

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.

The returns quoted are based on the US dollar investment.

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 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.

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.

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 12h30 (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 TER's.

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 / 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.

As at 30.09.2018

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 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.

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



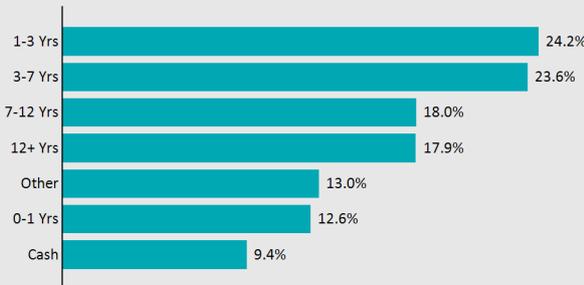
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class A	-2.42	2.01	0.24	2.89
Benchmark	-1.32	2.33	0.94	3.05
Sector Average	-2.48	1.60	0.21	3.12

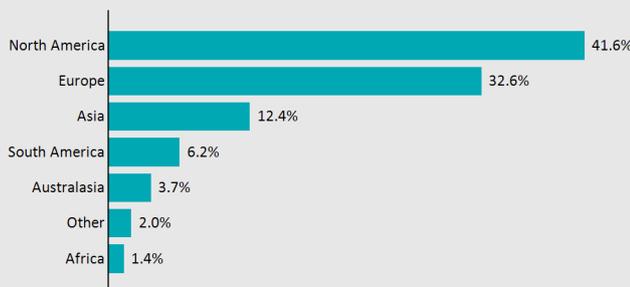
Underlying Fund Managers

Amundi Asset Management
 BlackRock
 Brandywine Global Investment Management
 Capital Group

Maturity/Duration



Geographic allocation



Portfolio Facts

Portfolio Manager(s)	Kent Grobbelaar & Renate Potgieter (STANLIB Multi-Manager)
Portfolio Size (NAV)	\$ 627.5 million
Benchmark	Bloomberg Barclays Multiverse Total Return Index
Sector	Morningstar Global Bond - Average
Class A	
Denominated in	USD
Launch Date	21 Dec 1998
Minimum Investment	
Initial	\$100,000
Subsequent	\$0
ISIN No.	GB0002127081
SEDOL	0925181
Bloomberg Code	LIBIGBI:JY

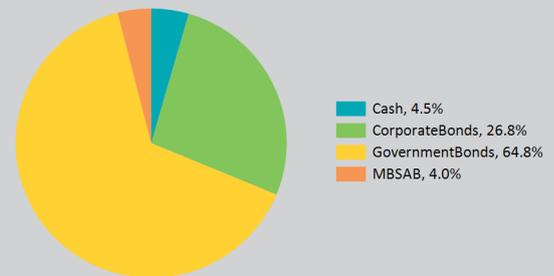
	Class A	
	1 Year	3 Year
Advisor Fee ¹	0.00	0.00
Management Fee	0.60	0.60
Underlying Fund Fees	0.00	0.00
Other ²	0.08	0.08
Total Expense Ratio (TER)³	0.68	0.68
Transactional Costs⁴	0.00	0.00
Total Investment Charges	0.68	0.68

- ¹ The A Class includes an ongoing adviser 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 June 2018
- ⁴ 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 participating shares 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 future performance. 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. Participating interest prices are calculated on a net asset value basis, which is the total value of all assets less liabilities in the Class Fund 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 participating shares in issue. Please refer to the prospectus for more details on the fees and charges that may be recovered from the Class Funds. The participating shares of STANLIB Funds Limited are priced daily using the forward pricing method. The Class Funds of STANLIB Funds Limited may borrow up to 5% of the market value of the Class Fund to bridge insufficient liquidity as a result of the redemption of participating shares or to defray operating expenses, and may also engage in scrip lending. 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. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments (RF) Pty Limited, ("STANLIB"). Commission and incentives may be paid and if so, are included in the overall costs. The Class Funds of STANLIB Funds Limited may declare dividends if there is sufficient net income available in the relevant Class Fund. Performance is quoted in US Dollar terms. 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 Funds Limited is regulated as a Collective Investment Fund by the Jersey Financial Services Commission. The Custodian and the Manager are both regulated by the Jersey Financial Services Commission to conduct Fund Services Business. A representative agreement exists between STANLIB Collective Investments (RF) Pty Limited and STANLIB Funds Limited. Liberty is a member of the Association of Savings and Investment of South Africa. STANLIB is a member of the Liberty group of companies. STANLIB Asset Management Limited is the Investment Manager, the Sub Custodian is The Bank of New York Mellon SA/NV, London Branch. The Structure is an Open-ended investment company. Publication of the NAV is owned by STANLIB Fund Managers, Jersey Limited, the Administrative Agents are BNYMellon Fund Services (Ireland) Designated Activity Company. Auditors are PricewaterhouseCoopers, Ireland. Redemption Payment is within 14 days. The Directors are: A SM Place, N Deacon, M Mitchell and M Farrow.

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

T 0860 123 003 W stanlib.com and/or stanlibmultimanagers.com

COMPLIANCE NO: ZB2791

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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. This operating environment resulted in US 10 year yields rising 20bp between June and September to finish at 3.06%.

Italy announced a deficit equivalent to 2.4% of GDP for 2019 and 2020, as the League and Five-Star Movement put their campaign promises ahead of fiscal conformity. This has resulted in 10 year Italian BTP yields rising 115bp year-to-date to 3.15%. The euro ended the period marginally lower due to uncertainties over possible contagion from the Turkish crisis via European bank liabilities – the Turkish lira lost 24% against the dollar. In contrast, the Mexican peso rallied on the new free-trade agreement between Mexico and the US, gaining 5%. Although the Bank of England voted unanimously to raise its key rate from 0.50% to 0.75% in August, sterling fell 1.2% against the greenback, driven by Brexit concerns. Both the European Central Bank and the Bank of Japan kept their monetary policy settings unchanged.

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	-9.9% (12 months ended February 2009)
Highest rolling 12-month return	22.8% (12 months ended November 2009)

Source: STANLIB Multi-Manager

Portfolio facts

Bloomberg Code	LIBIGBI JY	Administrative Agent	BNY Mellon Fund Services (Ireland) Designated Activity Co	
Structure	Open-ended investment company	Year End	31 December	
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 14 business days	
Manager	STANLIB Fund Managers Jersey Limited	Publication of NAV	STANLIB Fund Managers Jersey Limited	
Investment Manager	STANLIB Asset Management Pty Limited	Directors	SM Place, N Deacon, M Mitchell, M Farrow	

Portfolio review

The STANLIB Multi-Manager Global Bond Fund lost 0.4% on a gross basis for the quarter, outperforming the Bloomberg Barclays Multiverse, which lost 0.8%. The Fund remains ahead of its 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. Mexican peso exposure contributed while exposure to Italian government bonds dragged on returns.

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 and currency positioning also contributed. BlackRock's beta mandate also performed well, with short duration contributing.

Portfolio positioning and outlook

We expect uncertainty to continue to dominate markets, driven by upcoming elections, central bank actions and trade discussions. The three main issues currently are Italy, EMs – country specific risks as well as the risk of contagion – and US politics. The Fed remains on track with interest rate hikes and will possibly raise rates once more in 2018. EM inflows are potentially vulnerable to the changing interest rate environment in the developed world where flows could reverse as interest rate differentials continue to reduce. However, Brandywine's view is that the dollar is overvalued and EM currencies are cheap.

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 the 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