

Business Update

July 2018

Keeps you updated with business news and rationale behind changes to STANLIB Multi-Manager solutions.

STANLIB Multi-Manager Property Fund

Benchmark change

STANLIB Multi-Manager constructs well-diversified portfolios, managed by appropriately selected underlying portfolio managers who seek to outperform selected benchmarks.

The **STANLIB Multi-Manager Property Fund** has been benchmarked against FTSE/JSE SA Listed Property Index (SAPY). This benchmark has some shortcomings:

- It is highly concentrated – the top ten shares have a combined weight of 83% of the index
- It only includes shares with a primary listing on the Johannesburg Stock Exchange (JSE)
- The number of its constituents is limited to 20 shares

It follows that the SAPY index no longer accurately represents the South African property market and is no longer an appropriate benchmark by which to measure fund performance.

STANLIB Multi-Manager acknowledged these flaws when the SAPY was selected as the benchmark for the property fund. At the time however, there were no other viable alternatives. In October 2017, the JSE launched three new property indices:

- All Property Index (ALPI)
- South African REIT Index (SA REIT), and
- Tradable Property Index

Amongst these indices the ALPI, attempts to overcome most of the shortcomings of the SAPY:

- It is more diversified – the top ten shares have a combined weight of 71%
- It does not have the primary listing requirements, introducing dual-listed offshore companies
- Individual constituent exposure is capped at 15%
- There is no limit on the number of constituents - as at 4 June 2018, there were 33 shares

Considering that there is no maximum weight limit at an individual share level for the SAPY, the index has a higher company-specific (idiosyncratic) risk. This leads to higher concentration risk, resulting in investors becoming highly dependent on the performance of a single share.

The ALPI presents a broader investment universe which will facilitate a more fair comparison. In contrast to the SAPY, the ALPI has higher direct and see-through offshore exposure.

STANLIB Multi-Manager regards this index as a more appropriate benchmark for the **STANLIB Multi-Manager Property Fund** and therefore changed the benchmark from the SAPY to the ALPI, effective 1 July 2018.



Vuyo Mkhathazo
Portfolio Manager
CA(SA)
E vuyo.mkhathazo@stanlib.com



Jennifer Henry
Head of Portfolio Management:
Retail Clients
BCom(Hons), CFA, FRM
E jennifer.henry@stanlib.com

www.stanlibmultimanager.com

STANLIB Multi-Manager has taken care to ensure that all information provided herein is true and accurate. STANLIB Multi-Manager will therefore not be held responsible for any inaccuracies in the information contained herein. STANLIB Multi-Manager shall not be responsible and disclaims all loss, liability or expense of any nature whatsoever which may be attributable (directly, indirectly or consequentially) to the use of the information provided.

STANLIB Multi-Manager Limited is an authorised Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (Licence No. 26/10/763).

STANLIB
MULTI-MANAGER