

STANLIB Multi-Manager Diversified Equity Fund of Funds

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's investment objective is to provide long-term capital growth through investment in local and global equity markets. It aims to outperform CPI (South African Inflation) plus 7% p.a. (i.e. to provide a real return of 7% p.a.) over rolling 7-year periods, with a low probability of capital loss over the long-term.

Risk profile



■ Defensive assets ■ Growth assets

What are the investment guidelines?

The Fund is a fully invested, multi-managed equity portfolio.

The Fund's minimum total equity exposure is 80% of the market value of the portfolio – as per the ASISA South African – Equity – General category as amended from time to time.

Fund's Composite Benchmark / Strategic Asset Allocation: SA Equity (FTSE/JSE Capped SWIX) – 75%, Global Equities (MSCI AC World IMI (ZAR)) – 25%.

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 Fund is not Regulation 28 compliant.

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 Fund forms part of our goals-based range

The Fund forms part of a comprehensive goals-based range.

	Growth assets vs defensive assets*	Indicative volatility range	Investment objective
STANLIB Multi-Manager Enhanced Yield Fund	0% 100%	0.3% - 0.6% p.a.	To outperform the STeFI Composite
STANLIB Multi-Manager Low Equity FoF	30% 70%	3% - 6% p.a.	CPI + 3% p.a. over 3-year rolling periods
STANLIB Multi-Manager Medium Equity FoF	55% 45%	5% - 10% p.a.	CPI + 4% p.a. over 4-year rolling periods
STANLIB Multi-Manager Medium-High Equity FoF	68% 32%	6% - 12% p.a.	CPI + 5% p.a. over 5-year rolling periods
STANLIB Multi-Manager High Equity FoF	78% 22%	7% - 14% p.a.	CPI + 6% p.a. over 6-year rolling periods
STANLIB Multi-Manager Diversified Equity FoF	100% 0%	10% - 20% p.a.	CPI + 7% p.a. over 7-year rolling periods

*Growth assets are defined as equities and listed property

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.

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

Underlying manger/fund framework

The manager framework currently constitutes the following managers within the respective specialist building blocks:

Property	Equity	Offshore
Catalyst	Coronation	Allan Gray
STANLIB	STANLIB	Nedgroup Entrepreneur
Bridge	Foord	Hosking Partners
Sesfikile	Prudential	Sanders
	Visio	Arrowstreet Capital
	Truffle	Alliance Bernstein

Information to be considered before investing

The STANLIB Multi-Manager Diversified Equity Fund of Funds (FoF) should be considered a medium to long-term investment. A FoF invests in other collective investment schemes, which levies its own charges and which could result in a higher fee structure for the FoF. The value of units (participatory interest) may go down as well as up and past performance is not necessarily a guide to the future. 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 FoF 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. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments (RF) Pty Ltd (the Manco). Commission and incentives may be paid and if so, would be included in the overall costs. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments of South Africa. 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 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 – 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.

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.

Investment Description

The Fund's investment objective is to provide long-term capital growth through investment in local and global equity markets. It is a fully invested, multi-managed equity portfolio managed within the guidelines of the ASISA South African Equity General Sector. The Fund has a strategic Allocation to the STANLIB Multi-Manager Global Equity fund.

The Fund aims to achieve CPI+7% p.a over 7-year rolling periods.

The Fund is not regulation 28 compliant, however it complies to exchange controls regarding the maximum allocation to global.

Suitable Investors

- Who wish to diversify single manager risk
- Who want a managed solution matched to their risk profile
- Who want maximum exposure to growth assets and are not concerned with capital fluctuations in the short term
- Who typically have an investment horizon of at least seven years

Risk Rating



■ Defensive assets ■ Growth assets

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

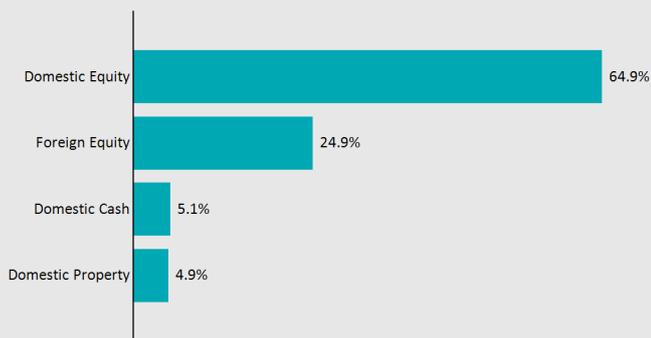
Annualised Performance (%)

	1 Year	3 Years	5 Years	10 Years
Class A	-9.34	1.47	5.10	12.04
Class B1	-8.82	2.05	5.69	12.66
Benchmark	-11.62	0.37	3.74	10.70
Sector Average	-11.62	0.37	3.74	10.70

Underlying Funds

- Nedgroup Entrepreneur Fund
- Allan Gray Equity Fund
- STANLIB Multi-Manager Global Equity Fund
- STANLIB Multi-Manager Property
- STANLIB Multi-Manager SA Equity Fund

Physical See Through Asset Allocation %



Income Distribution

	Declared in last 12 months	Declared during 2018
Class A	1.90 cpu	1.32 cpu
Class B1	3.48 cpu	2.12 cpu

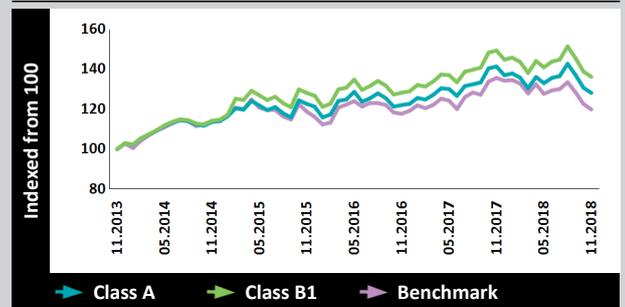
Portfolio Facts

Portfolio Manager(s)	Jennifer Henry and Lubabalo Khenyane
Portfolio Size (NAV)	R 339 million
Sector	South African Equity General
Income Distribution	Net revenue is calculated on a daily basis and distributed bi-annually.
Income Declaration	30 June & 31 December
Benchmark	South African Equity General Average
Class A	
Launch Date	17 Oct 2006
Minimum Investment	
Lump Sum	R5,000
Debit Order Per Month	R500
ISIN No.	ZAE000084851
JSE Code	STMMAA

	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	0.65	0.72	0.65	0.72
Underlying Performance Fees	0.05	0.07	0.05	0.07
Other ²	0.00	0.00	0.00	0.00
VAT	0.24	0.25	0.17	0.18
Total Expense Ratio (TER)³	1.84	1.95	1.27	1.38
Transactional Costs (inc. VAT)⁴	0.10	0.21	0.10	0.21
Total Investment Charges	1.94	2.16	1.37	1.59

- The A Class includes an ongoing adviser fee, which will be charged in addition to a maximum 3% upfront fee
- Other includes: bank charges, custody fees, sundry income, audit & trustee fees
- 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
- Transaction Costs include: brokerage, Securities Transfer Tax (STT), STRATE, Levies and VAT.

Cumulative Returns - Last 5 Years



Top 10 Equity Holdings

Naspers Ltd	5.44%
Standard Bank Group Ltd	2.95%
Sasol Ltd	2.85%
British American Tobacco Plc	2.49%
Anglo American Plc	2.21%
Old Mutual Ltd	1.69%
BHP 4 3/4 04/04/12	1.35%
MTN Group Ltd	1.32%
RMB Holdings Ltd	1.24%
BARCLAYS AFRICA GROUP LTD	1.16%

FUND INFORMATION TO BE CONSIDERED BEFORE INVESTING

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COMPLIANCE NO: HX0478

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Market overview

The global trade war between the United States and China continued to dominate headlines during the quarter. The US intensified tariffs on Chinese goods and China retaliated. Despite the tussle between the two economic giants, the US economy remains strong. This is visible in the rally of the US dollar and their robust labour market. These positive developments gave the Fed room to hike interest rates in September from 2.0% to 2.3%.

Unfortunately, the higher developed market (DM) interest rates and stronger US dollar do not bode well for emerging market (EM) assets such as South Africa, and most EM countries saw their currencies weaken. SA fared worse than its EM peers as signs of poor economic growth surfaced during the quarter, resulting in SA moving into a technical recession.

SA equities lost 1.6% over the quarter, driven largely by poor returns from industrials. SA property fell 1.0% as Intu PLC, Hyprop and Growthpoint lost 12.6%, 5.2% and 4.9% respectively. The weaker rand provided a boost to offshore returns leading to a 7.4% return from global equities.

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%
<i>Financials</i>	2.8%	8.1%	4.6%	10.9%
<i>Resources</i>	5.2%	27.1%	15.7%	1.0%
<i>Industrials</i>	-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 -26.3% (12 months ended October 2008)
 Highest rolling 12-month return 39.9% (12 months ended February 2010)

	Fund ¹	Benchmark
Maximum drawdown	-32.2%	-36.2%
Portfolio volatility	12.1%	12.0%

Source: STANLIB Multi-Manager.

Portfolio review

The Fund outperformed peers by 1.5% over the quarter, resulting in the performance being ahead of peers over 12 months. The Fund's three and five-year track records remain pleasing with approximately 2.5% and 1.9% alpha respectively, relative to peers.

At an underlying fund level, the Allan Gray SA Equity Fund outperformed its benchmark, given an increased exposure to Sasol and reduced exposure to Old Mutual and MTN.

The Nedgroup Investment Fund outperformed its mid/small equity peers for the quarter, continuing to add to its long-term of performance track record.

The STANLIB Multi-Manager SA Equity Fund marginally outperformed its benchmark for the quarter, while slightly lagging over the 12-month period. The longer-term performance of the fund is still recovering from the impact of Steinhoff.

The STANLIB Multi-Manager Property Fund outperformed its benchmark by 1.2% for the quarter as a result of its overweight positions in smaller UK and European-focused property companies such as EPP N.V. and MAS Plc. The fund benefited from being underweight large caps. Most notably, it was overweight the Resilient Group of companies, as they recovered.

The STANLIB Multi-Manager Global Equity Fund outperformed the MSCI ACWI IMI by 1.54% on a gross basis, in rand terms for the quarter.

Portfolio positioning and outlook

The economic outlook has not changed much from last quarter as we expect trade wars to continue to dominate headlines. In SA, asset prices have retreated to pre-Ramaphoria levels, which may provide a good entry point for local investors. Foreign outflows could also provide buying opportunities for local investors. To balance this view, the Fund has an overweight exposure to rand hedges. This would support performance should sentiment to EMs continue to deteriorate or SA's economic conditions not improve, resulting in a weaker rand. The Fund's continues to have an overweight exposure to global equities.

Portfolio managers



Vuyo Mkhathazo
Portfolio Manager
CA(SA)



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