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FUND IN FOCUS: STANLIB MULTI-MANAGER BALANCED FUND

By Jaco Visser

Diversified and defensive

The fund is a regulation-28 compliant unit trust that invests in underlying funds, and still abides by the Pension Fund Act's regulations. It is suited for investors that wish to diversify their risk away from a single fund manager, and who want to attain a combination of capital accumulation and income growth over the medium term.

FUND INFORMATION:

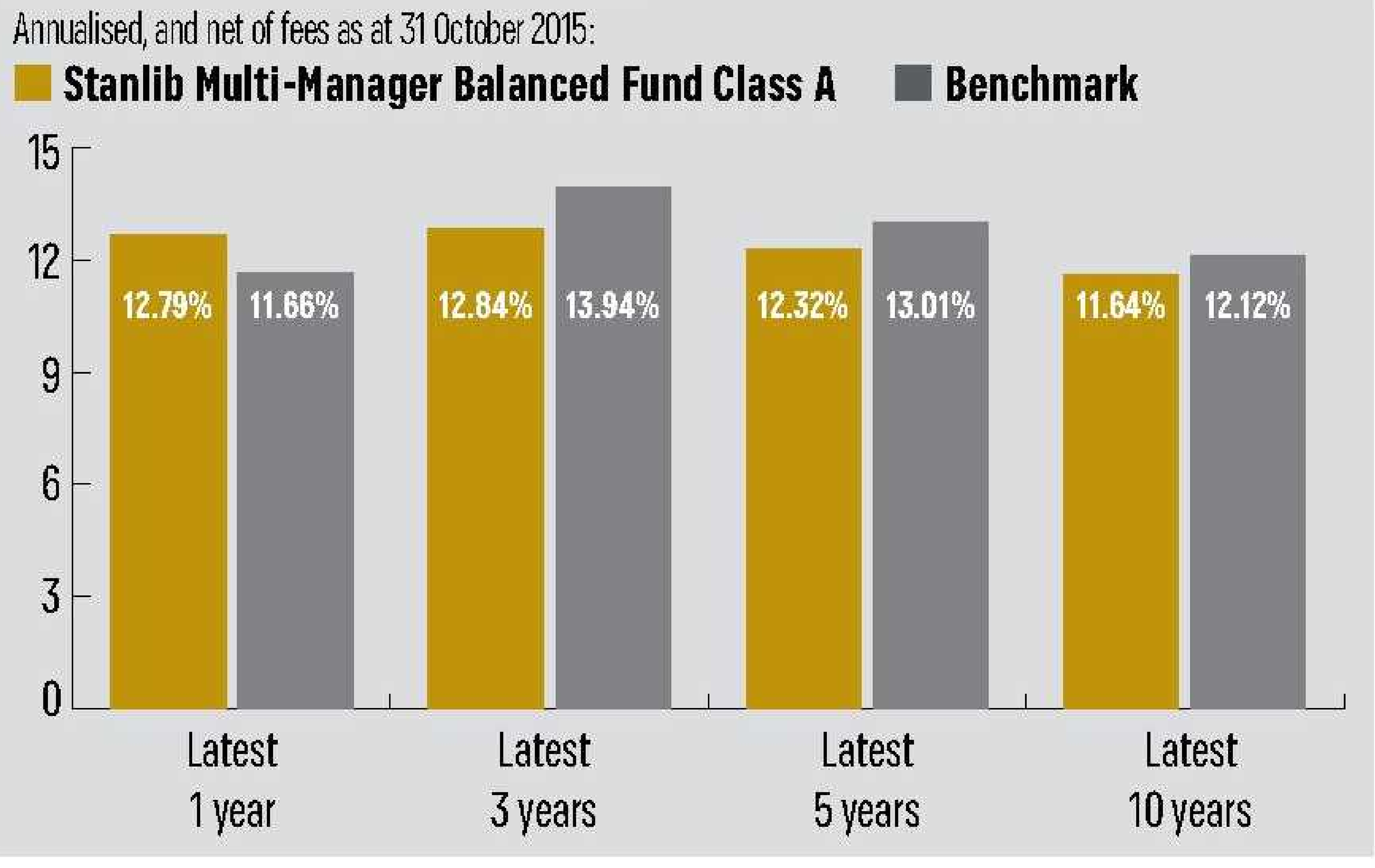
Benchmark:	**SA Multi-Asset High Equity Median**
Fund managers:	**Richo Venter and Malcolm Holmes**
Total expense ratio (TER):	**2.05%**
Fund size:	**R4.7bn**
Minimum lump sum/ subsequent investment:	**R5 000 lump sum or R500/month**
Contact details:	**0860 123 003**

PORTFOLIO COMPOSITION

as at 31 October 2015:	% of fund
1 British American Tobacco	4.01%
2 Sasol	3.2%
3 Naspers*	2.75%
4 Standard Bank Group	2.68%
5 Old Mutual	2.6%
6 Steinhoff International Holdings	2.41%
7 SABMiller	2.28%
8 Compagnie Financiere Richemont	1.66%
9 FirstRand	1.19%
10 Capital and Counties Properties	1.07%
TOTAL	**23.85%**

% RETURNS

Annualised, and net of fees as at 31 October 2015:



Fund manager insights:

The global component, which makes up over 25% of the portfolio, has delivered the highest absolute returns for the year given the rand's depreciation, according to Malcolm Holmes, head of portfolio management at Stanlib Multi-Manager. The portfolio has favoured global equity over global bonds and dollars over euros, which have proved to be the correct calls, he says.

The multi-manager does not select the top stock picks, Holmes explains. Rather, it selects what it believes are the best balanced managers in the country and combines them in the optimal weightings: British American Tobacco, Sasol and Naspers were the resulting top three shares, he says.

"Interestingly, these three shares represent the diversity in the portfolio, with one being a consumer-orientated, annuity income share (British American Tobacco); one a growth company (Naspers); and one a commodity-related share (Sasol)," Holmes says.

In preparation for an increase in US interest rates, and subsequent higher rates environment in many other countries the multi-manager has taken proactive steps.

The fund has been tweaking the weights of the underlying fund managers, to increase the defensive qualities within the portfolio, by upping cash and global exposure and reducing local equity content, Holmes says.

"The global component of the portfolio favours equity over bonds on valuation grounds and we are holding some global cash to deploy as opportunities arise."

Why *finweek* would consider adding it:

The fund has performed consistently with the broader long-term average return of the local stock market, even over a longer period.

The underlying funds' top picks include some of the more defensive stocks in the global market place, including SABMiller and British American Tobacco. Big financials, such as Standard Bank, FirstRand and Old Mutual – owner of Nedbank – also crop up.

A well-diversified portfolio, with many underlying stocks and other assets, may boast a challenge to any fund manager in terms of consistent returns. Stanlib's multi-manager fund – which has names such as Allan Gray, Coronation, Foord and Investec in its arsenal – may prove reassuring for many brand-conscious investors.

With Europe's economy on the recovery, the fund stands to benefit from stock picks such as Capital and Counties – which owns prime properties in London's cultural heart of Covent Garden – and Steinhoff, undoubtedly one of the world's larger vertically integrated furnisher retailers. Richemont, the luxury-goods behemoth controlled by the Rupert family, also stands to benefit from a stronger European consumer as the Chinese economy is re-engineered to be more consumer-driven. ■

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