# STANLIB Multi-Manager Global Equity Fund

## Minimum Disclosure Document

As at 30.09.2018

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### 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.

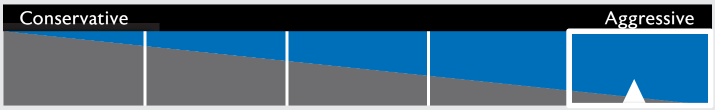
### What is the Fund's objective?

This is a global-only portfolio and invests in equities across various geographies, sectors and capitalisation sizes.

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

The Fund's objective is to outperform the global equity benchmark, the MSCI ACWI IMI, over the long term.

### Risk profile




■ Defensive assets ■ Growth assets

### What are the investment guidelines?

This is a global-only portfolio and invests in equities across various geographies, sectors and capitalisation sizes.

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 analysing 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 |
|---|---|---|
| Arrowstreet Capital | Team-based (CIO: Peter Rathjens) | 13.0% |
| Hosking Partners | Multi-councillor (Mandate manager: Jeremy Hosking) | 13.0% |
| Sands Capital Management | Team-based (Head: Sunil Thakor) | 13.0% |
| Sanders Capital | Team-based (Head: Lew Sanders) | 13.0% |
| Veritas Asset Management | Andrew Headley | 13.0% |
| Alliance Bernstein | Josh Lisser | 35.0% |

### 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.

# Fund Information

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## Information to be considered before investing

The STANLIB Multi-Manager Global Equity 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. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to South Africa, macroeconomic risks, political risks, tax risks, settlement risks and possible limitations on the availability of market information. 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 averagenet 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 theTER 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.

# STANLIB Multi-Manager Global Equity Fund

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

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## Investment Description

The Fund adopts a multi-managed approach to investing and blends different skilled and experienced active equity managers and strategies with some passive and risk premium strategies.
This is a global-only US dollar denominated portfolio which invests in equities across various geographies, sectors and capitalisation sizes.
The STANLIB Multi Manager Global Equity Fund invests as a feeder fund into a class fund of STANLIB Funds Limited.

## Suitable Investors

· Who are looking to add exposure to global equity markets
· Who understand that the high exposure to growth assets and 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 seven years.

## Risk Rating


■ Income ■ Growth

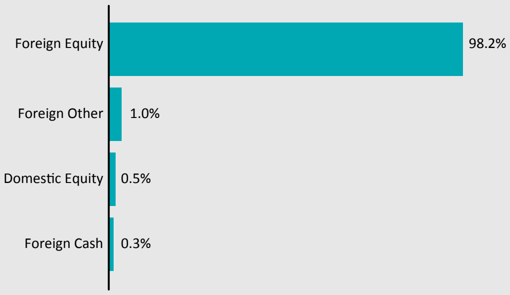
## Annualised Performance (%)

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Class A | 7.40 | 0.00 | 0.00 | 0.00 |
| Class B1 | 7.80 | 0.00 | 0.00 | 0.00 |
| Benchmark | 9.63 | 13.46 | 8.69 | 8.49 |
| Sector Average | 8.33 | 11.88 | 7.77 | 7.77 |

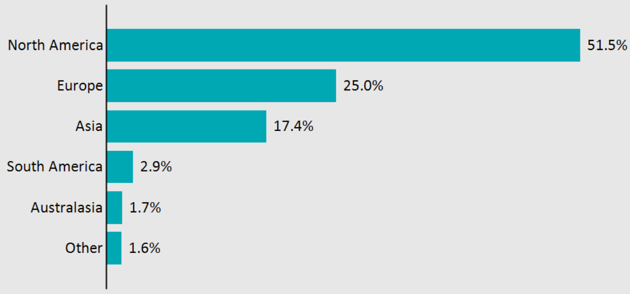
## Underlying Fund Managers

AB
Arrowstreet Capital
Hosking Partners
Sanders Capital
Sands Capital Management
Veritas Asset Management

## Physical See Through Asset allocation %




## Geographic allocation



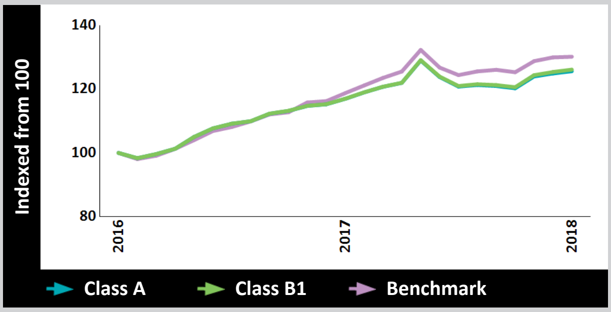

## Portfolio Facts

| | | |
|---|---|---|
| **Portfolio Manager(s)** | Kent Grobbelaar and Renate Potgieter (STANLIB Multi-Manager) | |
| **Portfolio Size (NAV)** | $ 1.6 million | |
| **Benchmark** | MSCI ACWI IMI | |
| **Sector** | Morningstar Global Large-Cap Blend | |
| | **Class A** | **Class B1** |
| **Denominated in** | USD | USD |
| **Launch Date** | 18 Feb 2016 | 18 Feb 2016 |
| **Minimum Investment** | | |
| Initial | $2,500 | $2,500 |
| Subsequent | $1,000 | $1,000 |
| **ISIN No.** | JE00BZ96XM66 | JE00BZ96XN73 |
| **SEDOL** | BZ96XM6 | BZ96XN7 |
| **Bloomberg Code** | STMMGEA:JY | SMMGEB1:JY |

| | 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 | 0.40 | 0.40 | 0.40 | 0.40 |
| Underlying Fund Fees | 0.80 | 0.80 | 0.80 | 0.80 |
| Other[2] | 0.16 | 0.16 | 0.16 | 0.16 |
| **Total Expense Ratio (TER)[3]** | **1.86** | **1.86** | **1.36** | **1.36** |
| **Transactional Costs[4]** | **0.08** | **0.08** | **0.08** | **0.08** |
| **Total Investment Charges** | **1.94** | **1.94** | **1.44** | **1.44** |

*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




## Top 10 Equity Holdings

| | |
|---|---|
| Microsoft Corp Common Stock USD 0.00000625 | 1.79% |
| CIGNA CORP USD0.25 | 1.48% |
| TAIWAN SEMICONDUCTOR-SP ADR | 1.38% |
| CHARTER COMMUNICATIONS INC-A USD0.001 | 1.31% |
| SAMSUNG ELECTRONICS CO LTD COMMON STOCK KRW5000. | 1.28% |
| ALPHABET INC-CL A USD0.001 | 1.28% |
| SAFRAN SA | 1.23% |
| UtdHealth Group Inc Common Stock USD 0.01 | 1.13% |
| APPLE INC USD0.00001 | 1.06% |
| ALPHABET INC-CL C USD0.001 | 1.04% |




**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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# STANLIB Multi-Manager Global Equity Fund
## Commentary: 30 September 2018

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### Market overview

Emerging markets (EM) lagged developed markets (DM) for the second consecutive quarter in 2018 as the global trade war between the United States and China continued to dominate headlines. The US intensified tariffs on Chinese imports, adding 10% on a further $200 billion worth of goods. After the increase, President Trump highlighted that he stood ready to increase the basket of goods should China retaliate. His message fell on deaf ears as China swiftly countered with 5% to 10% increases on $60 billion worth of US imports.

Despite the tussle between the two economic giants, the US economy remains strong. Unfortunately, higher DM interest rates and a stronger US dollar does not bode well for EM assets.

### 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 | 6.5% (12 months ended June 2018) | |
| Highest rolling 12-month return | 22.9% (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: STMMGEA:JY Class B: SMMGEB1:JY |
| **Structure** | Open-ended investment unit trust |
| **Trustee/Custodian** | Link Corporate Services (Jersey) Limited |
| **Sub Custodian** | The Bank of New York Mellon SA/NV London Branch |
| **Auditors** | PricewaterhouseCoopers Ireland |
| **Manager** | STANLIB Fund Managers Jersey Limited |
| **Investment Manager** | STANLIB Asset Management Pty Limited |
| **Administrative Agent** | BNY Mellon Fund Services (Ireland) Designated Activity Co |
| **Year End** | 31 December |
| **Custody Fee** | 0.035% 0-$50m; 0.025% $50m-$100m; 0.010% $100m-$500m; 0.005% $500m-above |
| **Dealing Valuation** | Daily |
| **Redemption Payment** | Within 7 business days |
| **Publication of NAV** | STANLIB Fund Managers Jersey Limited |

### Portfolio review

The STANLIB Offshore Unit Trusts Multi-Manager Global Equity Fund returned 4.5% for the third quarter and 7.8% over the year. The Fund continued to receive inflows ($60 000), although smaller than previous quarters. These inflows did not affect returns, with the Fund underperforming the underlying fund by 15bps for the quarter.

The underlying fund produuced a strong return of 5.0% over the quarter, on a gross basis, 1.1% ahead of the benchmark. This outperformance is pleasing given that the overweight to EMs would have weighed on returns. Sector positioning contributed, particularly the overweight to healthcare and technology.

Veritas had a strong quarter, outperforming their benchmark by more than 3%. This outperformance came from a number of stocks, namely Cigna, CVS, Health, Allergan and Thermo Fisher Scientific. Performance also came from Qualcomm and Charter Communications in IT, as well as Safran in the aerospace sector. The quarter's strong performance reverses their losses, bringing their 12-month performance marginally ahead of the benchmark.

Sanders also had a good quarter, which is pleasing given that the value style underperformed. Sector allocation contributed most to their outperformance, with the technology sector contributing strongly. This positioning is reflective of their pragmatic approach to value. Healthcare exposure also contributed.

Sands' large overweight to technology contributed over the quarter, resulting in strong alpha. This is pleasing given that they have 17% in EMs, an exposure that weighed on performance.

The AB mandate detracted as a result of the value style underperforming. This is in line with our expectations.

Hosking had a tough quarter, underperforming by almost 3%, bringing their 12 month performance to a disappointing 5.5% behind the benchmark. Given that EMs were sharply in the red, the negative alpha quarter for Hosking is in line with expectations. They have more than 19% of their portfolio in EM – the largest allocation of any of our managers. Hosking continue to hold the view that EMs remain better placed to weather the storm, with well-contained inflation, current account deficits and external debt coverage ratios.

Arrowstreet performed strongly over the quarter, producing more than 2.5% of alpha. Pleasingly, this came from both allocation (large overweights to healthcare and technology), as well as stock selection. Their information ratio remains robust, with the alpha being produced on a good risk adjusted basis.

### Portfolio positioning and outlook

We also view the increased market volatility coupled with markets becoming less directional, as an opportunity for active managers. As such, we continue to be overweight active managers over beta.

Our managers maintain their constructive view on their EM positioning and we continue to be overweight. The Fed remains on track with interest rate hikes and will possibly raise rates once more in 2018, with three hikes currently being priced in for 2019.

### Portfolio managers

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

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