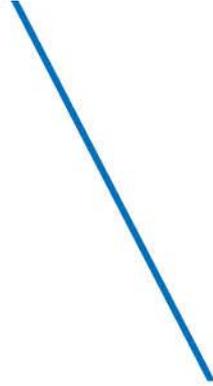


Wealth Range – Model Portfolios

Snapshot review for the period ended September 2018



STANLIB
MULTI-MANAGER

Agenda

- Cash-Income Solution (Cash+1%)
- Wealth Preserver Solution (CPI+3%)
- Wealth Enhancer Solution (CPI+5%)
- Wealth Accumulator Solution (CPI+7%)



Jennifer Henry, CFA, FRM

Head of Portfolio Management: Retail Clients

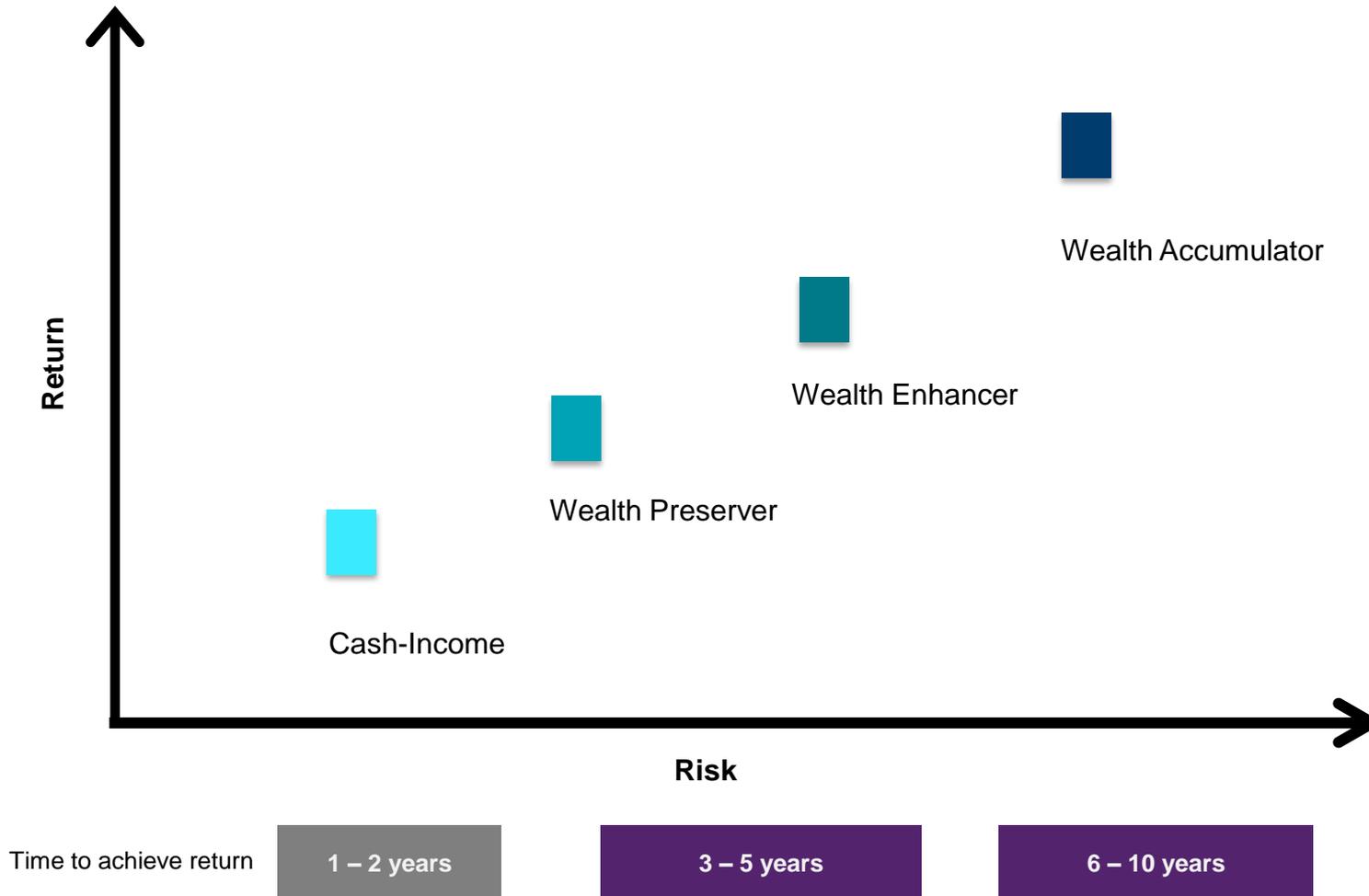


Renate Potgieter, CFA

Portfolio Manager

STANLIB
MULTI-MANAGER

Wealth Range



Cash-Income Solution

Performance Review

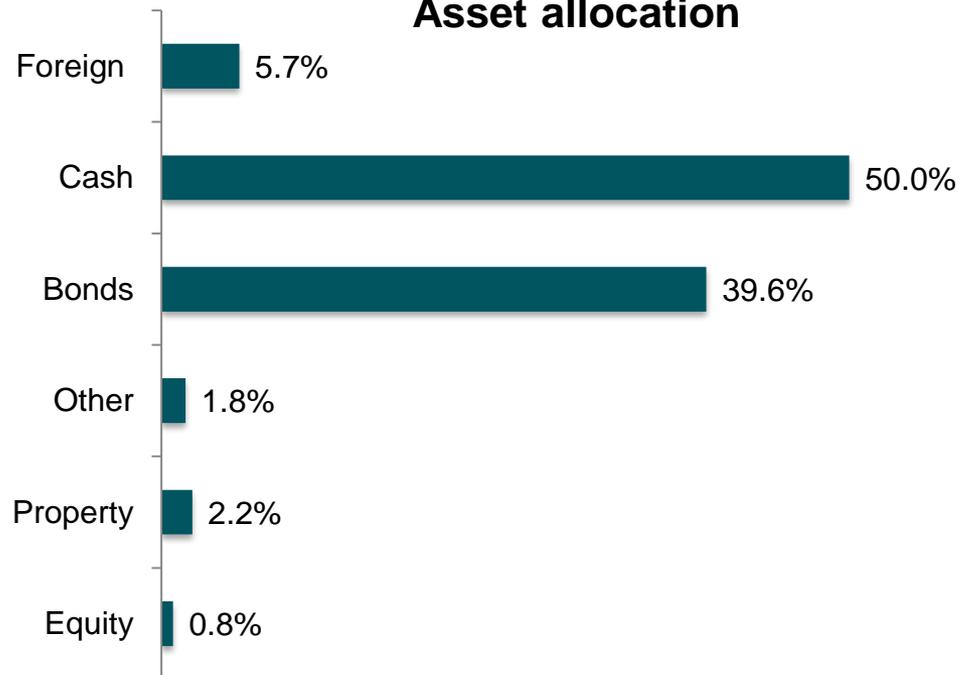
Managers

CORONATION
FUND MANAGERS

PRESCIENT

STANLIB

Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Cash Income (Cash+1%)	1,9%	7,9%	8,6%	7,9%
Stefi+1%	1,8%	7,5%	7,6%	7,1%

Cash-Income Solution

Performance Summary

Performance Overview

The portfolio is comfortably ahead of its Cash+1% benchmark over the past year, with the income orientated Funds producing good performance. The Solution remains comfortably ahead of the peer group over the quarter, year as well as longer periods.

- **Coronation Strategic Income Fund** lagged the benchmark marginally over the quarter, yet outperformed the peers. Fixed rate NCDs continue to hold appeal due to the inherent protection offered by their yields and relative to Coronation's expectations for a stable repo rate. The fund continues to hold decent exposure to these instruments (less floating than fixed), but remain cautious and selective when increasing exposure. The offshore allocation aided performance over the quarter.
- **STANLIB Income Fund** is the best performing Fund over the year, and also had a good quarter. Returns benefitted from defensive positioning, due to investments in high yielding securities. The fund's modified duration was further decreased from 0.33 years to 0.25 years given the decline in short term yields experienced during the quarter
- **Prescient Income Provider** exposure to good quality credit yield contributed, resulting in the Fund being the best performer in the Solution for the quarter. In addition, global exposure contributed. To counter the risk of rising inflation, the portfolio holds an inflation swap, a dollar currency option structure and an emerging market hedge position

- **STANLIB Money Market Fund** has produced a sound 12-month performance and is comfortably ahead of the South African IB Money Market Peer Group Average. It continues to be the defensive Fund in the solution, taking much lower risk, yet has performed inline with our Cash +1% benchmark which is pleasing.

Positioning and outlook

- The Solution remains appropriately diversified across the managers in the portfolio, with the manager line up remaining unchanged.
- Overall, underlying managers remain cautious, albeit with marginally less cash than last quarter, at 49%. The Solution still has over 90% in income oriented assets.

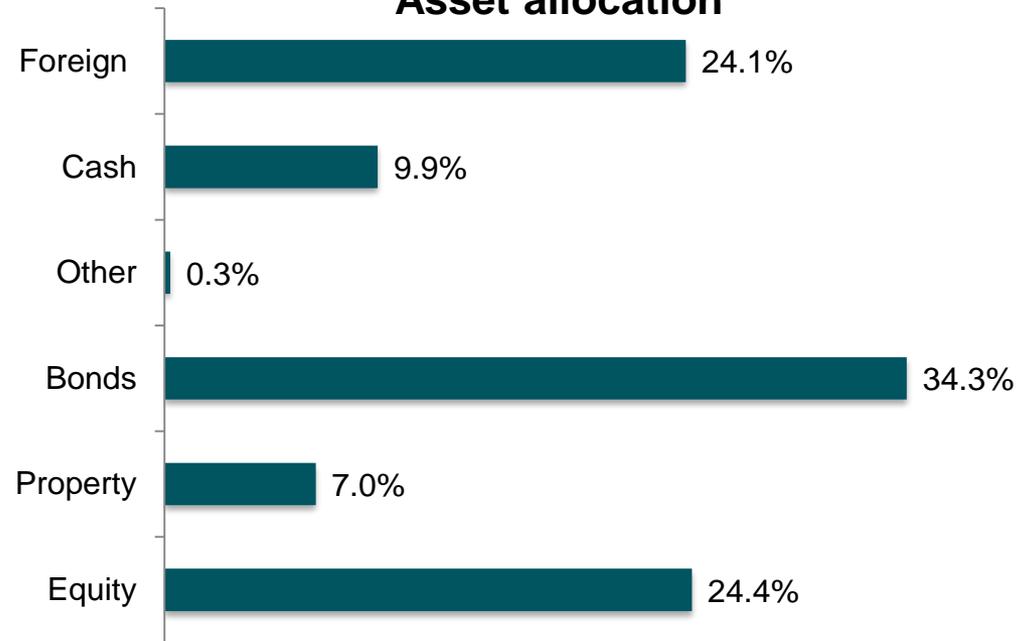
Wealth Preserver Solution

Performance Review

Managers



Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Preserver (CPI+3%)	1,6%	4,4%	5,1%	6,2%
CPI+3%	1,8%	7,9%	8,2%	8,3%

Wealth Preserver Solution

Performance Summary

Performance Overview

The CPI+3% Solution is over **3% behind its inflation plus benchmark over a three-year** investment horizon. As much as this is disappointing, it is inline with asset class returns, with asset class returns struggling against CPI+3%. Over the past quarter, the Solution has performed in line with peers, while it is behind over the year.

- **Coronation Capital Plus** had a tough quarter, being the worst performer over the quarter. The 12 month return is now over 2% behind the peers. The Fund's exposure to rand hedges contributed as the rand weakened. In addition, exposure to resource stocks contributed over the quarter. One of their largest positions, MTN, detracted from performance.
- **Prudential Inflation Plus Fund** fared well considering a third of the Fund is exposed to inflation linked bonds. In addition, property exposure of over 15% hurt performance further given the negative quarter. Fortunately, exposure to resources helped returns.

- **Investec Cautious Managed** had a good quarter, outperforming the peers by over 1.8%. The Fund's maximum allocation to foreign equity contributed. Their bond exposure remains prudent: Lower duration, higher quality instruments, with exposure balanced against offshore holdings to limit the potential for loss.
- **STANLIB Low Equity Tracker Fund** underperformed the peers over the quarter and 12 months. The high allocation to inflation linked bonds detracted, as did the low exposure to foreign. Having no local property contributed to relative returns.

Positioning and outlook

- The Solution's equity (SA and foreign) exposure is over 44%. A large portion of this (19.7%) comes from foreign equity, increasing from 16% last quarter.
- The Solution remains well diversified across asset classes, with over 44% in income assets and 24% in foreign.

Wealth Enhancer Solution

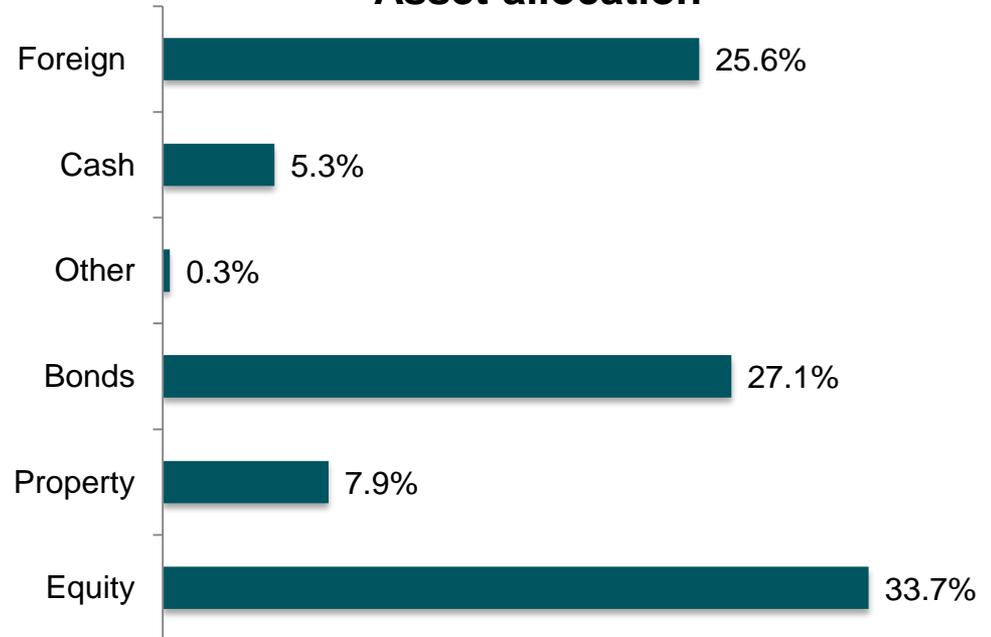
Performance Review

Managers



STANLIB

Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Enhancer (CPI+5%)	1,3%	4,0%	6,2%	7,6%
CPI+5%	2,3%	9,9%	10,2%	10,3%

Wealth Enhancer Solution

Performance Summary

Performance Overview

The CPI+5% Solution is **ahead of the peers over one-year and longer periods** which is pleasing given the tough environment over the past few years. It marginally lagged the peer over the quarter. Unfortunately, given the drought of inflation beating returns, the Solution is behind the inflation plus objective.

- **Coronation Capital Plus** had a tough quarter, being the worst performer over the quarter. The 12 month return is now over 2% behind the peers. The Fund's exposure to rand hedges contributed as the rand weakened. In addition, exposure to resource stocks contributed over the quarter. One of their largest positions, MTN, detracted from performance.
- **Investec Opportunity Fund** was definitely the star for the quarter, returning over 3.5% (2% ahead of peers). Their foreign equity exposure performed particularly well, and was further bolstered by rand weakness. In addition, both local bond and equity exposure also contributed to performance.

- **Prudential Inflation Plus** had a disappointing quarter, lagging the peers. The high allocation to inflation linked bonds as well as property (over 15%) both detracted.
- **STANLIB High Equity Balanced Tracker Fund** also struggled over the quarter. Given that equity sold off during the quarter and the passive fund has the highest equity exposure, the performance is inline with expectations.

Positioning and outlook

- We remain happy with this model portfolio's overall performance and the portfolio construction framework.
- The Solution has 56% exposure to equity, down from last quarter as markets sold off. The global exposure (25.6% in total) is a good diversifier as global risks increase.

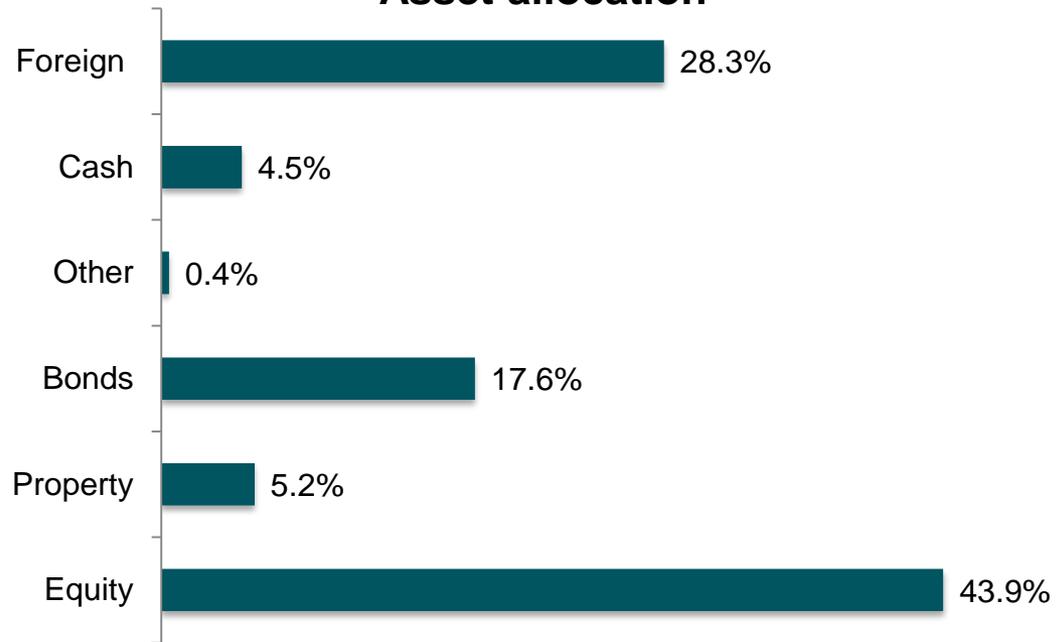
Wealth Accumulator Solution

Performance Review

Managers



Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Accumulator (CPI+7%)	0,5%	3,7%	6,3%	8,1%
CPI+7%	2,8%	11,9%	12,2%	12,3%

Wealth Accumulator Solution

Performance Summary

Performance Overview

Given the drought of inflation beating returns, the CPI+7% Solution continues to disappoint relative to the inflation plus objective over three and five years. However, the Solution **is ahead of the ASISA SA High-Equity Peer Group Average over the year and longer periods.**

- **Prudential Balanced** was the best performer over the quarter and year. Prudential benefited from resource exposure, as well as cash and bond exposure.
- **Coronation Balanced Plus** had a very tough quarter, posting negative returns. While the exposure to rand hedge and resource stocks contributed, exposure to MTN detracted from performance, as did exposure to UK property counters (which the market has pushed lower as fears surrounding the Brexit deal continue).

- **Foord Balanced** has been particularly bearish, with maximum offshore exposure and the lowest local equity. Unfortunately stock selection dragged on performance.
- **STANLIB High Equity Tracker Fund** also struggled over the quarter. Given that equity sold off during the quarter and the passive fund has the highest equity exposure, the performance is inline with expectations.

Positioning and outlook

- We remain happy with this Solution's overall performance and the portfolio construction framework.

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