

# STANLIB Multi-Manager Global Bond Fund

## Minimum Disclosure Document

As at 30.09.2018

# STANLIB

### STANLIB Multi-Manager

STANLIB Multi-Manager was established in 1999 and is the centre of excellence for multi-managed solutions within STANLIB. The investment team, led by Chief Investment Officer Joao Frasco, consists of an experienced team with a diverse set of investment skills. We have offices in Johannesburg and London, and currently have mandates in excess of R150 billion under stewardship.

#### What is the Fund's objective?

This is a global-only portfolio and invests in fixed income markets across a range of durations, credit ratings, countries and currencies, as well as sectors.

The Fund provides investors with access to opportunities in global bond markets.

The Fund's objective is to outperform the global bond benchmark, the Bloomberg Barclays Multiverse Total Return Index, over the long term.

#### Risk profile



■ Defensive assets ■ Growth assets

#### What are the investment guidelines?

The STANLIB Multi-Manager Global Bond Fund is a multi-managed fund that blends skilled and experienced global bond managers from around the world. The portfolio is constructed in a barbell fashion with a Alternative Beta core mandate as well as aggressive and defensive managers. Each manager makes independent country, currency and duration calls to effect the optimal outcome in their particular segment. STANLIB Multi-Manager actively manages the allocations to the different managers in the Fund.

Maximum foreign exposure: 100% of the portfolio.

The Fund complies with provisions of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) and the Regulations thereto, as amended from time to time

#### How is the Fund managed?

The Fund is designed to deliver superior investment returns more consistently than through a single asset manager or mandate. Our approach allows investors to outsource the fund / manager selection decision, which includes the ongoing due diligence of managers and construction of portfolios, to meet pre-defined objectives over time.

#### The Portfolio Managers dedicated to the Fund



**Kent Grobbelaar**  
Head of Portfolio Management (UK)  
BCom(Hons), ICMQ,  
FAUT, IMC



**Renate Potgieter**  
Portfolio Manager  
BSc(Hons), CFA

#### How do we select managers?

STANLIB Multi-Manager follows a rigorous and disciplined offshore manager research and selection process that starts by analyzing the asset class for which the portfolio is being built, and determining the key drivers of outperformance.

The manager research team conducts thorough quantitative and qualitative analyses, culminating in an extensive investment due diligence to identify those managers that have the skill and ability to outperform. This results in the production of high conviction buy/hold/sell lists, as well as mandate performance expectations under different environments, defining events and sell triggers/disciplines.

The portfolio management team then constructs a framework for blending managers into the portfolio that targets the key areas of outperformance and promotes diversification. We only entrust our client's assets to the highest quality managers, who are then selected into this framework to provide the portfolio with exposure to these sources of market outperformance over the long term.

Passive and Alternative Beta alternatives are considered in the process and were used, these help to lower portfolio costs.

On a regular basis the portfolio is reviewed to ensure it is delivering on its long term objectives. From time to time changes are made to improve the structure and/or risk return profile of the portfolio.

#### Who are the underlying managers/funds?

The portfolio construction currently includes the following managers/funds:

Underlying managers	Portfolio managers	Strategic allocation
Amundi Asset Management	Team based (Lead: Myles Bradshaw)	18%
Brandywine Global Investment Management	Team based (Lead: Steve Smith)	25%
Capital Group	Team based (Lead: Mark Brett)	25%
BlackRock (Alternative Beta)		32%

#### How do we approach risk management in the Fund?

Risk management is a fundamental component of our investment philosophy and process and is therefore approached holistically. It permeates every part of our investment process, requiring participation and accountability from all individuals involved in the process.

As a multi-manager, our risk management process begins at the time of portfolio specification and design, because by the time securities are included in the portfolio by the underlying managers, one has already accepted the risks and has limited ability to mitigate them. Our process then moves to manager research and portfolio construction, where we seek to know the managers intimately and construct a portfolio to behave in line with our broader investment objectives.

"Risks Inherent in our Funds" is a document that classifies the sources of risk associated with the management of our Funds. It can be obtained from the website [www.stanlibmultimanager.com](http://www.stanlibmultimanager.com).

### Information to be considered before investing

The STANLIB Multi-Manager Global Bond Fund should be considered a medium to long-term investment. The value of units (participatory interests) may go down as well as up and past performance is not necessarily a guide to future performance. General market risks include a change in interest rates and economic conditions, share price volatility and a decline in property values. The Fund only invests in foreign securities, and fluctuations or movements in exchange rates may therefore cause the value of underlying investments to go up or down. The Fund is also exposed to macroeconomic, political, tax, settlement and illiquidity risks that may be different to similar investments in the South African market. The Fund is traded at ruling prices using forward pricing, and can engage in borrowing of up to 5% of the market value of the portfolio to bridge insufficient liquidity as a result of the redemption of units.

### Unit price – how it works

Collective Investment Schemes (i.e. “Unit Trusts”) are traded at ruling prices set on every trading day and can engage in borrowing and scrip lending. Forward pricing is used which means Fund valuations are calculated and released at 14h00 (UK time) each business day using the prior day close of market prices. Your instructions are therefore processed at prices that are not yet determined when your instructions are received. Instructions must reach the Management Company before 14h30 (UK time) to ensure next day value. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax.

The payment of withdrawals may be delayed in extraordinary circumstances, when the Manco with the consent of the Fund trustees deems this to be in the interest of all Fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the Fund. When the suspension of trading relates to only certain assets held by the Fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the Fund. If the Fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force the Manco to sell the underlying investments in a manner that may have a negative impact on remaining investors of the Fund.

### Performance information on the monthly factsheet

Performance is calculated by STANLIB Multi-Manager as at month end for a lump sum investment using net asset value (NAV) prices with income reinvestments done on the ex-dividend date. All underlying price data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs including manager fees, and trading costs incurred within the Fund. Annualised performance figures represent the weighted average compound growth rate over the performance period measured. Past investment returns are not indicative of future returns and no guarantee is provided with respect to capital or return of the Fund.

### Total Expense Ratio (TER) and Transaction Costs (TC) = Total Investment Charge (TIC)

The TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 36-month period to the previous quarter end (December, March, June and September). This includes the TER charged by any underlying fund(s) held as part of this Fund. A high 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 are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER. The sum of the TER and Transaction Costs is shown as the Total Investment Charge (TIC).

### Management fee

The Fund charges a fixed annual management fee (i.e. fee class) as a percentage of the assets under management, to ensure a simple and understandable fee structure. The Fund invests primarily in segregated mandates but may also invest in other unit trusts i.e. “Underlying Fund Fees”, which are included in the Total Expense Ratio (TER).

### Underlying performance fees

**STANLIB Multi-Manager and its underlying managers do not earn any performance fees.**

The annual management fee is accrued daily and performance fees are accrued monthly – both paid on a monthly basis (with the exception of some performance fees which are paid annually).

### STANLIB Multi-Manager does not provide financial advice

STANLIB Multi-Manager (Pty) Ltd is an authorised Financial Services Provider licenced under the Financial Advisory and Intermediary Services Act, 37 of 2002. FSP licence No.26/10/763. This information does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Independent financial advice should always be sought before making an investment decision.

If you appoint an adviser, advice fees are contracted directly between you and the adviser. We will facilitate the collection of advice fees (including initial advice fees up to a maximum of 3.00%) only upon receiving your instruction. You may cancel the instruction to facilitate the payment of advice fees at any time.

### Where can I find additional information?

Additional information such as brochures, application forms and annual or quarterly reports, can be obtained from the websites: [www.stanlib.com](http://www.stanlib.com) / [www.stanlibmultimanager.com](http://www.stanlibmultimanager.com).

The prices of Funds are calculated and published on each working day. These prices are also available on the websites and in South African printed news media.

# STANLIB Multi-Manager Global Bond Fund

The Fund is a class fund of STANLIB Offshore Unit Trusts, which invests exclusively in the STANLIB Funds Limited - STANLIB Multi-Manager Global Bond Fund  
As at 30.09.2018

# STANLIB

## Investment Description

This is a global-only portfolio and invests in fixed income markets across a range of durations, credit ratings, countries and currencies as well as sectors.  
The STANLIB Multi Manager Global Bond Fund invests as a feeder fund into a class fund of STANLIB Funds Limited.

## Suitable Investors

- Diversified fixed income exposure, including government bonds, corporates bonds, inflation linked bonds, high yield as well as various currencies
- Who understand that the exposure to riskier assets within the fixed income universe as well as the foreign currency exposure comes with higher volatility
- Who understand that the Fund may underperform the market significantly in the short term in pursuit of long-term gains
- Who typically have an investment horizon of at least three to five years

## Risk Rating



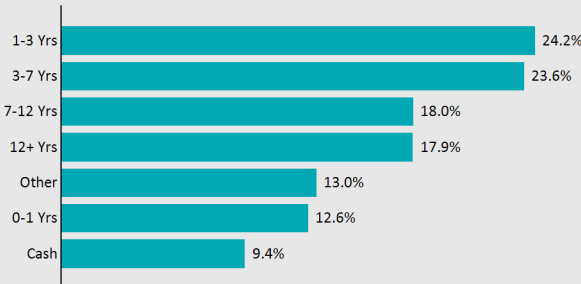
## Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class A	-2.81	0.00	0.00	0.00
Class B1	-2.69	0.00	0.00	0.00
Benchmark	-1.32	2.33	0.94	3.12
Sector Average	-2.48	1.60	0.21	3.12

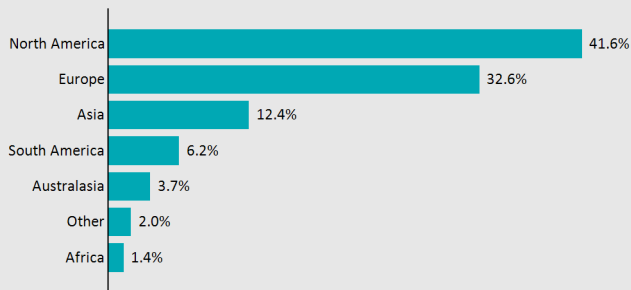
## Underlying Fund Managers

Amundi Asset Management  
BlackRock  
Brandywine Global Investment Management  
Capital Group

## Maturity/Duration



## Geographic allocation



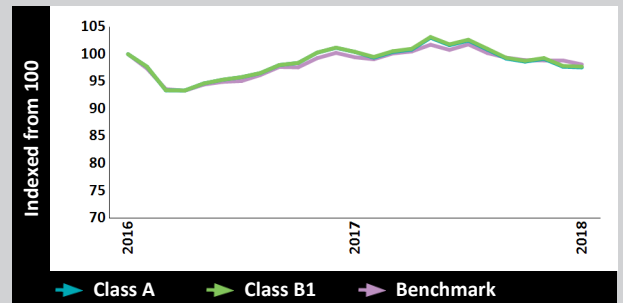
## Portfolio Facts

<b>Portfolio Manager(s)</b>	Kent Grobbelaar and Renate Potgieter (STANLIB Multi-Manager)	
<b>Portfolio Size (NAV)</b>	\$ 57,003.47	
<b>Benchmark</b>	Bloomberg Barclays Multiverse Total	
<b>Sector</b>	Morningstar Global Bond - Average	
	<b>Class A</b>	<b>Class B1</b>
<b>Denominated in</b>	USD	USD
<b>Launch Date</b>	18 Feb 2016	18 Feb 2016
<b>Minimum Investment</b>		
Initial	\$2,500	\$2,500
Subsequent	\$1,000	\$1,000
<b>ISIN No.</b>	JE00BZ96XP97	JE00BZ96XQ05
<b>SEDOL</b>	BZ96XP9	BZ96XQ0
<b>Bloomberg Code</b>	STMMGBC:JY	SMMGGB1:JY

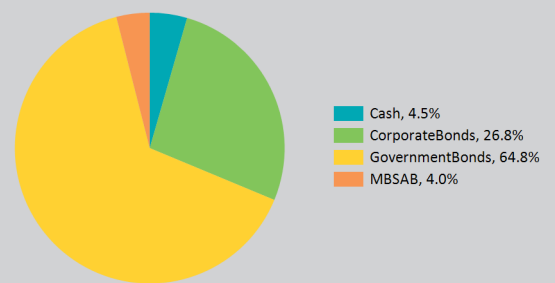
	Class A		Class B1	
	1 Year	3 Year	1 Year	3 Year
Advisor Fee <sup>1</sup>	0.25	0.25	0.00	0.00
Management Fee	0.40	0.40	0.40	0.40
Underlying Fund Fees	0.60	0.60	0.60	0.60
Other <sup>2</sup>	0.17	0.17	0.17	0.17
<b>Total Expense Ratio (TER)<sup>3</sup></b>	<b>1.42</b>	<b>1.42</b>	<b>1.17</b>	<b>1.17</b>
<b>Transactional Costs<sup>4</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Investment Charges</b>	<b>1.42</b>	<b>1.42</b>	<b>1.17</b>	<b>1.17</b>

- <sup>1</sup> The A Class includes an ongoing adviser fee
- <sup>2</sup> Other includes: bank charges, custody fees, sundry income, audit & trustee fees
- <sup>3</sup> The TER is a measure of the actual expenses incurred by the Fund over a 1 and 3-year period (annualised) ending 30 June 2018
- <sup>4</sup> Transaction Costs include: brokerage, Securities Transfer Tax [STT], STRATE, Levies and VAT.

## Cumulative Returns - Since Inception



## Physical See Through Asset allocation %



## 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 the future. 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 30/04/2018 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.

Trustee/Custodian Link Corporate Services (Jersey) Limited, 12 Castle Street, St. Helier, Jersey, Channel Islands.

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

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COMPLIANCE NO: 02B157

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# STANLIB Multi-Manager Global Bond Fund

## Commentary: 30 September 2018

# STANLIB

### Market overview

After raising rates 25bp in June, the US Fed hiked by the same amount in September to 2.25%, backed by solid economic data. CPI rose from 2.1% at the start of the year to 2.7%, while unemployment fell to 3.7%, the lowest level in 50 years.

The highlight of the third quarter was the Italian government's budget negotiations. A deficit equivalent to 2.4% of GDP for 2019 and 2020 was announced, as the League and Five-Star Movement put their campaign promises ahead of fiscal conformity.

The Mexican peso rallied on the new free-trade agreement between Mexico and the US, gaining 5%. Market participants most likely took to heart the statement from Governor Carney that the likelihood was 'uncomfortably high' that no Brexit agreement would be reached. This fear that was confirmed when the government released a series of explanatory notes detailing the consequences of a no-deal Brexit.

### Global asset class performance and risk statistics in USD

Asset class	Q3 2018	1 year	3 years p.a.	5 years p.a.
MSCI World Index	5.0%	11.2%	13.5%	9.3%
JP Morgan Global Bond Index	-1.8%	-1.6%	1.5%	0.5%
FTSE EPRA Property Index	-0.2%	4.6%	7.2%	6.3%
7-day US LIBID	0.5%	1.6%	0.87%	0.5%
Rand/dollar	-3.0%	-4.2%	-0.7%	-6.6%

Fund risk statistics since launch		
Lowest rolling 12-month return	0.4% (12 months ended June 2018)	
Highest rolling 12-month return	9.0% (12 months ended January 2018)	
	Fund	Benchmark
Maximum drawdown	-	-
Portfolio volatility	-	-

Source: STANLIB Multi-Manager. \*This Fund has a track record that is less than three years.

### Portfolio facts

Bloomberg Code	Class A: STMMGBC:JY Class B: SMMGGB1:JY	Administrative Agent	BNY Mellon Fund Services (Ireland) Designated Activity Co	
Structure	Open-ended investment unit trust	Year End	31 December	
Trustee/Custodian	Link Corporate Services (Jersey) Limited	Custody Fee	0.035% 0-\$50m	0.025% \$50m-\$100m
			0.010% \$100m-\$500m	0.005% \$500m-above
Sub Custodian	The Bank of New York Mellon SA/NV London Branch	Dealing Valuation	Daily	
Auditors	PricewaterhouseCoopers Ireland	Redemption Payment	Within 7 business days	
Manager	STANLIB Fund Managers Jersey Limited	Publication of NAV	STANLIB Fund Managers Jersey Limited	
Investment Manager	STANLIB Asset Management Pty Limited			

### Portfolio review

The STANLIB Offshore Unit Trusts Multi-Manager Global Bond Fund lost 1.07% for the third quarter. Over 12-months, the Fund has lost 2.7%. The Fund received a large inflow of \$29 900 in August, which marginally detracted from performance, resulting in the STOUT fund underperforming the underlying fund by 46bps.

The underlying fund lost 0.4% gross for the quarter, outperforming the Bloomberg Barclays Multiverse, which lost 0.8%. The fund remains ahead of the peers. The outperformance over the quarter is pleasing given that the overweight to emerging markets (EM) would have weighed on returns.

As expected, Brandywine struggled over the quarter given their aggressive positioning. Their bond exposure detracted, with longer-dated Mexican government bond yields faring the worst. The Mexican peso, however, recovered strongly in the wake of a new trade deal with the US and Canada. It was the largest contributing position for the quarter. Other EM currency exposure detracted over the quarter, but this was offset by positive attribution against the yen and euro positioning.

The Capital mandate performed in line with the benchmark for the quarter. Currency and issuer selection detracted, while country allocation and high yield exposure contributed. As with Brandywine, exposure to Mexico exposure contributed albeit to a lesser degree given the lower exposure. Exposure to Italian government bonds dragged on returns as the political uncertainty led yields higher.

Amundi had a strong third quarter, outperforming the benchmark by more than 60bps. Alpha came from their short duration, which contributed as yields rose. In addition, country allocation –underweight Japanese government bonds – and currency positioning – overweight the US dollar, Canadian dollar over the yen, as well as reducing the EM currencies prior to the selloff – also contributed.

BlackRock's beta mandate also performed well, where short duration contributed.

### Portfolio positioning and outlook

We expect uncertainty to continue to dominate markets, driven by upcoming elections, central bank actions and trade discussions.

We view the increased market volatility coupled with markets becoming less directional, as an opportunity for active managers. As such, the large inflow during the quarter provided an opportunity to increase the allocation to active managers.

### Portfolio managers



**Kent Grobbelaar**  
Head of Portfolio Management (UK)  
BCom(Hons), ICMQ, FAUT, IMC



**Renate Potgieter**  
Portfolio Manager  
BSc(Hons), CFA