

Business Update

June 2017



We have recently completed a review of the STANLIB Multi-Manager Equity Fund and the STANLIB Multi-Manager All Stars Equity Fund of Funds' mandates and have determined that there is a need to change the current fund names and benchmark to better align with the funds' respective mandates.

Current fund name
**STANLIB Multi-Manager
Equity Fund**



New fund name
**STANLIB Multi-Manager
SA Equity Fund**

The current name could be misinterpreted to imply that the fund may also invest in direct offshore assets, which is not the case. The name change will provide clarity that the fund may only invest in South African domiciled assets. This includes inward listed securities and secondary listings of global companies on the JSE.

The benchmark will change from the South African Equity General Sector average to FTSE/JSE Capped Shareholders Weighted All Share Index (FTSE/JSE Capped SWIX). The fund's current benchmark restricts its holdings to 10% of any single stock which may result in sub-optimal portfolio construction. Changing the benchmark to an index will enable the fund to hold more optimal exposure to specific stocks when market conditions are favourable.

Current fund name
**STANLIB Multi-Manager
All Stars Equity Fund of Funds**



New fund name
**STANLIB Multi-Manager
Diversified Equity Fund of Funds**

The current name could be misinterpreted to imply that the fund may only invest in certain underlying funds. The fund's construction has evolved to the point where it has become a diversified fund of domestic equity, offshore equity and domestic property.

Fund manager changes - effective 30 June 2017

In addition, we completed a review of the STANLIB Multi-Manager Defensive Balanced Fund and STANLIB Multi-Manager Real Return Fund, and we have decided to terminate our mandate with ABSA and move these allocations to the STANLIB Asset Management and Investec Asset Management, respectively.

STANLIB Multi-Manager Defensive Balanced Fund

Current fund manager
ABSA



New fund manager
STANLIB Asset Management

Following the recent departure of Errol Shear from ABSA (the incumbent portfolio manager to our mandate), we decided to terminate our mandate with ABSA. We have subsequently replaced the ABSA allocation in the fund with the STANLIB Absolute Plus Fund managed by Marius Oberholzer and Peter van der Ross, the fund managers for the STANLIB Absolute Return team.

The STANLIB Absolute Plus Fund brings a different dimension to the overall portfolio with its flexible approach, exploring areas of the market often overlooked. The manager is innovative and cost efficient in achieving the

fund's CPI+4% target and has used various strategies to protect capital in the short-term.

Given that the new STANLIB mandate typically invests in more growth assets, including offshore, we have had to make additional adjustments to the fund structure to ensure we remain comfortable with the overall balance of the portfolio.

These adjustments comprise:

- Prudential remains our core position, with its relative value approach. We have increased its allocation to 25%.
- Coronation's mandate has a medium-equity risk profile with an absolute return focus. The new STANLIB mandate increases the portfolio's exposure to growth assets and we therefore slightly reduced Coronation's weighting to obtain the required balance to growth assets within the portfolio.
- The STANLIB Multi-Manager global allocation has been marginally reduced to accommodate the global mandate allotted to STANLIB Absolute Return.

The table below provides a breakdown of the old and new *strategic (manager) allocations.

Underlying Managers	Fund Managers	New Strategic Allocation	Change in Allocation
STANLIB Absolute Return	Marius Oberholzer	17%	New
Investec (Global Balanced)	Clyde Rossouw	20%	-
Coronation (Domestic only)	Charles de Kock	17%	(3%)
Prudential (Domestic only)	Michael Moyle	25%	5%
STANLIB Multi-Manager (Global only)	Kent Grobbelaar	21%	(4%)

The strategic allocations are a construction guideline to achieve the fund's long-term return and risk objectives. In the short-term the manager allocations may differ from the strategic allocations.

STANLIB Multi-Manager Real Return Fund



We have decided to terminate our mandate with ABSA. We have replaced the ABSA allocation in the Fund with Investec Asset Management - a segregated mandate with Clyde Rossouw built on the same portfolio guidelines as the Investec Strategic Opportunity Fund.

Given that Investec's mandate typically invests in more growth assets over time compared to ABSA (in that it takes on more risk), we had to make additional adjustments to the Fund structure to ensure we remain comfortable with the overall balance of the portfolio. These adjustments comprise:

- Investec will also be responsible for a global mandate (i.e. global balanced mandate). As a result, the strategic allocation to the STANLIB Multi-Manager global funds was reduced to remain within its foreign limits. The new Investec mandate takes on moderate risk on a relative basis and invests in high quality shares that have long-term sustainable return on invested capital. The focus on quality is more pronounced with Investec and provides additional diversification to the overall fund. Clyde Rossouw and Sumesh Chetty are the fund managers and have a reputable long term track record;

- Prescient's allocation was increased from 15% to 20%. Prescient uses various techniques to protect capital and is a key mandate as part of the fund's overall risk management budget;
- Following our decision to change the Coronation mandate (i.e. from Coronation Domestic Absolute to Coronation Domestic Balanced) at the end of last year we further reduced the Coronation weighting down to 15%; and
- The Prudential (i.e. relative value) strategic allocation remains unchanged and together with the Coronation mandate (i.e. valuation based) provides the fund with the required growth assets necessary to achieve its long-term return objectives.

The table below provides a breakdown of the old and new *strategic (manager) allocations. The transition process commenced this month (May 2017) and is expected to be completed during the month of June 2017.

Underlying Managers	Fund Managers	New Strategic Allocation	Change in Allocation
Investec (Global Balanced)	Clyde Rossouw	20% domestic + 5% global	New
Prescient (Domestic only)	Guy Toms	20%	5%
Coronation (Domestic only)	Charles de Kock	15%	(10%)
Prudential (Domestic only)	Michael Moyle	20%	-
STANLIB Multi-Manager (Global only)	Kent Grobbelaar	20%	(5%)

The strategic allocations are a construction guideline to achieve the fund's long-term return and risk objectives. In the short-term the manager allocations may differ from the strategic allocations.