

## Who are the investment managers?

STANLIB Asset Management (Pty) Ltd, FSP 719, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act 2002, manage the investments of the fund.



**Eulali Gouws**  
BCom (Hons)(Accounting), CA (SA), CFA  
Portfolio manager

Eulali is a member of STANLIB's multi-award-winning Fixed Income team, which is one of the largest in South Africa. She is a money market portfolio manager as well as a qualified money market, bond and foreign exchange dealer. She also assists with STANLIB's offshore funds. Eulali started her financial services career at KPMG where she was part of the financial engineering group. As part of this team she specialised in the modelling of financial instruments as well as various treasury and market risk operations. After moving to Standard Bank, she joined STANLIB in September 2015. Eulali is a qualified chartered accountant and a CFA charter holder.



**Ansie van Rensburg**  
BCom (Hons)(Economics)  
Head of Money Market

Ansie is head of the Money Market at STANLIB Asset Management. She joined STANLIB's forerunner Standard Corporate and Merchant Bank in 1991, and today is a member of the investment strategy team with specific responsibility for investment of funds in the fixed interest and money markets. After obtaining her BCom with honours in economics, Ansie served articles with Theron van der Poel. She first entered the industry as a management trainee and later money market trader with Volkskas Merchant Bank. She was also involved in the founding of money broking operation CM Interbank.

## Fund review

The fund continued to maintain its overweight position in floating rate instruments for the quarter, with a duration of 352 days and modified duration of 44 days. The fund decreased to R4.8 billion during the quarter.

## Market overview

The repo rate remained unchanged at 6.5% for the second half of 2019 after the last decrease of 25 basis points occurred in July 2019. The decision to keep the repo rate unchanged was mainly due to the risk of a downgrade of SA's credit rating by Moody's. On 1 November 2019 Moody's changed the credit outlook from stable to negative. The negative outlook indicates that there is a window of 12-18 months in which a downgrade could be delivered, but it could come sooner if Moody's is not impressed by the fiscal picture presented at the next Budget statement in February 2020. Moody's is the only rating agency that has SA as investment grade. S&P and Fitch both have SA on a sub-investment grade credit rating for local and foreign currency debt with a negative outlook.

SA faces weak economic growth and inflation that is lower than the midpoint of the target range. The forward rate agreements (FRA's), used to speculate on borrowing costs, are trading flat with a downward trend at the tail end of the curve. This forecasts that a rate cut is highly likely within the next year. SA's annual inflation rate decreased to 3.6% in November 2019 from 3.7% in the previous month, matching market expectations. It was the lowest inflation rate since December 2010, mainly due to a slowdown in the cost of food and non-alcoholic beverages and a fall in transport prices.

South African economic growth was revised lower for 2019 to 0.5% from 0.6% in the previous quarter. The growth forecasts were revised down for the next three years after the Medium-term Budget Policy Statement released at the end of October. SA continues to face a decline in business confidence and rolling power cuts.

## Looking ahead

Interest rate cuts are expected by the market from the second quarter of this year. The focus will be on the Budget statement in February which might trigger a downgrade in the Moody's credit rating. This will result in a sell-off in bonds and weakening of the rand. Growth expectations are also low, with inflation expected to moderate to 4.5% in 2020.

SA is facing a persistently uncertain economic environment, therefore future policy decisions will continue to be highly data dependent, sensitive to the balance of risks the country is facing and will seek to look through temporary price shocks. We are therefore taking a defensive stance in the fund by remaining mainly invested in floating rate instruments.

The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.

## Change in allocation of the fund over the quarter

Asset type	Q4 2019	Q3 2019	Change
Domestic Cash	1.88	1.13	0.75
Domestic Fixed Interest Corp	35.84	29.54	6.30
Domestic Fixed Interest Govt	6.33	6.07	0.26
Domestic Money Market	55.96	63.27	-7.31

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	100.61	2,887,371,724.98	2,904,995,643.84
B1	Retail	100.62	8,449,015.84	8,501,361.10

All data as at 31 December 2019.

Units – amount of participatory interests (units) in issue in relevant class.

# STANLIB Enhanced Yield Fund

# STANLIB

Important information update at 31 January 2020

## Disclosures

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending.

The STANLIB Enhanced Yield Fund is a portfolio of the STANLIB Collective Investment Scheme (the Scheme).

The manager of the Scheme is STANLIB Collective Investments (RF) (Pty) Limited (the Manager). The Manager is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manager is a member of the Liberty Group of Companies. The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. The Manager does not provide any guarantee either with respect to the capital or the return of a CIS portfolio. A schedule of fees and charges and maximum commissions is available on request from the Manager.

The trustee of the Scheme is Standard Chartered Bank.

The investments of this portfolio are managed, on behalf of the Manager, by STANLIB Asset Management (Pty) Ltd, an authorised financial services provider (FSP), FSP No. 719, under the Financial Advisory and Intermediary Services Act (FAIS), Act No. 37 of 2002.

Prices are calculated and published on each working day, these prices are available on the Manager's website ([www.stanlib.com](http://www.stanlib.com)) and in South African printed news media. This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h00.

This is a portfolio that derives its income primarily from interest-bearing instruments. The yield (if shown) is a current effective yield calculated daily.

All performance returns and ranking figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at 31 January 2020.

Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager.

Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Statistics - Positive Months: the number of individual 1 month periods during the specified time period where the return was not negative; Max Gain: the maximum gain in a trough-to-peak incline before a new trough is attained, quoted as the percentage between the trough and the peak. It is an indicator of upside risk over a specified time period (quoted for all periods of 1 year or longer); Max Drawdown: the maximum loss in a peak-to-trough decline before a new peak is attained, quoted as the percentage between the peak and the trough. It is an indicator of downside risk over a specified time period (quoted for periods of 1 year or longer, where no value is shown no loss was experienced); Highest and Lowest: the highest and the lowest 1 year return (%) that occurred during the specified time period (quoted for all relevant classes launched 1 year or more prior to current month end date).

Additional information about this product including, but not limited to, brochures, application forms and annual or quarterly reports, can be obtained free of charge, from the Manager and from the Manager's website ([www.stanlib.com](http://www.stanlib.com)).

## Contact details

### Manager

STANLIB Collective Investments (RF) (Pty) Limited  
Reg. No. 1969/003468/07  
17 Melrose Boulevard, Melrose Arch, 2196  
Telephone: 0860 123 003  
Email: [contact@stanlib.com](mailto:contact@stanlib.com)  
Website: [www.stanlib.com](http://www.stanlib.com)

### Investment Manager

STANLIB Asset Management (Pty) Ltd  
An authorised financial services provider, FSP No. 719  
Reg. No. 1969/002753/07  
17 Melrose Boulevard, Melrose Arch, 2196  
Telephone: +27 (0)11 448 6000  
Website: [www.stanlib.com](http://www.stanlib.com)

### Trustee

Standard Chartered Bank  
Reg. No. 2003/020177/10  
5th Floor, 4 Sandown Valley Crescent, Sandton, 2196  
Telephone: +27 (0)11 217 6600