, Transaction Costs & Total Investment Charge

**Total Expense Ratio (TER):** This 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 a rolling three years (where applicable) 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 cannot be regarded as an indication of future TERs.

**Transaction Costs (TC):** The percentage of the value of the fund as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs 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):** The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER & TC) should not be deducted from the fund returns. It is the sum of the TC & TER.

## TER and Transactional Cost Breakdown (12 and 36 months rolling)

FUND CLASS	TER (12 months rolling)	TER (36 months rolling)	TC (36 months rolling)	TIC (36 months rolling)
Class A	1.86%	1.89%	0.07%	1.96%
Class B1	1.16%	1.18%	0.07%	1.25%
Class B2	0.96%	0.97%	0.07%	1.04%

### TER + TC = TIC

Where a transaction cost is not readily available, a reasonable best estimate has been used. Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable).

## Performance

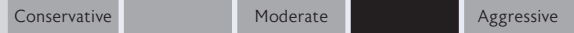
	1 year	3 years	5 years
	01/02/18-31/01/19	01/02/16-31/01/19	01/02/14-31/01/19
Portfolio Cumulative Growth: Class A	3.89%	11.52%	26.71%
Portfolio Cumulative Growth: Class B1	4.62%	0.00%	0.00%
Portfolio Cumulative Growth: Class B2	4.83%	0.00%	0.00%
Index Cumulative Growth	6.71%	22.75%	43.03%
Portfolio Annualised Growth: Class A	3.89%	3.70%	4.85%
Portfolio Annualised Growth: Class B1	4.62%	0.00%	0.00%
Portfolio Annualised Growth: Class B2	4.83%	0.00%	0.00%
Index Annualised Growth	6.71%	7.07%	7.42%
Highest Return over 12 rolling months			28.31%
Lowest Return over 12 rolling months			-7.86%

The reported performance of the fund is net of fees, while the performance of the benchmark is gross of fees.

Fund Performance: Morningstar  
Benchmark: Bloomberg

\*Annualized Return: is the weighted average compound growth rate over the performance period measured. The 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.

## Risk Profile



The risk rating seen above is designed to give an indication of the level of risk, measured by volatility, associated with this specific portfolio.

In order to arrive at the specific risk rating of the portfolio in question, STANLIB measures the volatility of the fund, in the form of standard deviation, over a three year rolling period, and compares the result to internal risk parameters. Please note that these risk ratings are designed as guide only.

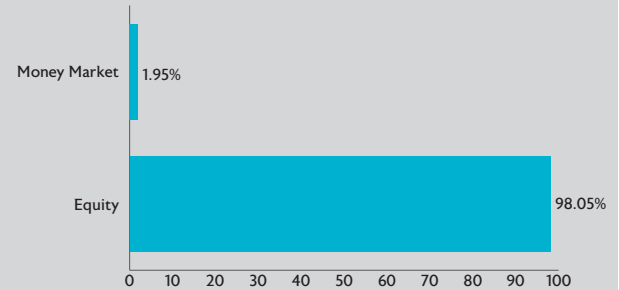
## Target Market

The fund is ideal for investors who seek a diversified Class Funds of global property stocks that aims to diversify exposure away from the South African listed property market, adding diversity to currency exposure. It is also ideal for investors who need to add diversity to their offshore cash, equities and/or bond exposure.

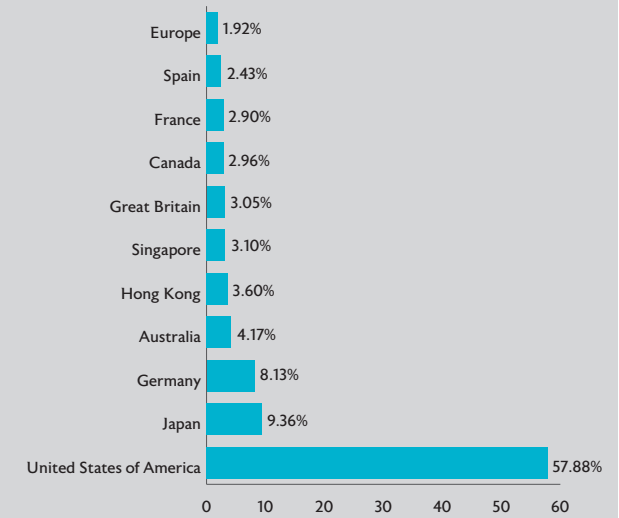
Please contact either your accredited Financial Adviser or our Contact Centre on 011 448 6000 if you have any questions about this product.

The information below relates to the STANLIB Global Property Fund, a Class Fund of STANLIB Funds Limited.

## Asset Allocation



## Geographic Allocation



## Largest Holdings

Prologis	6.27%
Simon Property Group	3.73%
Public Storage	3.47%
Deutsche Wohnen Ag	3.32%
Vonovia Se	3.24%
Avalonbay Communities Inc	3.15%
Boston Properties Inc	2.89%
Link Reit	2.80%
Extra Space Storage Inc	2.79%
Equity Residential	2.72%

### NOTE:

Please refer to page 2 for more details regarding this Class Funds as well as other important information for consideration.

## Fund Approach and Style

### Objective

The aim of the property fund is to provide investors with both capital and income growth. The Global Property Fund aims to maximize investor's returns by investing in shares in global property companies and property related securities listed on exchange in major markets (and to a lesser degree, smaller emerging markets), and real estate investment trusts. The STANLIB Global Property Fund invests as a Feeder fund into a class fund of STANLIB Funds Limited - STANLIB Global Property Fund.

### Risk

Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, tax risks, settlement risks and potential limitations on the availability of market information.

### Additional information

Additional information about this product, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge and from the website [www.stanlib.com](http://www.stanlib.com).

The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager's website ([www.stanlib.com](http://www.stanlib.com)) and in the South African printed news media.

## Statutory Disclosure and General Terms & Conditions

Collective investment schemes in securities are generally medium to long-term investments. The value of participatory interests may go down as well as up and investors may get back less cash than originally invested. Past performance is not necessarily a guide to future performance. An investment in the participations of a collective investment scheme in securities is not the same as a deposit with a banking institution. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Participatory interest prices are calculated on a net asset value basis, which is the total value of all assets less liabilities in the Class Funds including any provisions made for any purchase, fiscal or other charges that would have been incurred had all the assets of the relevant class fund been bought or sold at that time, divided by the number of participatory interests in issue. Please refer to the prospectus for more details on the charges and expenses that may be recovered from the Class Funds. Participatory interests are priced daily using the forward pricing method. The Class Funds may borrow up to 10% of the market value of the Class Funds to bridge insufficient liquidity as a result of the redemption of participatory interests. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending.

A schedule of fees and charges and maximum commissions is available on request from STANLIB Fund Managers Jersey Limited, ("the Manager"). The Class Funds of the STANLIB Offshore Unit Trusts scheme, with the exception of the Managed Fund Class Funds, are Feeder Funds which only invest in the participatory interests of a single Class Fund of a collective investment scheme. The Managed Fund Class Funds within the STANLIB Offshore Unit Trusts scheme are Fund of Funds Class Funds which only invest in other collective investment schemes, which levy their own charges, which could result in a higher fee structure for these funds. In addition to the annual management charge, other fees are incurred by the trust (trustee, custodian and general expenses). There is no sales tax applicable in Jersey. Commission and incentives may be paid and if so, are included in the overall costs. The Class Funds of STANLIB Offshore Unit Trusts scheme are accumulation Class Funds and do not distribute income. Please refer to the prospectus of this scheme for more details, a copy of which is available on request from STANLIB Collective Investments (RF) Pty. Limited, ("STANLIB"), the address of which is 17 Melrose Boulevard, Melrose Arch, 2196, South Africa. The registered office of the Manager is Standard Bank House, 47-49 La Motte Street, St Helier, Jersey, Channel Islands. The Trustee is Link Corporate Services (Jersey) Limited, 12 Castle Street, St. Helier, Jersey, Channel Islands.

The representative agreement exists between STANLIB Collective Investment (RF) Pty. Limited and STANLIB Fund Managers Jersey Limited.

The Manager and Trustee are approved by the Jersey Financial Services Commission to conduct Fund services business.

The Trust is regulated as a Collective Investment Fund by the Jersey Financial Services Commission.

Figures quoted are from Morningstar for the period ending 31/01/2019 for a lump sum investment using NAV-NAV prices. Liberty is a member of the Association of Savings and Investment of South Africa.

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.

## Fund Commentary: 4th Quarter

### Fund Overview

The fund delivered a -5.2% return for the fourth quarter versus a benchmark return of -6.0%. In 2018, the fund has returned -5.6%. This is in line with the benchmark, which delivered -5.6% over 2018. Of significance to 4Q18 is a change in the applicable fund benchmark from the S&P Developed REIT Index to the FTSE EPRA/NAREIT Developed Rental Index. While both indices show similar performance over time, the rationale for the benchmark shift is to better align our fund benchmark with the more widely adopted benchmark of our peer group. The benchmark index, nor the fund, were immune from the broader market volatility evident in December 2018, with the index selling off -7% in December 2018. Our underweight position to North America assisted our performance in 4Q18 (-6.1% North American benchmark performance) whereas our overweight position in defensive German exposure continued to help the fund's performance. From a stock selection perspective, we benefitted from our overweight positions in Welltower (Healthcare), AvalonBay (Residential) and Public Storage (Storage), which did well for the quarter. An overweight position in Prologis (Logistics) detracted from our performance in 4Q18.

### Market overview

The US raised interest rates by another 25bps in December 2018, representing the 4th rate hike of 2018. Current market expectations suggest two rate hikes in 2019, with a current pause in the hiking cycle anticipated in 1Q19. With US 10-year bond yields falling from 3.1% to 2.7% during 4Q18, we believe global property price performance is starting to reflect concerns that economic data might potentially start to weaken, cap rates may rise or finance costs will increase. In USD, for 4Q18 North America (-6.1%) and Europe (-10.2%) were amongst the worst performing countries, while Asia (+0.9%) performed materially stronger. Prologis, which outperformed the benchmark for most of 2018 fell -13% in 4Q18, largely on valuation grounds rather than stock specific news flow. Simon Property Group, in which we currently have an at-weight position, performed well and delivered positive returns for 2018 even in the face of negative retailer news. This is in stark contrast to Unibail-Rodamco-Westfield, down -22% in 4Q18 and -32% over 2018. Public Storage delivered positive returns for the full year and 4Q18, reflecting market continued preference for self-storage as an asset class. We find that there has been no major changes to property fundamentals across the various markets and sectors, with perhaps a cooling of expectations that the US will potentially raise interest rates faster than initially believed at 3Q18. The fund continues to remain overweight Europe (with a specific focus on Germany), Australia and Hong Kong. The fund has a selective underweight position in the US and the UK. On Japan, France and Singapore, the overall positions are largely neutral.

### Looking ahead

Global listed property is trading at discount of about 16% to net asset value and is offering a one-year forward yield of just over 4%, assuming 5% earnings growth. Markets are currently forecasting two more Fed interest rate hike in 2019. This, together with global trade wars, geopolitical tensions and US and UK political uncertainty and the accompanying ramifications could continue to cause some volatility in the short term. The rand volatility against the USD also poses a risk to returns. However, we believe property fundamentals remain good in general and are backed by positive economic growth prospects. Our fund exposure reflects our view of currently taking defensive property exposure with a clear focus on risk mitigation. We encourage investors to take a 3 to 5 year view.

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