STANLIB Multi-Manager Bond Fund

Minimum Disclosure Document

As at 30.11.2018

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 Fund is designed to produce good income and modest capital growth for investors. It should deliver higher returns than the All Bond Index and the ASISA Interest Bearing Variable Term category average.

Risk profile

■ Defensive assets ■ Growth assets

What are the investment guidelines?

The Fund is moderately conservative in nature and will consist of a wide variety of bonds, including but not limited to government bonds with varying duration (sensitivity to yields at various terms), listed and unlisted corporate bonds, inflation-linked bonds, as well as a component of cash to manage liquidity requirements.

The Fund may not include equity securities, real estate securities or cumulative preference shares.

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. It will be managed in compliance 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 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.

Who are the underlying managers/funds?

The portfolio construction currently includes the following managers/funds:

Underlying managers	Portfolio managers	Strategic allocation
Futuregrowth Asset Management	Jason Lightfoot	25%
Aluwani Capital Partners	Conrad Wood	25%
Prescient Investment Management	Guy Toms	10%
Coronation Fund Managers	Mark Le Roux	20%
STANLIB Bond Fund	Victor Mphaphuli	20%

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

Collective investments schemes (CIS) are generally medium to long-term investments. 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 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 redemption of participatory interests and may engage in scrip lending. The yield on the Fund is calculated monthly based on the actual distributions declared in the last twelve months divided by the average daily net asset value of the Fund, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. 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. 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.

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 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 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. 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 (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.

STANLIB Multi-Manager Bond Fund

As at 30.11.2018

STANLIB

Investment Description

The Fund invests in South African interest bearing securities, consisting of a wide variety of bonds, including but not limited to government bonds with varying sensitivity to interest rates at various terms (collectively known as duration), listed and unlisted corporate bonds, inflation linked bonds as well as a component of cash to manage liquidity requirements.

The Fund aims to deliver returns ahead of the JSE All Bond Index over time.

Suitable Investors

· Who wish to diversify single manager risk
· Who seek a bond building block for a diversified multi-asset class portfolio
· Who seek a steady long-term income stream and some capital growth
· Who understand that bonds have similar risks associated with high levels of inflation and interest rates.
· Who understand that bonds also entail a portion of credit risk.

Risk Rating

Defensive assets   Growth assets

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

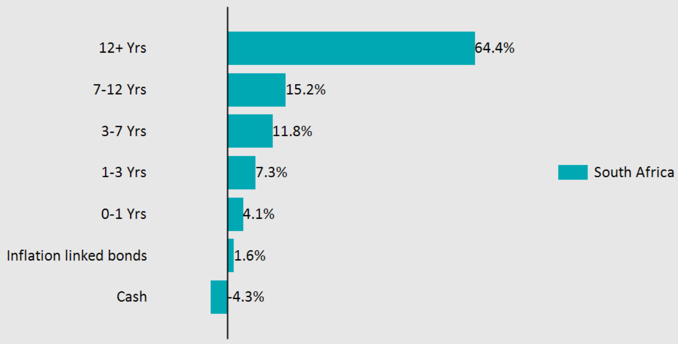
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class B1	13.40	8.95	0.00	0.00
Benchmark	13.05	8.30	7.81	8.33
Sector Average	11.13	7.40	7.11	8.03

Underlying Fund Managers / Funds

Aluwani Capital Partners
Coronation Fund Managers
Futuregrowth Asset Management
Prescient Investment Management
STANLIB Bond Fund

Physical See Through Asset Allocation %



Fund Duration	7.68 year(s)
Benchmark Duration	6.8 year(s)

Income Distribution

	Declared in last 12 months	Declared during 2018
Class B1	8.47 cpu	6.53 cpu

Portfolio Facts

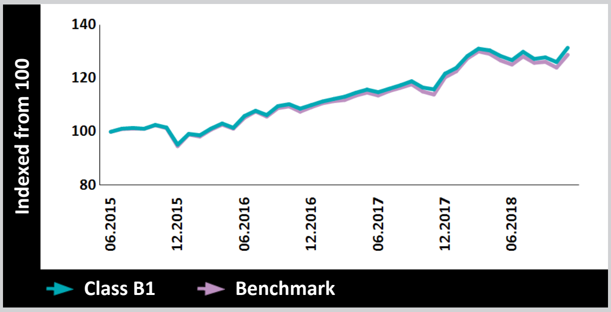
Portfolio Manager(s)	Jennifer Henry and Richo Venter
Portfolio Size (NAV)	R 3934 million
Sector	South African Interest Bearing Variable Term
Income Distribution	Net revenue is calculated on a daily basis and distributed quarterly.
Income Declaration	31 March, 30 June, 30 Sept & 31 Dec
Benchmark	JSE All Bond Composite Index (ALBI)

	Class B1
Launch Date	24 Oct 2014
Minimum Investment	
Lump Sum	R10,000
Debit Order Per Month	R500
ISIN No.	ZAE000203386
JSE Code	SMFB1

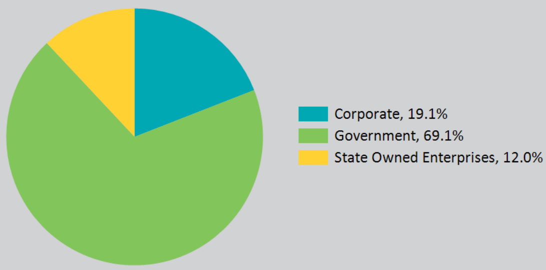
	Class B1	
	1 Year	3 Year
Advisor Fee[1]	0.00	0.00
Management Fee	0.55	0.55
Underlying Fund Fees	0.08	0.07
Underlying Performance Fees	0.09	0.09
Other[2]	-0.08	-0.08
VAT	0.10	0.09
Total Expense Ratio (TER)[3]	**0.73**	**0.72**
Transactional Costs (inc. VAT)[4]	**0.00**	**0.01**
Total Investment Charges	**0.73**	**0.73**

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 June 2018
4 Transaction Costs include: brokerage, Securities Transfer Tax [STT], STRATE, Levies and VAT.

Cumulative Returns - Since Inception



Holding Composition



FUND INFORMATION TO BE CONSIDERED BEFORE INVESTING

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COMPLIANCE NO: HX0478

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STANLIB Multi-Manager Bond Fund
Commentary: 30 September 2018

STANLIB

Market overview

Higher developed market interest rates and a stronger US dollar unfortunately do not bode well for emerging market (EM) assets. It is not surprising then that most EM countries have seen their currencies lose value. The rand depreciated 3.1% to the US dollar during the quarter, with negative sentiment on South Africa impacting longer-term yields. During the quarter, the SA 10-year bond yield increased to 9.3%. The JSE BESSA All Bond Index returned 0.8% for the quarter, underperforming cash, which returned 1.8%. Curve positioning was important during the quarter, as the long end was the poorer performer.

Asset class performance and risk statistics

Asset class	Q3 2018	1 year	3 years p.a.	5 years p.a.
FTSE/JSE ALSI	-2.2%	3.4%	6.7%	8.0%
Financials	*2.8%*	*8.1%*	*4.6%*	*10.9%*
Resources	*5.2%*	*27.1%*	*15.7%*	*1.0%*
Industrials	*-7.8%*	*-7.7%*	*2.5%*	*7.7%*
FTSE/JSE Capped SWIX	-1.7%	0.4%	4.5%	7.4%
Bonds ALBI	0.8%	7.1%	7.8%	7.2%
Cash STeFI Composite	1.8%	7.3%	7.3%	6.8%
All Property Index (ALPI)	-1.5%	-14.0%	-3.5%	6.1%

Risk statistics since launch		
Lowest rolling 12-month return	-0.1% (12 months ended March 2016)	
Highest rolling 12-month return	15.9% (12 months ended March 2018)	
	Fund*	Benchmark
Maximum drawdown	-7.2%	-22.2%
Portfolio volatility	7.2%	8.5%

Source: STANLIB Multi-Manager.

Portfolio review

The Fund performed in line with the benchmark for the quarter, returning 1% alpha over 12 months. Going into the quarter, the Fund was overweight the short-end of the curve, which contributed positively. The Fund has approximately 30% allocation to credit, which also contributed positively as spreads continued to narrow in a market short of supply.

Since credit was a good source of return for the quarter, Futuregrowth was the top-performing underlying manager. STANLIB and Coronation increased their duration position to a slight overweight during the quarter, which resulted in a weaker relative performance. Nevertheless, both managers have delivered good alpha over 12 months. While Aluwani produced stronger performance during the quarter, their conservative outlook muted alpha over the longer term.

Portfolio positioning and outlook

Based on a benign domestic economic environment, inflation has been well contained within the SA Reserve Bank's 3% - 6% band. Therefore, the SA bond market looks attractive with the SA 10-year bond yield currently offering investors a real yield of 4.6%. This does, however, have several risks from both a global and local perspective. Trade wars could weigh heavily on EMs coupled with additional rate hikes in the US, with SA possibly having to follow suit given a deteriorating inflation outlook. This is due to the potential for rand weakness as well as the rising trend in world oil prices and uncertainties about future electricity tariff increases, all of which pose the main upside risks to the inflation outlook.

On the positive side, both global and local investors continue to monitor government's initiatives to boost the economy, attract foreign investment and to root out corruption. We believe the Fund has a balanced positioning, with a slight underweight to duration. Furthermore, the Fund is well diversified across the yield curve, with a healthy exposure to credit and underlying managers continuing to look for yield enhancing strategies.

***Duration** – a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.*

Portfolio managers

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

Vuyo Mkhathazo
Portfolio Manager
CA(SA)