

STANLIB Enhanced Yield Fund

Fund information update at 31 January 2020

STANLIB

What is the fund's objective?

The fund aims to maximise income while providing maximum stability of capital.

What does the fund invest in?

The fund invests in South African money market instruments, bonds, fixed deposits and other high yielding instruments. The maximum average weighted duration of the fund is 180 days and the maximum tenor for any one instrument is 36 months.

What possible risks are associated with this fund?

As this fund invests in floating rate interest instruments, the interest rate risks are limited and therefore only credit risk is applicable. Risks include credit risk of the underlying assets, interest rate fluctuations, inflation, general market conditions and duration risk, that is, if rates move in a direction contrary to what was expected.

Risk rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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What is the suggested investment period for this fund?

Minimum period

1 Month	6 Months	1 Year	3 Years	5 Years	7 Years
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Who should consider investing in this fund?

This fund suits investors who have a need for a reasonable level of income but would like to protect the stability of their capital over the shorter term.

Income

Distribution Net income is calculated and accrued daily and is declared and distributed monthly.

Declaration Monthly

General fund information

Manager(s)	Eulali Gouws and Ansie van Rensburg	
Size (NAV)	R 4.78 billion	
Classification	South African - Interest Bearing - Short Term	
Benchmark	STeFI Composite Index	
Regulation 28	Does not apply	
	Class A	Class B1
Launch	11 October 2006	03 January 2017
ISIN number	ZAE000082129	ZAE000237871
JSE code	SCPA	SEYFB1
Minimum investment requirements -		
Lump sum	R 5,000	R 5,000
Monthly	R 500	R 500

What are the costs to invest in this fund?

Maximum charges including VAT

	Class A	Class B1
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	0.173%	0.000%
Annual fee (manager)	0.633%	0.518%
Annual fee (adviser)	0.115%	0.000%
Performance fee	N/A	N/A

Annual fee (manager) – this is a service charge (% based) applicable to each class of a fund, that is levied on the value of your portfolio and includes the **Annual fee (adviser)** fee (where applicable). Annual fees are calculated and accrued daily and recovered monthly from the income awaiting distribution in the fund.

Cost ratios (annual) including VAT as at 31 December 2019

	Class A	Class B1
Based on period from:	01/01/2017	01/10/2016
Total Expense	0.64%	0.52%
Transaction Costs	0.00%	0.00%
Total Investment Charge	0.64%	0.52%
1 Year Total Expense	0.64%	0.53%

Total Expense (TER): This ratio shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over the period shown and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.

Transaction Costs (TC): This ratio shows the percentage of the value of the fund incurred as costs relating to the buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decisions of the investment manager and the TER.

Total Investment Charges (TIC): This ratio is simply the sum of the TER and TC, showing the percentage of the value of the fund incurred as costs relating to the investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

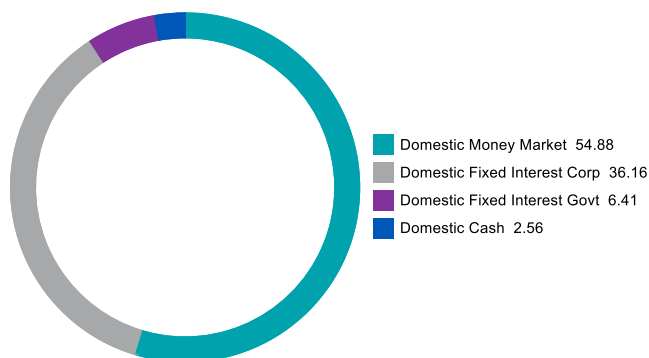
STANLIB Enhanced Yield Fund

Monthly update at 31 January 2020

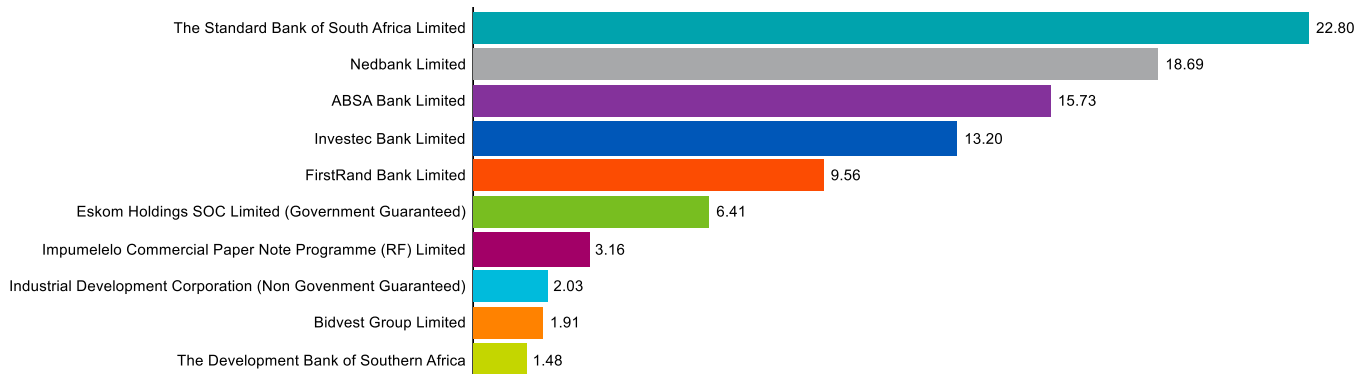
STANLIB

Holdings

Asset allocation (%)



Fixed Interest Top 10 Issuer exposure (%)



Performance and Income

Class A Launch: 11 October 2006

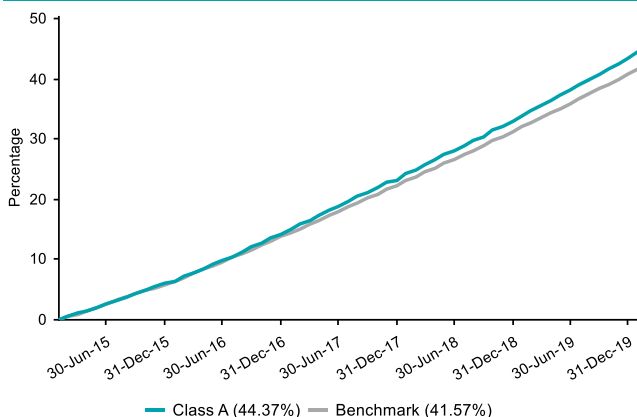
Class B1 Launch: 03 January 2017

Benchmark: STeFI Composite Index

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class A					
Class	7.85	7.85	7.62	7.01	6.83
Benchmark	7.27	7.34	7.20	6.74	6.51
Class B1					
Class	7.98	7.97			

Returns (%) shown are cumulative for all periods shorter than or equal to 1 year and annualised for all periods greater than 1 year.

Cumulative performance (%) over 5 Years



Statistics (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class A					
Positive Months	12	36	60	83	119
Max Gain	7.85	25.45	44.37	60.73	93.62
Max Drawdown	-	-	-	-0.14	-0.14
Highest	7.95	8.27	8.27	8.27	8.82
Lowest	7.79	7.69	5.51	5.15	5.15
Class B1					
Highest	8.07	8.07			
Lowest	7.91	7.81			

Highest – this reflects the highest 12 month return during the period.
Lowest - this reflects the lowest 12 month return during the period.

Amount declared (cents per unit)

	Class A	Class B1
28 February 2019	0.58	0.59
29 March 2019	0.62	0.62
30 April 2019	0.68	0.69
31 May 2019	0.65	0.66
28 June 2019	0.59	0.60
31 July 2019	0.68	0.69
30 August 2019	0.61	0.62
30 September 2019	0.63	0.64
31 October 2019	0.62	0.63
29 November 2019	0.58	0.59
31 December 2019	0.64	0.65
31 January 2020	0.62	0.63
In last 12 months	7.50	7.61
In 2019	7.52	7.64

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.

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) 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).

Contact details

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