



STANDPOINT

Keeping you informed

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 **STANLIB**

the art and science of investing



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In this edition of **STANDPOINT**



Bongani Mageba
Managing Director: Retail

Welcome to another edition of STANLIB's bi-annual client magazine, **STANDPOINT**. The festive season is almost upon us and amazingly the shops are already full of decorations. It is hard to believe that we are in the last quarter of the year.

The year has been dramatic so far - the 3rd quarter of 2011, particularly August and September, saw many stock markets tumble by 20% and more in dollar terms, including the JSE All Share Index (-21%). Brazil's market fell 28%, France fell 29% and Germany fell 28%. Even the Australian market fell 20%.

On the contrary, government bonds did well in most countries as yields fell and bond prices rose. Both equity and bond markets reacted sharply to the escalating debt crises in both Europe and in the US. In particular, there was a sharp loss in confidence amongst consumers and businesses because of the way the US politicians argued and dithered over their debt ceiling, leading to the loss of their AAA debt rating.

This loss of confidence has been even worse in Europe because of the lack of firm leadership and lack of sufficient measures taken to contain the threat or possibility of Greece's much discussed bankruptcy and the possible failure of European banks.

There is some hope as the new quarter starts that the authorities in Europe are finally getting the message that unless stronger and urgent measures are taken to contain the problems and boost confidence, Europe will probably slide into recession, dragging the US and much of the world with it. That would present even

bigger problems because highly indebted countries desperately need rising, not falling, tax revenues.

With all the turmoil in global markets, investment decisions are becoming more difficult. This edition of **STANDPOINT** will hopefully answer some questions for you.

In this issue, we try to understand what impact the Euro-zone crisis will have on the South African economy. We take a closer look at the merits of investing in listed property and shed some light on the pros and cons of collective savings versus spending, and how these opposing forces influence the overall economic wellbeing of our country.

We also unpack the recent revisions in the South African Pension Fund regulations and how these changes affect your ability to transact on your retirement fund investment account.

Last but by no means the least, we focus on some of STANLIB's CSI initiatives and highlight the difference we are trying to make with some of our community projects.

I am sure that you will enjoy this edition of **STANDPOINT** and find it both insightful and informative.

Until next time and have a wonderful and restful festive season. ■

What's wrong with Europe and why should we care?



Kevin Lings
Chief Economist

At the September 2011 Annual Meetings in Washington, the International Monetary Fund (IMF) described the global economy as having entered “a dangerous new phase”. This increased anxiety reflects the IMF’s heightened concern about the ongoing financial volatility within the Euro-area as well as the weakening performance of the world economy, especially the United States. Why and how does this impact South Africa?

The global economy has been hit by a barrage of unexpected shocks this year. These include a surge in political turmoil in North Africa and the Middle East that sent oil prices soaring; sharply higher global food prices aggravated by extreme weather conditions, a disastrous earthquake in Japan that led to a massive disruption of vehicles and electronic equipment production; and, most importantly, the re-emergence of financial tensions in the Euro-area. The crisis in the Euro-area runs the risk of moving beyond the control of policymakers.

The notion that the global economic recovery has run out of steam has gained ground in recent weeks. Global activity has weakened and become more uneven recently, confidence levels have fallen sharply, and the risk of a default in Greece has risen significantly. Economic growth in the Euro-area has stalled and China is trying to implement a managed slowdown in order to quell inflation and control the pace of housing development.

Of particular concern is the fact that the economic recovery in the United States has become more inconsistent and somewhat uncertain in recent months. While the US is officially out of recession – having recorded eight consecutive quarters of positive growth - a range of key economic indicators have softened in recent months, including the rate of growth in job creation. The economy is also facing a number of key structural economic challenges, most notably a weak

housing market and high public sector debt. This suggests that the country will struggle to return to its historical average growth rates and could experience another recession in the short-term.

As a consequence, the IMF’s growth forecast for developed economies in 2011 was cut by 0.6 percentage points to 1.6% in September 2011 relative to their June 2011 forecast. In addition, the 2012 forecast was reduced by 0.7 percentage points to 1.9%.

Risks in emerging and developing economies currently seem slightly less severe than in developed markets, mainly because of their relatively sound economic fundamentals, especially low government debt levels. Consequently, the IMF’s September 2011 growth forecast for emerging markets was reduced by only 0.2 percentage points for 2011 to 6.4%, and by 0.3 percentage points for 2012 to 6.1%.

Why has the Euro-area and Greece in particular, become so problematic?

The southern European States are at the heart of the Euro-area debt crisis, especially Greece. The overall level of government debt in Greece went unchecked for many years, and effectively spiraled out of control. In 2010, Greece’s National Debt amounted to a staggering 143% of gross domestic product (GDP) and is expected to reach 165% of GDP in 2011.

The internationally accepted guideline is for government debt to not increase much above 60% of GDP.

In May 2010, Greece was given a €110 billion financial support package from the European Council and International Monetary Fund, spread over 13 tranches. While this package allowed Greece to avoid a default, it included a number of fairly onerous conditions, especially the need for Greece to introduce a substantial fiscal austerity programme. Unfortunately, the Greek authorities, for a variety of reasons, have largely been unable to fully implement the necessary spending and tax adjustments and as a consequence have perpetually run the risk of not being allocated the necessary funding from the European Council and International Monetary Fund to avoid default.

This perpetual and increased risk of default has had a major destabilising impact on the European financial system as well as global financial markets. In particular, because a significant portion of Greece's national debt is owed to banks within the Euro-area, these institutions are facing a liquidity crisis that is exacerbating market turmoil. The uncertainty has also negatively impacted consumer and business confidence and as a result the Euro-area is at the brink of returning to recession conditions. In fact there is a growing risk of the poor financial conditions and real economy (households and business sector) being locked into a mutually-reinforcing downward spiral.

On 21 July 2011, the European Union (EU) together with the IMF and major private sector banks designed a fairly elaborate financial support package to fully cover the financing gap in Greece. The total official financing proposed in this new package amounted to an estimated €109 billion. In addition, the private sector indicated its willingness to support Greece on a voluntary basis. The net contribution of the private sector was estimated at

€37 billion. The official and private sector support included lower interest rates and extended maturities, to decisively improve the debt sustainability and refinancing profile of Greece. The EU was to use the European Financial Stability Facility (EFSF) as the financing vehicle. Unfortunately this support package has still not been ratified by the 17 member states of the Euro-area, and the size of the EFSF has still not been significantly increased. As a consequence the Greek fiscal position remains precarious.

Market concerns have progressively spilled over to Spain and Italy in recent months.

Restoring confidence to the Euro-area will require a combination of a credible long-term fiscal adjustment programme, further pro-growth measures and an adequate crisis management framework for the euro area. This would most likely include a substantial expansion of the EFSF, a significant write-down of Greek debt, and a recapitalisation of weak banks.

A disorderly default of Greek national debt would have severe repercussions for the Greek financial system, especially the banks, as well as the banking system within the Euro-area.

What are the implications for South Africa?

During the past 18 years South Africa has endeavoured to integrate itself into the world economy; after years of isolation. This integration is reflected in the fact that on a combined basis imports and exports now represent more than 40% of South Africa's economy, from less than 25% in the early 1990s. In addition, South Africa has become extremely reliant on attracting foreign investment in order to balance the deficit on the current account and offset South Africa's savings shortfall.

South Africa's financial markets have also become increasingly influenced by global development. In total, foreign investors own more than 25% of the Johannesburg Stock Exchange and a similar percentage of the domestic bond market. Decisions by global investors quickly reflect in the South African environment. Furthermore, around 50% of the trade in the South African Rand occurs between financial institutions outside of South Africa, mostly in London. In other words, the Rand is a highly traded currency and has become a proxy for global risk. Changes in global risk appetite are quickly reflected in the value of the Rand, leading to the Rand being one of the most volatile currencies in the world.

South Africa has become a very open economy, heavily impacted by global developments, especially in the major economic regions.

Conclusion

Currently the world appears to be operating on two time scales. On the one scale is the real time environment in which the financial system operates. The process of adjustment is extremely rapid, with Central Banks and markets reacting very quickly to new information. Then there is the second scale, which is the painfully slow environment in which legislative processes operate. In both the Euro Area (17 different governments) and the US (divided Congress), the lack of clarity and conviction on solving the crisis means the major economies are slowly rolling towards the edge of the cliff as legislators argue with each other about who gets the front seat.

This slow and largely ineffective government response to key economic issues, especially in the Euro-area, continues to compound the global financial crisis. In the meantime the South African economy is pushed and pulled by the vagaries of the global financial system. ■

Understanding the revised retirement fund regulations

Regulation 28 of the Pensions Fund Act was promulgated almost 50 years ago and was last amended in 1998; the amendments to Regulation 28 have been anticipated by the Financial Services Industry for some time now. In March 2011, the National Treasury released the new revised investment requirements for retirement funds (Regulation 28 of the Pension Funds Act). If you are currently a member of a retirement fund i.e. Retirement Annuity, Pension Fund, Provident Fund or have money invested in a Preservation Fund then you may need to make changes to your investment accounts.

The Regulation 28 legislation prescribes investment limits that all clients invested in compulsory pre-retirement products must adhere to. The legislation sets investment limits down to the specific stock or bonds or other securities held by funds (for example 75% in equities, 25% in property, and 25% in foreign assets). The purpose of this regulation is to protect investors in retirement funds from the effects of poorly diversified investment portfolios, over-exposure to higher-risk asset classes as well as complex financial instruments and portfolios.

Retirement planning is a critical part of any financial plan. Saving for retirement is a long term commitment and you have to ensure that your hard-earned money is in safe hands, and the correct investment decisions are made on your behalf.

The increasing sophistication and developments in the investment market have necessitated a comprehensive review. Recent years have seen a proliferation of new, more complex investment options, including derivatives, hedge funds and structured products. The previous Regulation 28 did not cater for these types of investments and the new Regulations now accommodate their inclusion within prescribed limits.

When will the revised Regulation come into effect?

The revised investment restrictions are applicable to all new investors in our Classic Retirement Products after 1 April 2011. The Registrar of Pension Funds have introduced a transitional period to enable pension funds to adjust their monitoring and reporting systems, and investments to ensure full compliance with Regulation 28 by 31 December 2011.

Existing members of the Classic Retirement Products (prior to 1 April 2011) are exempt. However, if you are an existing member and you wish to make any material changes to your investments as from 1 April 2011 - whether it is changes to underlying investments i.e. switching, ad-hoc contributions to retirement annuities or amendments to regular debit orders, you will be required to comply with the new investment restrictions imposed by Regulation 28.

What impact will this legislation have for members of our Classic Retirement Products?

If you are a member of STANLIB's Classic Retirement Annuity Fund, Classic Pension Preservation Plan or Classic Provident Preservation Plan (these are also known as member choice funds) then you need to select Unit Trusts as underlying investments in your investment account. Although your individual investment



Anthony Katakuzinos
Retail Chief Operating Officer

account needs to adhere to the maximum limits set by the Regulation 28 legislation you are still able to select unit trusts that best suit your investment objectives and your risk profile.

If you left the asset allocation decision to us and the fund you choose is mandated to be Regulation 28 compliant then your investment account will automatically be Regulation 28 compliant.

If you, however, with the help of your financial adviser, selected individual asset class unit trusts for example property and cash unit trusts and constructed a portfolio based on your risk profile and investment objectives then you will need to make sure that your investment account is Regulation 28 compliant.

Please use our Regulation 28 calculator on www.stanlib.com to see whether your funds are compliant

We have developed a simple calculator for our clients, so that you can check whether your investment account is Regulation 28 compliant. The Regulation 28 Compliance Analysis tool allows you to determine the extent to which a portfolio of funds complies with the asset allocation limits set by the Regulation 28 legislation. The tool determines the asset allocation of the selected portfolio and checks to see if the portfolio lies within the Regulation 28 asset class limits.

The tool also allows you to build a portfolio by selecting up to 12 funds. Once you have selected the funds and the amount of money you want allocated to each fund, the tool will display the percentage of the portfolio invested in the fund, the asset allocation of the fund (local and foreign breakdowns for cash, bonds, equity and property) as well as whether or not the selected fund is itself Regulation 28 compliant. The analysis is limited to asset allocation and we are currently developing a solution that performs a full look through at security level.

Some funds are already Regulation 28 compliant and you therefore do not need to do anything

Several of the STANLIB unit trusts, for example the, STANLIB's Balanced and Balanced Cautious Funds, are already Regulation 28 compliant and you therefore do not need to do anything. You may also be invested in a combination of compliant unit trusts and will therefore also not be required to do anything.

If you have not transacted on your investment account since 1 April 2011 and if your investment account does not comply then you will not be required to do anything until you start transacting

Transacting on your account may require action from you. There are several activities that are considered to be transactions and several which are not considered to be transactions. According to the legislation, you are transacting if you:

- Set up a debit order
- Add additional contributions to your investment account
- Switch between unit trusts
- Increase or decrease an existing debit order
- Transfer-in of units

Once you start transacting on your investment account, you need to comply with Regulation 28's new limits

If you need to transact on your investment account, for example you need to increase or decrease your debit order or you want to add an additional contribution or switch some funds then you will need to make sure that these transactions have not resulted in your investment account being non-compliant. It is best to make use of the Regulation 28 calculator when you transact to ensure that your investment account is still compliant.

If your investment account does not currently comply with the new limits then you may keep the original account non-compliant but you may not transact on it and it will be ring-fenced as a pre-1 April 2011 investment account. The new investment account needs to comply with Regulation 28.

To stop a debit order will constitute a material change to an existing contract. You can leave an existing pre-1 April contract as is and open a new contract that must be Regulation 28 compliant. Alternatively you can keep just one investment account but you need to make sure that this account is compliant. Use our calculator to determine how to switch all or a combination of your funds into compliant unit trusts.

The way forward

STANLIB has applied to the Registrar of Pension Funds for certain extensions to comply with Regulation 28. STANLIB needs to gather information on the funds and get our systems updated to fully comply with the new limits. The trustees of these funds need to ensure that all funds are compliant. The process to be followed to ensure compliance still needs to be determined and approved by the trustees. We will keep you informed as these decisions are finalised.

In the interim, business will continue as usual however we urge you to take cognizance of the revised restrictions when selecting investments.

Note, if you open a new retirement annuity, pension preservation or provident preservation investment account then it will need to comply with the new limits. For assistance please contact your financial adviser or STANLIB Client Service. ■

The Paradox of Thrift and still providing for your future



Bongani Mageba
Managing Director: Retail

It is a well known fact that the South African savings rate – the average percentage that each household puts away each month – is well below international standards, even when compared to other developing economies. In this article, we hope to shed some light on the pros and cons of collective savings versus spending, and how these opposing forces influence the overall economic wellbeing of our country.

It is hard to disagree with the fact that individual saving is a good thing. However, there is a flip side to this argument: collective saving can also impede growth. Economists call this the paradox of thrift, and the idea is credited to John Maynard Keynes.

In the long-term, collective thrift (i.e. a higher marginal propensity to save) is usually a good thing, which is consistent with most people's logic and intuition: Don't spend more than you make. Don't buy things you don't need. Save for a rainy day.

However, during the recession of 2002 and 2003 President George W. Bush famously urged the American people to get out and shop to thwart the downturn. They did, and the recession was mild. It was, however, followed by an explosion of debt and imprudence. Millions of Americans spent trillions of dollars on things and houses that they couldn't afford. A painful reckoning was inevitable.

This occurred because in the short-term, increased spending and therefore decreased savings translate to more robust consumer demand, which in turn fuels goods and services production and import, which in turn creates more jobs. More employed people who earn an income can then also go out and spend their money, and the growth cycle continues.

On the flip-side, any sudden increases in the aggregate savings rate can be potentially harmful to economic growth. If we all individually cut our spending in an attempt to increase individual savings, then our collective savings will paradoxically fall because according to Paul McCulley, an economist and portfolio manager at bond giant Pimco. "One person's spending is another's income, the fountain from which savings and investments flow".

"One person's spending is another's income, the fountain from which savings and investments flow"

This argument is therefore often used to promote consumer spending in periods of economic uncertainty, and it has led numerous governments to spend heavily during recessions in an attempt to prevent their recessions from growing worse.

However, we live in a world of business cycles and uncertainty. To this end, individuals and households need a financial buffer. When someone loses a job, past savings can be shifted to cover expenses and living costs if needed. In addition, individuals with this essential buffer of higher savings are good for the economy over the long-run since collective savings are the mechanism for investment.

A healthy economy needs a balance of both saving and spending.

Savings provide the basis for future consumption by the individual and are important for growth in the economy and create a collective pool of money that businesses can borrow from to invest in technologies to improve our standard of living in the future.

Philosophically, hard times bring self-evaluation. Limits force choices; priorities must be set. Right now, we are suffering some pain, but the gain is there for the taking in the future.

Are we collectively rediscovering saving?

Debt levels are falling. Consumer spending is down. The savings rate is on the rise. That's good, right? Not necessarily. The sudden sobering up of the consumer happens to be a problematic force driving the U.S. and global economies downward, as consumption is thwarted to low levels.

And so the approach remains paradoxical. A healthy economy needs a balance of both saving and spending to solve the paradox. To spark solid

global economic growth, households need to be willing to spend AND save. Consumers with jobs and secure incomes should continue to spend on things they need and can afford but remain mindful of saving for the future.

Saving for the future is more important than ever if one considers that over the past 150 years, improvements in standards of living and advances in medical science have doubled life spans in many countries in the world.

There are however concerns that rising longevity will be accompanied by an increasing burden of chronic disabling disease – that our living longer represents a threat to the health and wealth of our society. As medicine advances and standards of living improve in the developing world, life expectancies will increase and each generation will live longer than the previous generation.

This brings its own problems - the most likely implication of living longer is running out of retirement income or savings, because you may not have made adequate provisions.

Saving for the future is more important than ever.

In a country like South Africa with no National Health or adequate state pensions (not a welfare state) people need to make provisions for their own retirement income and medical costs. The chances are very good that you will live longer but this does not mean that you will live disease free your whole life and this can add additional financial pressure when you need to be on chronic medication or need frail-care.

Investing in Listed Property at STANLIB



Keillen Ndlovu

Franchise Head: Property

Searching for efficient diversification in a balanced portfolio, with better risk adjusted returns and income stability? Then exposure to listed property is a must!

Most South Africans know that property is a good investment, and many dream of owning a home one day. Unfortunately, buying a physical property like a house or flat is very expensive, and getting on the property ladder is out of reach for most.

However, budding property-investors have an alternative to actually owning a physical property, says Keillen Ndlovu, who manages the STANLIB Property Income Fund.

People can invest in listed property through a Property Fund offered by STANLIB Collective Investment Limited. Ndlovu says investing in listed property involves buying a stake in property companies listed on the JSE (Johannesburg Stock Exchange). Most of us can only get property exposure through the residential market. Listed property gives an average person access to the commercial property market for as little as R500 per month or R5000 lump sum (through a fund like STANLIB Property Income Fund). Investors get to 'own' a portion or unit of the listed company that owns buildings across retail, office, industrial, hospital and hotel sectors. This means investors are indirect owners of the various properties.

Listed property is a good alternative to owning physical property. It takes away the stress of doing rental collections, negotiating leases and maintenance work such as fixing air-conditioners, lifts, gardens and gates. The only disadvantage with listed property over physical property is unit price volatility, which means an investors' unit value can go up or down in the short-term led by changes in the local and global equity markets.

"The primary aim of investing in listed property is to get income. Capital growth comes over time"

Keillen Ndlovu

Why STANLIB?

- We have a dedicated listed property team that has strong ties with Liberty Properties and Standard Bank Property Group
- We also leverage off a greater STANLIB Asset Management team, which includes the Fixed Interest team, our in-house Economist, Equity research team (retail, construction and financials analysts)
- We have a strong track record although past performance is not a guarantee of future returns
- With R14bn assets under management, we are the biggest listed property player in South Africa. We use size to our advantage when it comes to voting, private placements and managing liquidity within the numerous funds that we manage

Our investment philosophy

To generate best long term risk-adjusted returns based on thorough fundamental research

How do we pick property stocks?

We invest with high conviction in property companies that:

- Display quality long term earnings prospects and have defensive portfolios
- Have a portfolio of assets with potential to generate above average growth in their rental streams

- Have pro-active management - acquisitions, disposals, extensions, refurbishments, developments and redevelopments
- Have good tenant, lease and debt profiles
- Are trading at reasonable values relative to their growth prospects

How does STANLIB differ from our competition?

- We have a buy and hold investment strategy
 - We make long-term calls (minimal trading)
- Fully Invested Portfolio
 - We hold cash only for liquidity purposes (not to time the market)
- Highly Concentrated Portfolio
 - We take aggressive bets (concentrated portfolio)

Have our investment philosophy, strategy and stock picking skills worked?

As at 28 September 2011, according to Morningstar numbers, the STANLIB Property Income Fund is ranked 1st out of 19 funds over 5 years, 2nd out of 21 funds over 3 years and 2nd out of 22 funds over one year. Our fund has been in the top quartile space since it was launched in 2002 and has won numerous awards for best performance over the years.

Why has the STANLIB Property Income Fund reopened?

We have seen lots of capital raisings in the form of new listings, rights issues, private placements and distribution re-investments. These equate to about R15bn, if one includes the recent Hyprop-Attfund transaction. This is positive for

the sector. It translates to improved size (market capitalisation), choice (more property stocks to invest in) and liquidity (more property units to trade). Some of the new listings have brought with them good quality properties. For example, 19 of the top 30 biggest shopping centres in South Africa are now owned by the listed property sector. Recent additions include the likes of Clearwater Mall (Roodeport, Johannesburg), V&A Waterfront (Cape Town), Hemmingways Mall (East London) and Woodlands Boulevard (Pretoria East).

What's the outlook for the SA Listed Property sector?

Listed property companies that reported in the August reporting season achieved a 6.8% weighted average growth in income. We are forecasting income growth to slow down to about 5.5% in the next 12 months. This results in a one-year forward yield of 8.4%. This yield is higher than ten-year bonds at 8.1% and cash at 5.8%. Listed property offers growing income whereas cash and bonds do not. Our income growth forecast is likely to be close to inflation over the next year.

The risks to the listed property sector outlook

One of the chief reasons why we are forecasting income growth to slow down is the increase in operating costs – rates and taxes, electricity, water, and soon to be introduced toll roads in Johannesburg. It becomes difficult for landlords to bargain for higher rental increases when their tenants are faced with spiraling costs. The other risks are: low economic growth, global markets volatility and rising bond yields. On the positive side, bigger shopping centres are still experiencing increased demand for space. The number of new building plans passed and completed, across all sectors (industrial,

office and retail), has come down sharply. This bodes well for existing buildings.

Listed property versus equities and bonds

Listed property is a hybrid of equities and bonds. It is listed on the stock exchange like other equity companies. It is not immune to market volatility and economic growth changes. However, the key driver to changes in listed property prices is the movement in bond yields. There is a strong negative relationship between listed property prices and bond yields i.e. when bond yields move up (weaken) listed property prices come down. Let's think of this in a simpler way – when interest rates go up, property prices come down. The opposite holds true. The listed property sector tends to track the bond market because of its ability to generate income. Income from the listed property sector can be predicted with reasonable certainty, unlike in equities. Listed property companies pay out virtually all their profits to investors. Equity companies generally do not, and they can change their dividend pay-out ratios. Work done by Cadiz Quants Team shows that the higher the listed property exposure, the higher the returns in a balanced portfolio. Adding listed property has also reduced volatility in a balanced portfolio over all periods. ■

Annualised Returns of Portfolios with Different Weightings in Property



Source: Morningstar

Empowerment through Education



Zain Khan

Reputation and CSI Manager

It is on strong foundations that any solid structure rests. That's the underlying ethos that STANLIB applies to its CSI initiatives, which aim to equip young school goers with the basics they need to excel later in life.

Imparting savings skills to children in South Africa's primary schools is a key element in changing the country's attitude towards saving. Over the last 3 years, STANLIB has been running savings training targeted at children in grades 4-7 aimed at instilling a culture of prudent spending from an early age.

Zain Khan, Reputation and CSI Manager at STANLIB, says "This educational programme is intended to empower children with the right skills and enable them to make responsible choices when handling money. The curriculum is suitably designed for primary school grades, and essentially helps children to differentiate between needs and wants. For example, when a child receives R5 a day as pocket money we encourage them to save at least R1 a day so that by the end of the week their piggy bank swells by an additional R5. The learners are also made aware that saving also involves some form of sacrifice, which means giving up luxuries such as sweets. Through this initiative we hope to lay a foundation for future generations."

Imparting savings skills to children in South Africa's primary schools is a key element in changing the country's attitude towards saving.

STANLIB also lends support to the schools through the provision of learning material such books, computers and math and science kits. Support to schools is also given on a needs assessment basis, if for example, a school needs a printer it is

donated to them. Some schools have been assisted in starting gardens in order to quell malnutrition.

"Prior to making any sort of donation or lending support, the educators are consulted to assess the needs of the school, it's important to provide support that is needed by the schools." adds Khan

Our education project supports a total of 10 schools, some of which operate in very poor communities, and our involvement is based on assessing needs and providing support where it's needed.

The project has so far donated books and learning material worth over R300 000, and has increased its total expenditure on the project to over R2 million for 2011. According to Khan the success of this campaign rests mainly on the partnerships STANLIB has established over the last three years. One such partnership was with a rural farm school (Future Comprehensive School) in Limpopo. Principal of Future Comprehensive School, Patrick Mogowe says "South Africa needs both innovative interventions and resources to tackle the problem of sub-standard levels of education."

Mr Mogowe, who was honored by State President Jacob Zuma for excellent leadership and management in the education sector, founded Future Comprehensive School in 2011. The school is a renovated building which had been left unused for about 18 years and now has 143 learners and a boarding house.

The school has since been registered with the provincial education department in Limpopo, and was opened for learning in January 2011.

STANLIB has adopted the school as part of their national campaign where they handpick schools and lend support to these schools with the aim of improving the standard of education at primary school level.

Khan says “Mr Mogowe belongs to a pool of principals who head up schools supported by STANLIB across 4 provinces in the country. Since the project started 3 years ago, learning materials such as books, maths and science equipment, school uniforms and sporting gear have been supplied to the schools. Over 450 books have been provided to the school and each learner also received a backpack. The Future Comprehensive School was recently enlisted as one of our beneficiaries, and will from now on receive support on an annual basis.”

“Our education project supports a total of 10 schools, some of which operate in very poor communities, and our involvement is based on assessing needs and providing support where it’s needed.”

According to Mogowe, resources such as learning materials is just one of the essential tools, but educators also need to be equipped with the necessary skills required to deliver education in a fashion that engages learners instead of spoon-feeding them.

“Unfortunately, of the 85% of South African learners in public schools only a handful will reach tertiary education. In most cases, learners leave high school without having reached acceptable levels of competence in subjects such as English and Mathematics. As long as this gap remains the system will continue producing learners who do not have the necessary skills required beyond tertiary level.” says Mogowe. ■



STANLIB's Investment Offering



STANLIB is one of the top asset managers in South Africa. With over R300 billion assets under management and administration, and over 400,000 clients, we are the third largest asset manager in South Africa and the largest unit trust company in the country. We offer a wide range of investment solutions to both individuals and institutions, and we have a presence in eight African countries.

Our Franchise Model

The STANLIB Investment Team is made up of 14 Franchises - small focused teams of specialists, who are responsible for managing assets in their areas of expertise, while utilizing the common resources provided by STANLIB such as equity research, marketing, finance, IT, compliance and administration. With specialists in the fields of asset allocation, equity and fixed interest management, property investment and Africa investments, this blend of skills provides STANLIB with the opportunity to offer a comprehensive range of top quality bespoke and packaged solutions to the institutional and retail market.

We follow the same philosophy in our approach to offshore investing, and where necessary, we complement our in-house skills by partnering with carefully selected offshore asset managers who share the same valuation driven approach. And our investment professionals firmly believe in active portfolio management and strive to constantly improve on their already superior research and investment processes.

Each investment proposition is staffed by a team of investment professionals who focus on managing funds in their area of expertise according to our multi-specialist approach to managing portfolios.

Core to STANLIB's investment philosophy is research – both bottom up and top-down. Our team of equity analysts conduct fundamental research on up to 230 companies. Over and above the South African research team we also have a team that is dedicated to researching companies in the rest of Africa.

Investments available through STANLIB

You can invest in STANLIB directly via a Unit Trust and will have access to a wide range of funds to meet your risk profile and investment time horizon. Alternatively, STANLIB offers a comprehensive range of Investment and Retirement products.

Our range comprises savings products, retirement annuities, preservation funds and living annuities, all provided in a cost-effective and transparent manner. Through these products you have access to STANLIB's wide range of funds as well as other management company funds.

How do you **contact** us?

We remain committed to giving you the best possible service. Our contact information for all of our branches is tabled below.

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You can also visit our website www.stanlib.com and register as a user for the self service portal.

Registered users can now use the self service portal, STANLIB Online to access their investment statements 24 hours a day. To register for STANLIB Online, simply follow the simple process on www.stanlib.com.

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If you wish to make any changes to your investment or have any queries, please do not hesitate to contact your financial adviser or alternatively our dedicated client service team on 0860 123 003. ■



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Compliance number: 20LN35

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