

STANLIB Equity Fund

Fund information update at 31 January 2019

STANLIB

What is the fund's objective?

The fund's main objective is to provide a diversified portfolio that delivers a reasonable level of capital growth over the longer term.

What does the fund invest in?

The fund invests in a mix of equity and non-equity securities. Equity exposure is capped at 75% of the portfolio. The fund invests in South African and foreign investment markets, up to the limits allowed by the ASISA South African Equity-General classification.

What possible risks are associated with this fund?

General market risks include unfavourable market movements, volatility, economic and political risk, and company-specific risk. Where exposure to foreign investments is included in the fund, there may be additional risks, such as possible constraints on liquidity and the return of funds to South Africa, macroeconomic risks, political risks, tax risks, settlement risks, and possible limitations on the availability of market information.

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?

As STANLIB's oldest fund and the investment of choice for over 50 000 investors, this fund attracts investors who want to achieve steady growth of both income and capital.

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) Herman van Velze and Theo Botha
Size (NAV) R 3.93 billion
Classification South African - Equity - General
Benchmark FTSE/JSE SWIX All Share Index
Regulation 28 Does not apply

	Class R	Class A
Launch	02 January 1970	03 July 2000
ISIN number	ZAE000020087	ZAE000025078
JSE code	GDBK	LIWA
Minimum investment requirements -		
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 R	Class A
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	3.450%	3.450%
Annual fee (manager)	1.150%	1.725%
Annual fee (adviser)	0.000%	0.575%
Performance fee	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 R	Class A
Based on period from:	01/01/2016	01/01/2016
Total Expense	1.33%	1.91%
Transaction Costs	0.24%	0.24%
Total Investment Charge	1.57%	2.15%
1 Year Total Expense	1.37%	1.94%

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.

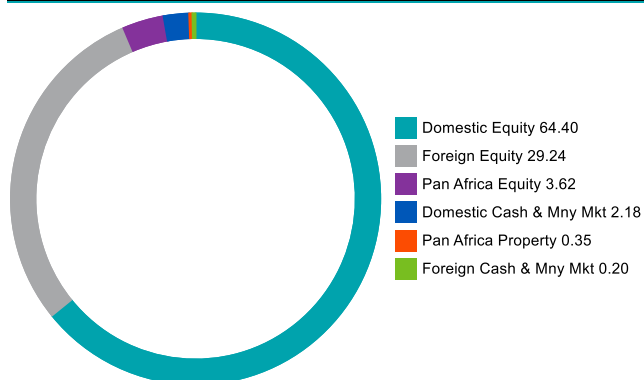
STANLIB Equity Fund

Monthly update at 31 January 2019

STANLIB

Holdings

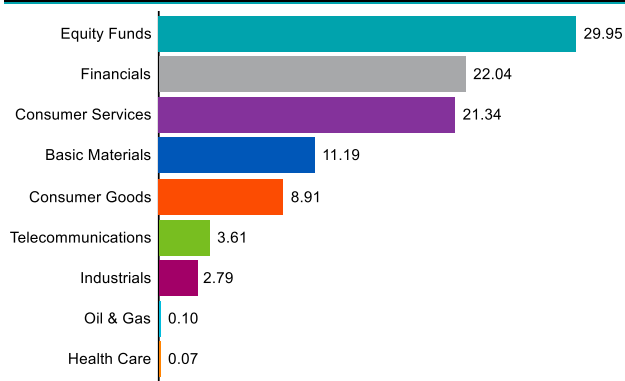
Asset allocation (%)



Top Equity holdings (%)

Naspers Ltd	13.14
Standard Bank Group Ltd	4.49
Sanlam Ltd	3.64
Firststrand Ltd	3.41
Sasol Ltd	3.31
MTN Group Ltd	2.97
BHP Group Plc	2.26
British American Tobacco Plc	2.10
Capitec Bank Holdings Ltd	1.96
Old Mutual Ltd	1.82

Equity allocation (Industry) (%)



Performance and Income

Class R Launch: 02 January 1970

Class A Launch: 03 July 2000

Benchmark: FTSE/JSE SWIX All Share Index

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class R					
Class	-5.73	2.00	4.33	9.61	12.65
Rank/Out of	57/164	98/128	62/98	23/80	17/60
Sector Average	-7.11	3.95	4.78	8.06	11.31
Benchmark	-8.31	5.56	7.29	10.78	13.55
Class A					
Class	-6.27	1.42	3.71	8.95	11.97

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	3yrs	5yrs	7yrs	10yrs
Class R					
Positive Months	4	19	35	54	76
Max Gain	10.01	18.91	36.62	110.09	297.78
Max Drawdown	-10.67	-10.67	-10.67	-10.67	-10.67
Highest	11.33	18.24	25.53	34.37	38.80
Lowest	-10.14	-10.14	-10.14	-10.14	-43.62
Class A					
Highest	10.69	17.56	24.71	33.51	38.06
Lowest	-10.65	-10.65	-10.65	-10.65	-43.98

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 R	Class A
23 March 2018	30.56	0.00
29 June 2018	200.73	153.66
31 December 2018	53.98	0.00
In last 12 months	285.27	153.66
In 2018	285.27	153.66

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.



Herman van Velze
BEng (Mining), MBL
Head of Equities

Herman joined STANLIB in 1995 as a research analyst and a resource portfolio manager. Since then he has held the positions of head of Research, portfolio manager, head of Balanced Fund and he is currently the head of Equities and a member of STANLIB's investment executive committee. In 2007 Herman joined a private equity company as a deal originator to expand his investment skillset. He later in 2009 re-joined STANLIB as the head of Balanced funds. He oversees a number of portfolio managers and analysts who provide company research and actively pursue investment ideas. Under his leadership, the team reviews and refines opportunities which are considered for the portfolio. Herman holds a bachelor of engineering from the University of Pretoria and a MBL from UNISA.



Theo Botha
BCom (Hons)(Investment), CFA
Portfolio manager

Theo is currently a portfolio manager in the equity team and has been with STANLIB since 1999. Theo is a highly experienced industry professional who was previously head of the Industrial Research team at STANLIB, with direct research responsibility for the luxury goods, food manufacturing, hospitals and pharmaceutical sectors. Prior to joining Liberty Asset Management as a research sector head in 1999, Theo had spent nine years with UAL/NIB Asset Management in various research and fund management positions. Theo completed his BCom honours degree in 1989, majoring in investment management, and he has been a CFA charterholder since 1994.

Fund review

The STANLIB Equity Fund returned -6.3% during the quarter ended December 2018. The benchmark (FTSE/JSE SWIX All Share Index) returned a negative 4% over the period. The one year return for the fund is -5% compared to the benchmark that returned -11.7%. The fund's non-SA exposure of 34% contributed negatively to performance during the quarter. The rand strengthened by 2% relative to the dollar during the period.

In the quarter our overweight exposures to Pepkor, Capitec Old Mutual contributed to performance, whilst the main detractors were Mondi, Sasol and ABInbev. Our underweight positions in Aspen and Mediclinic relative to the benchmark added to relative performance whilst our underweight position in AngloGold and Absa Group detracted from performance.

The offshore portfolio initiated positions in financial information services provider S&P Global, publishing software company Adobe and consumer credit-rating agency TransUnion. This was funded from sales of Goldman Sachs.

We did the following noteworthy trades during the quarter. We added to our Naspers and Discovery positions and sold out of Quilter, Omnia and Libstar

Market overview

The JSE All Share Swix index total return for Q4 2018 was -4%. Industrials were the largest loser at -6.5%. Resources declined by 4.5% and Financials lost 2%. The one year return for the SA market is -8.5%. Resources were the only positive sector delivering a 15.5% return over the 12 month period.

Equity markets were negative across all markets during the last quarter of 2018. MSCI Global was down 13% in USD. MSCI Emerging markets declined by 7% whilst MSCI South Africa declined by 4% measured in USD.

The JSE All Share PE (price earnings ratio) is currently 16x and 12x on a forward basis. The dividend yield is 3.5% historic and 4.1% forward. Consensus earnings growth is forecast to be 15% and 10% for 2019 and 2020. Industrial companies (underpinned by media and retail) are expected to deliver the strongest earnings growth in 2019.

Looking ahead

The key concerns for Emerging Market equities are US-China trade relations, the slowdown of China's economy and a tightening in global liquidity. In China, the focus on deleveraging has begun to slow. It seems we have turned a corner, with the government pursuing stimulus measures aimed at stabilising the economy. The key driver for the market over the next six to 12 months is likely to be the US-China trade war, and whether we see a negotiated outcome. After a fall from the peak earlier in 2018, given the resilient fundamental story, current equity market valuations offer investors an attractive opportunity into quality businesses supported by structural growth trends.

The STANLIB Equity Fund's offshore exposure is in line with its benchmark, with a tilt towards the financial and domestic industrial shares. We expect consumer confidence in South Africa to improve in the medium term, which motivates our active position towards this segment; we are overweight banks, insurance and retail shares. The Property sector outlook has deteriorated as the economic uncertainty and vacancies remain a concern, the fund has no exposure to property shares.

Naspers' leading position in multiple emerging markets should enable the group to benefit as increased internet penetration continues across its operating regions, creating additional markets and driving the next leg of revenue growth. Management sees profitability in e-Commerce as key to closing the holding company discount. This should benefit our largest holding in the fund.

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	Q4 2018	Q3 2018	Change
Domestic Cash & Mny Mkt	2.37	4.27	-1.89
Domestic Equity	64.27	61.66	2.61
Foreign Cash & Mny Mkt	0.21	0.07	0.14
Foreign Equity	28.94	29.85	-0.91
Pan Africa Cash & Mny Mkt	0.00	0.07	-0.07
Pan Africa Equity	3.85	3.64	0.21
Pan Africa Property	0.34	0.44	-0.10

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	25,830.93	2,300,211.43	594,166,109.78
R	Retail	25,907.58	11,208,854.21	2,903,942,951.95

All data as at 31 December 2018.

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 Equity 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 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.

All performance returns figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 31 January 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).

Contact details

Manager

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