

STANLIB Multi-Manager Shari'ah Balanced Fund of Funds

Minimum Disclosure Document

As at 31.12.2018

STANLIB

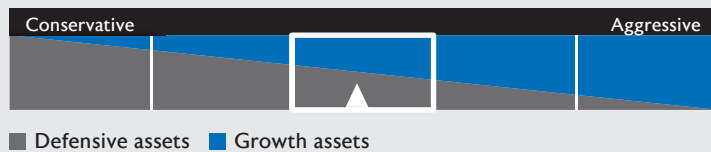
STANLIB Multi-Manager (Pty) Ltd

STANLIB Multi-Manager (Pty) Ltd 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?

The objective of the Fund is to outperform the average return of investable peers i.e. the Shari'ah balanced peer average, at risk levels consistent with those of these peers.

Risk profile



What are the investment guidelines?

The Fund is a multi-asset class (including foreign) Shari'ah compliant portfolio that is diversified across asset classes, sectors and asset managers.

The Fund aims to provide long-term growth of capital and income with volatility at levels consistent with Shari'ah balanced ($\pm 60\%$ equity) portfolios.

The Fund complies with provisions of the Collective Investment Schemes Control Act, No. 45 of 2002 and the Regulations thereto, as amended from time to time, and complies with Regulation 28 of the Pension Funds Act.

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/Product Managers dedicated to the Fund



Jennifer Henry
Head of Portfolio Management:
Retail Clients
BCom(Hons), CFA,
FRM



Richo Venter
Portfolio Manager
BCom(Hons)
(cum laude), CFA

How do we select managers?

STANLIB Multi-Manager (Pty) Ltd follows a rigorous and disciplined manager research and selection process that starts by analysing the sector 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 alternative are considered in the process and where 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.

Which are the underlying funds?

The portfolio construction currently includes the following funds:

Underlying funds	Portfolio managers	Strategic allocation
Kagiso Islamic Balanced Fund	Abdul Davids	50%
Old Mutual Albaraka Balanced Fund	Saliegh Salaam	40%
BCI Shariah Equity (Visio Capital)	Douglas Wallace	10%

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.

Information to be considered before investing

The STANLIB Multi-Manager Shari'ah Balanced Fund of Funds (FoF) should be considered a medium to long term investment. A FoF invests in other collective investment schemes (CISs), which levy their own charges and which could result in a higher fee structure for the FoF. General market risks include a change in interest rates and economic conditions, share price volatility and a decline in property values. The value of units (participatory interests) may go down as well as up and past performance is not necessarily a guide to future performance. Where foreign securities are included in the FoF it may as a result be exposed to macroeconomic, political, tax, settlement and illiquidity risks factors that may be different to similar investments in the South African market. The FoF is traded at ruling prices using forward pricing, and can engage in borrowing up to 10% of the market value of the portfolio to bridge insufficient liquidity as a result of the redemptions and may engage in scrip lending. A schedule of fees, charges and maximum commissions is available on request from STANLIB Collective Investments (RF) Pty Limited (the Manco). Commission and incentives may be paid and if so, would be included in the overall costs of the Fund. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments South Africa (ASISA). The Manco is a member of the Liberty Group of Companies. Manager does not guarantee either with respect to the capital or return of the portfolio.

Unit price – how it works

Collective Investment Schemes (i.e. "Unit Trusts") are traded at ruling prices set on every trading day. Forward pricing is used which means Fund valuations take place at approximately 15h00 each business day, and your instructions are therefore processed at prices that are not yet determined when your instructions are received. Instructions must reach the Management Company before 13h00 to ensure same day value. The 13h00 cut-off time only applies to investments and switches. Repurchases will receive the price of the same day if received prior to 15h00. The money market funds are valued at 12h00. The funds of funds and feeder funds are valued at 24h00 and 17h00.

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 (Pty) Ltd 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 and distribution 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. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the weighted average compound growth rate over the performance period measured. Past investment returns are not indicative of future returns.

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 TER's – expenses vary and the performance fee component can fluctuate over time.

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.

Underlying performance fees

STANLIB Multi-Manager (Pty) Ltd does not earn any performance fees. In addition to earning fixed fees, the underlying manager(s)/fund(s) may also earn performance-based fees if they outperform a specific benchmark. The performance-fee methodology of the underlying manager(s) / fund(s) is incorporated in their respective mandates. You can obtain more information on the underlying performance fee methodologies on the website www.stanlibmultimanager.com

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 (Pty) Ltd 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 / 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.

Investment Description

The Fund is a multi-asset class (including foreign) Shari'ah compliant portfolio that is diversified across asset classes, sectors and asset managers.

The Fund aims to provide long-term growth of capital and income with volatility at levels consistent with Shari'ah balanced ($\pm 60\%$ equity) portfolios.

The objective of the Fund is to outperform the average of investable peers' returns i.e. the Shari'ah balanced peer average, at risk levels consistent with that of these peers.

Suitable Investors

- Who wish to diversify single manager risk
- Who want a Shari'ah compliant multi-asset class solution
- Who wish to outsource asset allocation decisions
- Who seek to enhance long-term capital growth
- Who are comfortable with taking on some risk of market fluctuation and possible drawdowns, but less than that of the equity market
- Who typically have an investment horizon of at least five years

Risk Rating



■ Defensive assets ■ Growth assets

Please refer to the "Information to consider before investing" section on page 2 for further risk information.

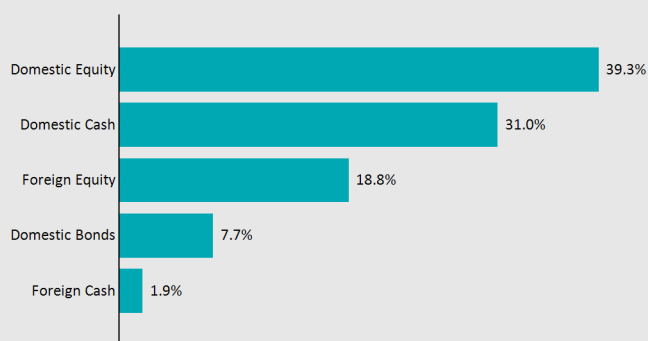
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class A	-0.97	4.12	0.00	0.00
Class B1	-0.39	4.71	0.00	0.00
Benchmark	5.44	7.06	4.76	8.28
Sector Average	-3.67	2.39	4.79	9.30

Underlying Funds

- BCI Shariah Equity Fund (Visio Capital)
- Kagiso Islamic Balanced Fund
- Old Mutual Albaraka Balanced Fund

Physical See Through Asset Allocation %



Income Distribution

	Declared in last 12 months	Declared during 2018
Class A	1.46 cpu	1.46 cpu
Class B1	2.20 cpu	2.20 cpu

Portfolio Facts

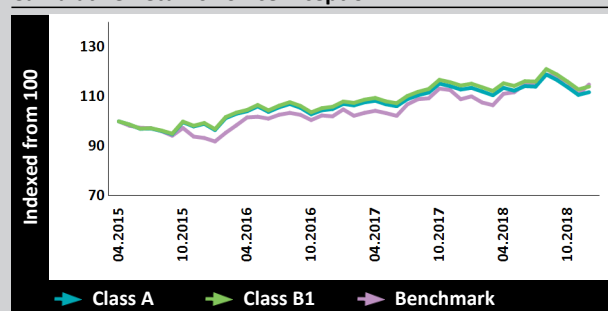
Portfolio Manager(s)	Jennifer Henry and Richo Venter
Portfolio Size (NAV)	R 1153 million
Sector	South African Multi-Asset High Equity Average
Income Distribution	Net revenue is calculated on a daily basis and distributed bi-annually.
Income Declaration	30 June & 31 December
Benchmark	Shari'ah ALSI 45%; STeFI (less 0.5%) 35%; Dow Jones Islamic World Index (ZAR) 15%; 3 Month USD LIBOR 5%

Class A	
Launch Date	25 Mar 2015
Minimum Investment	
Lump Sum	R5,000
Debit Order Per Month	R500
ISIN No.	ZAE000202537
JSE Code	STMSA

	Class A		Class B1	
	1 Year	3 Year	1 Year	3 Year
Advisor Fee ¹	0.50	0.50	0.00	0.00
Management Fee	0.65	0.65	0.65	0.65
Underlying Fund Fees	1.16	1.19	1.16	1.19
Underlying Performance Fees	0.00	0.00	0.00	0.00
Other ²	-0.44	-0.46	-0.44	-0.43
VAT	0.28	0.28	0.21	0.21
Total Expense Ratio (TER)³	2.15	2.17	1.58	1.62
Transactional Costs (inc. VAT)⁴	0.10	0.10	0.10	0.10
Total Investment Charges	2.25	2.27	1.68	1.72

- ¹ The A Class includes an ongoing adviser fee, which will be charged in addition to a maximum 3% upfront fee
- ² Other includes: bank charges, custody fees, sundry income, audit & trustee fees
- ³ The TER is a measure of the actual expenses incurred by the Fund over a 1 and 3-year period (annualised) ending 30 September 2018
- ⁴ Transaction Costs include: brokerage, Securities Transfer Tax (STT), STRATE, Levies and VAT.

Cumulative Returns - Since Inception



Top 10 Equity Holdings

Sasol Ltd	2.24%
Anglo American Plc	1.82%
Mondi Plc	1.71%
BHP Billiton Plc	1.70%
Aeci Ltd	1.44%
Advtech Ltd	1.41%
African Rainbow Minerals Ltd	1.37%
Vodacom Group (Pty) Ltd	1.21%
MICROSOFT CORP	1.18%
Telkom SA Ltd	1.15%

FUND INFORMATION TO BE CONSIDERED BEFORE INVESTING

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TRUSTEES Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196

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: 5ZB544

Published on: 23 January 2019

Market overview

'Ramaphoria' prospects were short-lived in 2018 as SA's structural deficiencies and the shackles of state capture became more evident. In addition, uncertainty surrounding the US-China trade war, Brexit and fears of a global growth slowdown in 2019 sparked a significant change in investor risk appetite. This resulted in disappointing equity returns. Global equity lost 9.4% in US dollar terms for the year, while the JSE All Share retreated 8.5%. Local bonds posted a 7.7% return. SA property was the worst performing asset class, losing 25.0%. The rand weakened 16.3% relative to the dollar, providing some relief for the Fund.

Asset class performance and risk statistics

Asset class	Q4 2018	1 year	3 years p.a.	5 years p.a.
FTSE/JSE ALSI	-4.9%	-8.5%	4.3%	5.8%
Financials	-2.1%	-8.8%	5.1%	8.9%
Resources	-4.5%	15.7%	22.3%	-0.3%
Industrials	-6.5%	-17.6%	-1.9%	4.9%
FTSE/JSE Capped SWIX	-3.8%	-10.9%	3.0%	5.3%
Bonds ALBI	2.7%	7.7%	11.1%	7.7%
Cash STeFI Composite	1.8%	7.2%	7.4%	6.9%
All Property Index (ALPI)	-6.2%	-25.0%	-5.0%	4.2%

Risk statistics since launch

Lowest rolling 12-month return -2.2% (12 months ended November 2018)
 Highest rolling 12-month return 13.0% (12 months ended October 2017)

	Fund	Benchmark (ASISA SA MA High Equity Average)
Maximum drawdown	-6.7%	-8.1%
Portfolio volatility	6.8%	7.6%

Source: STANLIB Multi-Manager.

Portfolio review

The Fund returned -0.4% for the year, while the average return of the ASISA MA High Equity peer funds was -3.7%. A higher allocation to resources and solid performance in particular from Kagiso, assisted performance during a tough 2018 for financial markets. Relative to Shari'ah industry peers, the Fund continues to perform well. The Fund underperformed the composite benchmark, however, this benchmark has a large skew to resources. Our underlying managers tend to invest more broadly across different market sectors.

Kagiso maintain their underweight domestic equities position given their concerns around slowing global growth and weaker domestic growth. Their conservative asset allocation has contributed to their outperformance in 2018. Global holdings contributed to performance over the year due to currency depreciation and Kagiso reduced their exposure to global equities on the back of a weaker currency at the start of the fourth quarter. They have approximately 40% exposure to sukuks, which also contributed positively, given the drawdown in equities. The 2018 pull-back in equity markets unveiled exciting investment opportunities and Kagiso has increased their exposure to risk assets post the year end.

The Old Mutual Albaraka Balanced Fund's allocation to equities is just below 60% – with a high global allocation – with the residual invested in Shari'ah-compliant short-term cash type investments. Their top local stock picks as identified by their multi-factor process (with a bias towards low volatility shares) include Mondi Plc, Telkom and AVI Ltd. The global equity allocation is well diversified amongst counters such as Proctor & Gamble, PepsiCo and Johnson and Johnson. Performance was satisfactory during 2018.

Taking into account that the BCI Shari'ah Equity Fund is an equity-type fund, it performed relatively well. It remains exposed to specific restructuring opportunities and a few large caps currently plagued by poor sentiment, but where businesses are underpinned by solid fundamentals. Top stock picks include ADvTECH, Bidvest, Mondi Plc and Anglo American. Visio also holds a sizeable cash allocation, which will be deployed as opportunities arise.

Portfolio positioning and outlook

The rate of global growth is likely to slow in 2019 and US interest rates are anticipated to rise further, although perhaps by not as much as initially expected. If the US interest rate hike cycle turns in response to lower economic growth concerns and the Chinese authorities embark on some form of stimulus, we may see better returns in 2019. An agreement between the US and China on trade negotiations will also help to alleviate fears in the market. We are attracted to the high dividend yield from local equities, while local cash provides reasonable yields. Looking forward, although there are risks, in our opinion the market is providing areas of great investment opportunity for patient investors.

Portfolio/Product managers



Jennifer Henry
 Head of Portfolio Management:
 Retail Clients
 BCom(Hons), CFA, FRM



Richo Venter
 Portfolio Manager
 BCom(Hons)
 (cum laude), CFA