

# STANLIB Aggressive Income Fund

Fund information update at 31 March 2019

# STANLIB

## What is the fund's objective?

This fund seeks to generate a high level of income, as well as provide the potential for capital growth.

## What does the fund invest in?

The fund invests in a diversified mix of instruments including cash, bonds, preference shares, property stock, property loan stock, debentures, debenture stock and debenture bonds. The portfolio may be fully invested in any of these asset classes at any time. It only invests in South African investment markets, with no exposure to foreign investment markets.

## What possible risks are associated with this fund?

Risks include interest-rate fluctuations, economic risk inflation, general market conditions, and the risk of rates moving in a direction contrary to what was expected.

## 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?

This fund will suit investors who look for high income as well as the opportunity to grow their capital.

## 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)** Victor Mphaphuli and Henk Viljoen  
**Size (NAV)** R 1.58 billion  
**Classification** South African - Multi Asset Flexible  
**Benchmark** FTSE/JSE SA Listed Property Index 33.33%  
 BESA All Bond Index 33.33%  
 STeFI Composite Index 33.33%

### 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](http://www.stanlib.com)). This Fund complies with this Regulation.

	Class B1	Class A
<b>Launch</b>	25 July 2005	25 July 2005
<b>ISIN number</b>	ZAE000070645	ZAE000068854
<b>JSE code</b>	SAI1	SAFA
<b>Minimum investment requirements -</b>		
Lump sum	R 5,000	R 5,000
Monthly	R 500	R 500

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

### Maximum charges including VAT

	Class B1	Class A
<b>Initial fee (manager)</b>	0.000%	0.000%
<b>Initial fee (adviser)</b>	0.000%	2.070%
<b>Annual fee (manager)</b>	1.035%	1.265%
<b>Annual fee (adviser)</b>	0.000%	0.000%
<b>Performance fee</b>	N/A	N/A

**Annual fee (manager)** – 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 **Annual fee (adviser)** fee (where applicable). Annual fees are calculated and accrued daily and recovered monthly from the income awaiting distribution in the fund.

### Cost ratios (annual) including VAT as at 31 December 2018

	Class B1	Class A
<b>Based on period from:</b>	01/01/2016	01/01/2016
<b>Total Expense</b>	1.05%	1.27%
<b>Transaction Costs</b>	0.05%	0.05%
<b>Total Investment Charge</b>	1.10%	1.32%
<b>1 Year Total Expense</b>	1.04%	1.27%

**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.

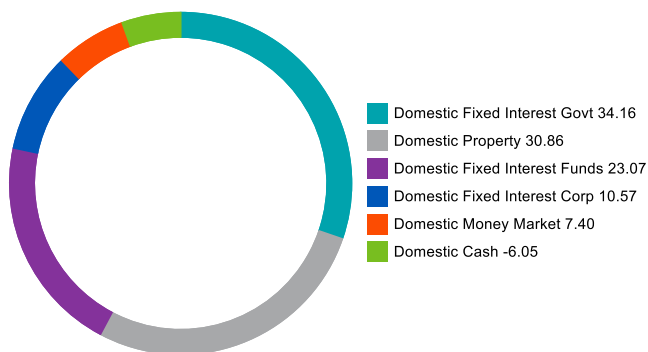
# STANLIB Aggressive Income Fund

Monthly update at 31 March 2019

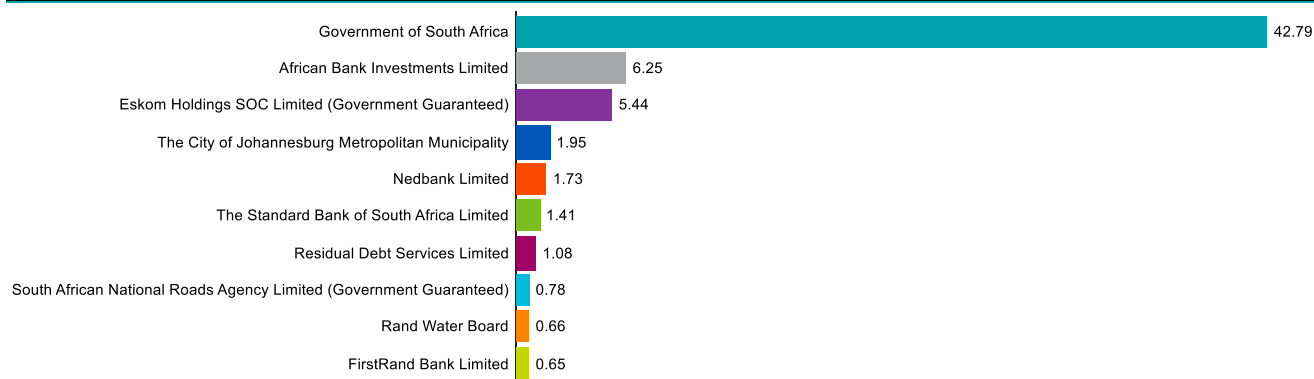
# STANLIB

## Holdings

### Asset allocation (%)



### Fixed Interest Top 10 Issuer exposure (%)



## Performance and Income

Class B1 Launch: 25 July 2005

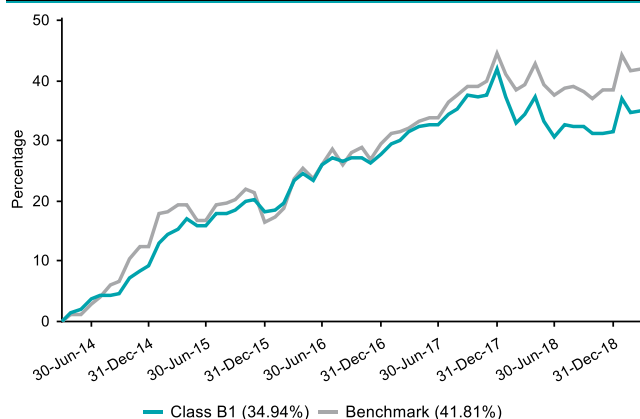
Class A Launch: 25 July 2005

Benchmark: FTSE/JSE SA Listed Prop (33.33%); BESA ALBI (33.33%); STeFI (33.33%)

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
<b>Class B1</b>					
Class	0.50	3.04	6.18	7.37	9.10
Benchmark	1.82	4.66	7.23	8.11	9.41
<b>Class A</b>					
Class	0.27	2.81	5.94	7.13	8.81

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 (%) over 5 Years



Statistics (%)	1yr	3yrs	5yrs	7yrs	10yrs
<b>Class B1</b>					
Positive Months	6	22	43	60	90
Max Gain	4.80	15.14	42.00	73.14	151.31
Max Drawdown	-4.86	-8.02	-8.02	-8.02	-8.02
Highest	3.62	11.05	17.10	20.16	20.37
Lowest	-7.41	-7.41	-7.41	-7.41	-7.41
<b>Class A</b>					
Highest	3.38	10.81	16.84	19.90	19.91
Lowest	-7.62	-7.62	-7.62	-7.62	-7.62

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 B1	Class A
29 June 2018	1.88	1.81
28 September 2018	2.28	2.19
31 December 2018	2.86	2.77
29 March 2019	2.76	2.70
In last 12 months	9.78	9.47
In 2018	10.30	9.97

# STANLIB Aggressive Income Fund

Quarterly update at 31 March 2019

# STANLIB

## 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.



### Victor Mphaphuli

BCom (Hons)(Economics), GEDP  
Co-head of Fixed Interest

Victor is a key member of STANLIB's multi-award-winning Fixed Interest team, which is one of the largest in South Africa. Victor is one of the top fixed income fund managers in the country and has won ABSIP Awards for fund management as well as Raging Bull Awards. He initially joined the team as a bond dealer and later assumed added responsibility for portfolio management. He was promoted to head of Bond and Income Funds in 2008, assuming full responsibility for the daily management of these funds. In 2016 Victor was promoted to co-head of Fixed Interest which he jointly manages with Henk Viljoen. Victor began his financial services career as a trainee foreign currency dealer with Standard Bank's treasury division in 1996. After gaining experience as a bond market dealer with Nedbank Investment Bank, he joined STANLIB's forerunner Liberty Asset Management in 2001.



### Henk Viljoen

MCom (Economics)(Cum laude)  
Co-head of Fixed Interest

After gaining early experience in the treasury environment at Telkom and at Senbank, Henk joined the then Liberty Asset Management in 1990, and was appointed head of Fixed Income. Henk retained this role throughout the amalgamation with Standard Corporate and Merchant Bank that formed STANLIB, and for many years led a multi-award-winning team which built an undisputed reputation as the most astute and consistently successful Bonds/Fixed Income unit in the South African industry. In 2008, Henk handed over responsibility for the day-to-day management of all third-party, life asset and retail bond funds. He retained executive responsibility as head of Fixed Income and chairman of the Interest Rate Committee – the key macro factor forum that determines the duration positioning of STANLIB's fixed income mandates. He now jointly manages the team with Victor Mphaphuli.

## Fund review

The size of STANLIB Aggressive Income Fund decreased by R114 million to end the first quarter at R1.58 billion. The modified duration of the fund was largely unchanged at 3.1 years at the end of the quarter, assuming a cautious position given the volatility in the market. The fund's positioning in property was brought down from 4% overweight to 6% underweight as the property sector recovered earlier in the quarter.

## Market overview

In the first quarter of 2019 there were a number of key risk events, starting with the Budget speech when the Finance Minister presented worsening fiscal projections. The budget showed debt to GDP figures exceeding 60% in the medium term along with R69 billion support needed for financially distressed Eskom over the next three years. The cash injection came at a much-needed time, as Eskom was allocated a lower tariff increase by NERSA than it applied for and the power utility was also reaching a point where it was unable to service its debt. This, with loadshedding, contributed to weaker business confidence. Credit rating agency Moody's gave SA a rating reprieve by deciding not to issue a sovereign credit review on 29 March, but later issued a credit opinion affirming SA's credit rating at Baa3 with a stable outlook. The credit opinion mostly highlighted positives, causing markets to rally, with the SA benchmark bond yield reaching a low of 8.42% for the quarter and the rand strengthening to R14.15/\$ from a low of R14.60/\$. The five-year credit default swap (CDS) spread consolidated to 185bps, down from 227bps at the beginning of Q1 2019, but still higher than the low of 140bps seen in 2018. Despite volatility, the bond market managed to produce a return of 3.76% during Q1 2019.

At its December meeting, the US Fed emphasised slowing global growth and benign inflation, which encouraged it to pause from hiking interest rates and announce an early end to its balance sheet reduction in Q3 2019. The Fed's changed stance, along with other global central banks remaining accommodative, has rallied high-yield emerging markets. The US 10-year bond yield has since strengthened to 2.37% following a high of 2.75% earlier during the quarter. However this caused the US yield curve to invert, which raised concerns of a possible recession in future. In line with a benign global inflation outlook, inflation data in SA remained subdued, supporting the bond market.

## Looking ahead

The market will be closely watching the national elections taking place on 8 May and the outcome may influence direction. The risk of an imminent sovereign downgrade may have subsided but it is not completely ruled out as Moody's continues to monitor the turnaround in SA growth and fiscal metrics. Moreover, Moody's rating review of the SA sovereign scheduled for November will consider the structural reforms undertaken at financially troubled state-owned companies such as Eskom. Inflation in SA is expected to remain stable inside the target band of 3-6% and the SARB is likely to keep rates on hold for the year.

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	Q1 2019	Q4 2018	Change
Domestic Cash	-6.05	0.33	-6.38
Domestic Fixed Interest Corp	10.57	12.43	-1.86
Domestic Fixed Interest Funds	23.07	15.06	8.00
Domestic Fixed Interest Govt	34.16	31.72	2.45
Domestic Money Market	7.40	6.15	1.25
Domestic Property	30.86	34.31	-3.45

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	135.13	518,436,234.95	700,550,617.60
B1	Retail	135.19	596,984,760.71	807,058,566.02

All data as at 31 March 2019.

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

## 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 Aggressive Income 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](http://www.stanlib.com)) and in South African printed news media. This portfolio is valued at 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 31 March 2019.

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](http://www.stanlib.com)).

## Contact details

### Manager

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### Investment Manager

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