

STANLIB Balanced Fund

Fund information update at 31 March 2019

STANLIB

What is the fund's objective?

The fund's main objective is to generate a reasonable level of current income and capital growth.

What does the fund invest in?

The fund is made up of a diversified spread of investments in equity and non-equity securities, including cash, bonds, shares, and property. 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 Multi Asset-High Equity classification.

What possible risks are associated with this fund?

General market risks include a change in interest rates and economic conditions, share price volatility, and a decline in property values. Where exposure to foreign investments is included in the portfolio, 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 |
|--------------|-------------------------|----------|-----------------------|------------|

What is the suggested investment period for this fund?

Minimum period

| | | | | | |
|---------|----------|--------|---------|---------|---------|
| 1 Month | 6 Months | 1 Year | 3 Years | 5 Years | 7 Years |
|---------|----------|--------|---------|---------|---------|

Who should consider investing in this fund?

The fund is aligned to investors who require a real return on their capital over time. The fund is suited to investors with a moderate risk profile.

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, Robin Eagar and Warren Buhai
Size (NAV) R 4.61 billion
Classification South African - Multi Asset - High Equity
Benchmark FTSE/JSE SWIX All Share Index 60%
BESA All Bond Index 25%
MSCI World Index (US\$) 9%
Barclays Global Aggregate Bond Index 6%

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). This Fund complies with this Regulation.

| | Class B1 | Class A |
|--|----------------|--------------|
| Launch | 01 August 1994 | 03 July 2000 |
| ISIN number | ZAE000020103 | ZAE000025193 |
| JSE code | GDBS | LISA |
| 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 B1 | Class A |
|------------------------------|----------|---------|
| Initial fee (manager) | 0.000% | 0.000% |
| Initial fee (adviser) | 0.000% | 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 B1 | Class A |
|--------------------------------|------------|------------|
| Based on period from: | 01/01/2016 | 01/01/2016 |
| Total Expense | 1.33% | 1.90% |
| Transaction Costs | 0.15% | 0.15% |
| Total Investment Charge | 1.48% | 2.05% |
| 1 Year Total Expense | 1.35% | 1.93% |

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.

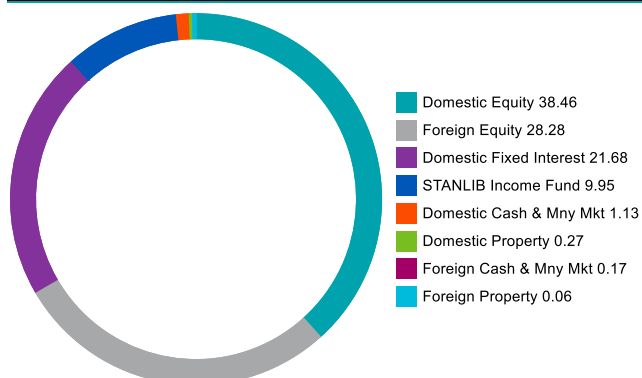
STANLIB Balanced Fund

Monthly update at 31 March 2019

STANLIB

Holdings

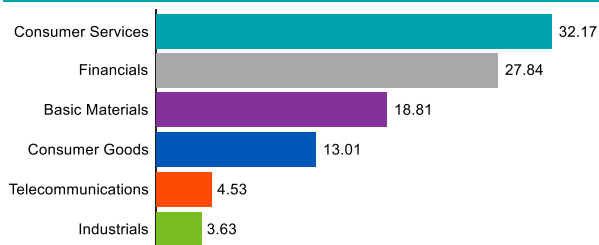
Asset allocation (%)



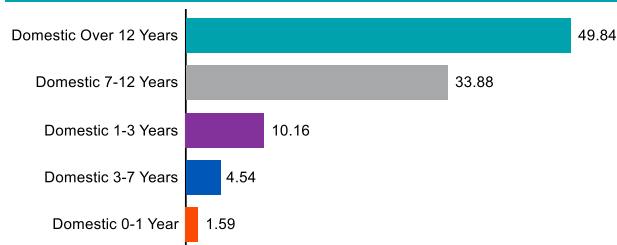
Top Equity holdings (%)

| | |
|------------------------------|------|
| Naspers Ltd | 8.29 |
| Standard Bank Group Ltd | 2.51 |
| Sasol Ltd | 2.26 |
| Sanlam Ltd | 1.85 |
| MTN Group Ltd | 1.76 |
| British American Tobacco Plc | 1.49 |
| BHP Group Plc | 1.39 |
| Capitec Bank Holdings Ltd | 1.19 |
| Firststrand Ltd | 1.16 |
| Bid Corp Ltd | 1.13 |

SA Listed Equity allocation (Industry) (%)



SA Fixed Interest allocation (%)



Performance and Income

Class B1 Launch: 01 August 1994

Class A Launch: 03 July 2000

Benchmark: FTSE/JSE SWIX (60%); BESA ALBI (25%); MSCI World (9%); Barclays Gbl Aggr Bond (6%)

| Returns (%) | 1yr | 3yrs | 5yrs | 7yrs | 10yrs |
|-----------------|--------|--------|--------|-------|-------|
| Class B1 | | | | | |
| Class | 6.90 | 3.35 | 5.07 | 8.70 | 11.27 |
| Rank/Out of | 60/188 | 95/151 | 74/100 | 44/78 | 19/49 |
| Sector Average | 5.82 | 3.80 | 5.73 | 8.68 | 10.45 |
| Benchmark | 4.95 | 6.06 | 7.83 | 11.22 | 13.01 |
| Class A | | | | | |
| Class | 6.29 | 2.76 | 4.48 | 8.09 | 10.67 |

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 B1 | | | | | |
| Positive Months | 6 | 19 | 35 | 54 | 78 |
| Max Gain | 8.39 | 15.08 | 29.85 | 81.86 | 194.92 |
| Max Drawdown | -7.37 | -7.37 | -7.37 | -7.37 | -7.37 |
| Highest | 9.51 | 11.23 | 18.93 | 26.49 | 27.83 |
| Lowest | -3.84 | -3.84 | -3.84 | -3.84 | -26.69 |
| Class A | | | | | |
| Highest | 8.88 | 10.60 | 18.26 | 25.79 | 27.13 |
| Lowest | -4.40 | -4.40 | -4.40 | -4.40 | -27.12 |

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 | 5.15 | 4.00 |
| 31 December 2018 | 10.43 | 8.26 |
| In last 12 months | 15.58 | 12.26 |
| In 2018 | 19.88 | 15.60 |

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.



Robin Eagar
BSc (Engineering), Accounts
Conversion (UCT)
Head of Multi-Asset

Robin joined the STANLIB investment team in 2005 as an industrial analyst and shortly thereafter became a general equity manager in the aggressive equity space. In 2007 Robin moved to the Multi-Asset investment space where he is currently the head of the team. He had previously spent five years working in private equity and corporate finance in London finance investing in various emerging markets and the UK. Robin began his career in 1998 with Standard Bank's Corporate Finance team in Johannesburg, advising on corporate re-structures, mergers and acquisitions, and public to private transactions.



Warren Buhai
BCompt (Hons), CA (SA), CFA
Senior portfolio manager

Warren initially joined STANLIB in 2005 to focus on research and portfolio management in resources and commodity-related funds. In 2007, he took an opportunity to move overseas and be the managing director of investments for a US private-client business targeting opportunities in developed, emerging and frontier markets. Warren re-joined STANLIB in 2009 where he has focused on research and portfolio management of multi-asset funds ever since, progressing to senior portfolio manager in the Multi-Asset franchise. Prior to joining STANLIB, he spent five years gaining broad industry experience with Standard Bank's Corporate Finance team. Warren obtained his bachelor's and honours degrees studying part-time while working primarily in the audit division of Ernst & Young, where he qualified as a chartered accountant. He is also a CFA charterholder.

Fund review

The STANLIB Balanced Fund returned +6.8% over the quarter ended 31 March 2019, relative to its benchmark return of +5.9%.

Market overview

The first quarter of 2019 started with a complete turnaround after a very difficult 2018 for risk assets. The switch in messaging and actions by the world's major central banks, led by the US Federal Reserve, to be more accommodative with their monetary policy actions spurred a rebound post the material 2018 fourth quarter equity sell-off. Despite the global growth outlook continuing to deteriorate in the first quarter of the new year, the dovish actions of the major central banks, together with easing concerns around US/China trade tensions, pushed offshore equities (+12.9% in rand terms) to their highest quarterly US dollar return since 2010. After underperforming in the last quarter of 2018, the US equity market (+13.9%) outperformed emerging market equities (+12.4%) although offshore property (+14.5%) was the best performing major asset class, with offshore bonds (+2.5%) and offshore cash (+1.0%) also giving positive, albeit low returns in the quarter.

Despite increasing concerns surrounding the local growth outlook following the return of Eskom's loadshedding, South African risk assets followed the offshore lead to show decent gains, with the local equity market (SWIX) +6% in the quarter led by Resources (+17.8%), followed by Industrials (+7.4%) and Property (+1.5%), with Financials (-0.4%) lagging. The Resources sector included strong gains for precious metals companies with Impala Platinum (+66%) and Sibanye Gold (+57%) leading the way, while the Industrials sector saw a rebound in some index heavyweights that had been struggling, including British American Tobacco (+29%) and Richemont (+12%). Local bonds (+3.8%) and cash (+1.8%) also produced positive returns in the quarter.

Looking ahead

The outlook for 2019 has weakened from a global growth perspective. However, a positive feature is the continued lack of inflationary pressures globally, allowing central banks to maintain an accommodative monetary policy stance, which should act as a tailwind for risk assets. Locally, the general election scheduled for 8 May is the main short-term event that could drive asset classes, after Moody's maintained its stable outlook and investment grade credit rating on SA's sovereign debt.

In managing your fund, we are always cognisant of both the positive tailwinds as well as the risks that are inevitable the longer this cycle persists. We take out protection against market corrections when we believe it is appropriate, but we continue to believe that exposure to a mix of diversified asset classes both locally and offshore provides you with an optimal solution to generate above-inflation returns over the long term.

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 & Mny Mkt | 1.13 | 1.87 | -0.74 |
| Domestic Equity | 38.46 | 38.98 | -0.51 |
| Domestic Fixed Interest | 21.68 | 22.25 | -0.57 |
| Domestic Property | 0.27 | 0.58 | -0.31 |
| Foreign Cash & Mny Mkt | 0.17 | 0.16 | 0.00 |
| Foreign Equity | 28.28 | 26.02 | 2.26 |
| Foreign Fixed Interest | 0.00 | 1.14 | -1.14 |
| Foreign Property | 0.06 | 0.06 | -0.01 |
| STANLIB Income Fund | 9.95 | 8.94 | 1.01 |

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

| Class | Type | Price (cpu) | Units | NAV (Rand) |
|-------|--------|-------------|----------------|------------------|
| A | Retail | 748.77 | 164,920,836.28 | 1,234,869,757.00 |
| B1 | Retail | 749.73 | 367,671,719.49 | 2,756,534,833.51 |
| R | Retail | 749.73 | 14,124,082.88 | 105,892,852.20 |

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 Balanced 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 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).

Contact details

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