



Shari'ah Solution

**STANLIB**

MULTI-MANAGER

# ETHICAL INVESTING IS AN INVESTMENT APPROACH THAT ALIGNS AN INDIVIDUAL'S MORAL BELIEFS WITH THE INVESTMENT PHILOSOPHY OF A FUND.

Islamic Finance is a growing subset of ethical investing alongside Environmental, Social and Governance (ESG) and Socially Responsible Investing (SRI). The principles driving the three investment styles often overlap and complement each other because at the cornerstone of all three, is the long-term sustainability of investors' assets and the economy.

## Islamic funds invest in accordance to Shari'ah principles

Shari'ah funds differ from other ethical investments in that they also exclude debt-bearing instruments. Investors therefore inherently avoid the risks which result from companies taking excessive leverage. Shari'ah funds also offer an additional layer of governance in that investments are mandated to appoint an independent Shari'ah Advisory Committee (formerly known as "Shari'ah Supervisory Board") that ensures that each investment decision complies with Islamic principles; a practice which promotes fairness and transparency.

## STANLIB Multi-Manager Shari'ah Balanced Fund of Funds

The STANLIB Multi-Manager Shari'ah Balanced Fund of Funds is approved by the STANLIB Multi-Manager Shari'ah Advisory Committee. The Fund's construct consists of both specialist and balanced managers making it the first of its kind in South Africa. Through its construction framework, investors benefit from superior diversification across multiple asset classes domestically and globally, multiple styles and multiple managers.

The underlying managers are also required to invest in accordance with the Shari'ah principles, i.e. are not permitted to invest in interest-bearing instruments or companies whose core business is alcohol, pork, tobacco, gambling, conventional interest-based financial services, or weapons and defence.

## Investment objective

The objective of the Fund is to provide investors with a Shari'ah compliant solution that combines prudent risk management, market outperformance and Shari'ah principles, while also complying with Regulation 28 of the Pension Funds Act.

## Investment mandate

The Fund is a multi-managed fund of funds. STANLIB Multi-Manager selects managers from the Shari'ah compliant universe, combining them into a well-diversified Shari'ah compliant fund.

The STANLIB Multi-Manager Shari'ah Balanced Fund of Funds aims to outperform the average return of Shari'ah Balanced peers, but remain competitive in the applicable ASISA SA Multi-Asset High Equity Category. We do this by blending skilful managers to create natural balance within a portfolio relative to its stated objective.

Our aim is to build a portfolio with the highest probability of outperforming its objective. Ultimately, skill and diversity are key ingredients in the blending process of a multi-managed balanced portfolio.

## Who would invest in this Fund?

- Individuals and businesses requiring an ethical investment that complies with Shari'ah principles whilst offering excellent medium- to long-term growth without the high volatility that may be experienced in equity funds
- Company pension funds requiring a Shari'ah compliant or ethical investment solution

## Portfolio managers

The Fund is co-managed by Nadeem Hoosen and Richo Venter.

### Nadeem Hoosen

#### Portfolio Manager – BusSc, CFA

Industry experience – 15 years

Nadeem is driven by a passion for critical thinking and analysis. Prior to joining the STANLIB Multi-Manager team, he was Head of Strategic Finance at STANLIB LISP, where he was instrumental in solving financial issues, as well as being involved in strategic planning, forecasting and financial modelling of the business unit.

He has more than 15 years' experience in financial services, having started his career at Merrill Lynch and pursuing a passion that led him to asset management. He joined the investment team at Oasis, eventually heading up their unit trust management company. His other roles have included operations management at JP Morgan and African Alliance. Nadeem holds a BBusSc (Finance) from the University of Cape Town and is a CFA Charterholder. He is currently completing his MSc (Engineering) at the University of the Witwatersrand.

### Richo Venter

#### Portfolio Manager – BCom(Hons) (cum laude), CFA

Industry experience – 15 years

Richo joined STANLIB Multi-Manager in 2013 as a Research and Development (R&D) analyst, conducting investment research and building investment tools for the business. During 2015 Richo started managing the R&D team and assumed portfolio management responsibilities for certain balanced funds. Since November 2016 Richo has been a dedicated member of the portfolio management team and the portfolio manager on the balanced range of funds.

In 2007 he joined STANLIB from the FSB as a Portfolio Compliance Manager before starting and heading up the STANLIB Implementation Team in 2009.

## Product specifications

ASISA category	South African – Multi-Asset – High Equity	
Composite benchmark	<b>Asset class</b>	<b>Allocation</b>
	FTSE/JSE Shari'ah ALSI	42.5%
	STeFi Composite less 0.5% p.a.	32.5%
	Dow Jones Islamic Market World Index (ZAR)	22.5%
	Bloomberg US T-Bill 1-3 month TR	2.5%
<b>Income declarations</b>	<b>30 June and 31 December</b>	
Minimum contributions	<b>Minimum lump sum</b>	R5 000
	<b>Minimum debit order</b>	R500
Maximum initial fees (ex-VAT)	Adviser fee	Up to 3%
	Manager fee	0%
	<b>Total fee</b>	<b>Up to 3%</b>
	<b>Fee class</b>	<b>B1 Class</b>
Annual ongoing fees (ex-VAT)	Adviser fee	none
	Manager fee	0.65%*
	<b>Total fee</b>	<b>0.65%</b>

\*Excludes underlying funds – please see our [fact sheet](#) for full fee disclosure.

## Shari'ah compliance

The Fund has two layers of Shari'ah compliance:

- The internal compliance measures of the underlying managers
- STANLIB Multi-Manager Shari'ah Advisory Committee

The key elements of Shari'ah compliant investing are:

- Avoidance of interest
- Avoidance of excessive uncertainty
- Avoidance of gambling
- Avoidance of morally blameworthy activities

Cash held by either STANLIB Multi-Manager or the underlying managers of the Fund, will be held in Islamic banking or non-interest bearing accounts. Any non-permissible income earned by investee companies will be removed from the Fund on regular basis and distributed to charities vetted and approved by our Shari'ah Advisory Committee.

### Independent Shari'ah Advisory Committee

To ensure continuous compliance with Shari'ah principles, we receive guidance from our independent Shari'ah Advisory Committee, consisting of experienced Shari'ah scholars. Our Shari'ah Advisory Committee meets twice a year, to analyse and audit the Fund. The members of the STANLIB Multi-Manager Shari'ah Advisory Committee, effective 1 July 2018, are:

#### **Mufti Shafique Jakhura - Shari'ah Advisor**

- Advanced Diploma in Islamic Banking and Finance from the Centre for Islamic Economics, based in Karachi
- Certified Shari'ah Accountant and Auditor from the Accounting and Auditing Organisation for Islamic Financial
- Aalimiyah Course with distinction
- Specialisation course in Islamic Jurisprudence (Fiqh and Fatwa) from Jamia Darul Uloom Karachi
- Shari'ah board member on the Old Mutual Albaraka funds

#### **Suhail Mohamed - Shari'ah Advisor**

- Hifzul Quran
- BCom(Hons) (Financial Management)
- MA (Islamic Banking Management and Finance)

#### **Mufti Ahmed Suliman - Shari'ah Advisor**

- IFTA – Darul Uloom Zakariya
- Member Shari'ah Board – Element, Kagiso, Sanlam, Standard Bank Africa, First Rand, Takafol SA

### What are the underlying funds?

- Kagiso Islamic Balanced Fund
- Old Mutual Albaraka Balanced Fund
- BCI Shari'ah Equity Fund (managed by Visio Capital)

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