

STANLIB Property Income Fund

Fund information update at 31 January 2020

STANLIB

What is the fund's objective?

The fund's primary objective is to provide investors with a steady source of income and capital growth over time.

What does the fund invest in?

The fund invests predominantly in listed property shares, mainly through real estate investment trusts, which offer investors exposure to real estate properties through a JSE-listed instrument. The fund's intention is to remain fully invested in property. Cash and money market investments are limited to a maximum of 5% of the portfolio.

What possible risks are associated with this fund?

General market risks include a decline in property values, general market conditions, a rise in interest rates, currency volatility, economic conditions, share selection, and bond-yield fluctuations. Where exposure to foreign investments is included in the fund there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, tax risks, settlement risks, and potential limitations on the availability of market information.

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?

Investors choose this fund for steady and growing income and capital growth over time. They are comfortable with the diversification away from equities and cash that is provided by this fund.

Income

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

Declaration 31 March, 30 June, 30 September, 31 December

General fund information

Manager(s) Keillen Ndlovu and Nesi Chetty
Size (NAV) R 6.29 billion
Classification South African - Real Estate - General
Benchmark FTSE/JSE All Property Index (J803T)
Regulation 28 Does not apply

	Class B1	Class A
Launch	02 January 2007	16 September 2002
ISIN number	ZAE000088993	ZAE000042198
JSE code	SPIFB1	STPI
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 B1	Class A
Initial fee (manager)	0.000%	0.000%
Initial fee (adviser)	0.000%	3.450%
Annual fee (manager)	1.150%	1.495%
Annual fee (adviser)	0.000%	0.345%
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 B1	Class A
Based on period from:	01/01/2017	01/01/2017
Total Expense	1.15%	1.49%
Transaction Costs	0.15%	0.15%
Total Investment Charge	1.30%	1.64%
1 Year Total Expense	1.15%	1.49%

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.

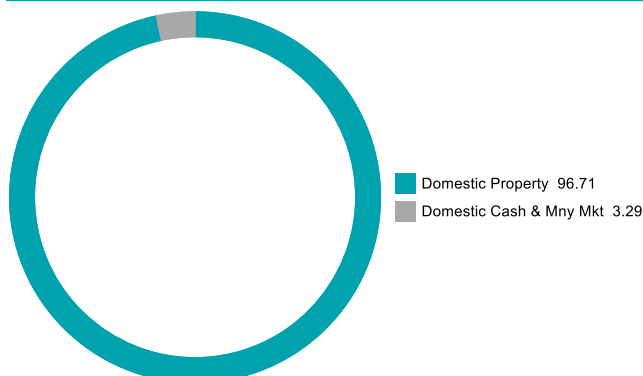
STANLIB Property Income Fund

Monthly update at 31 January 2020

STANLIB

Holdings

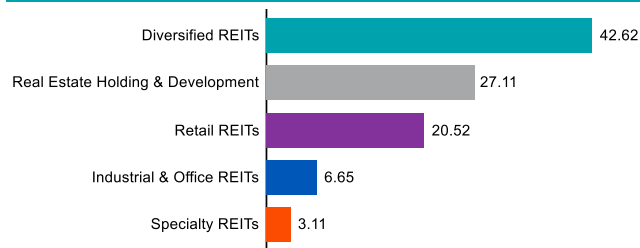
Asset allocation (%)



Top holdings (%)

Growthpoint Properties Ltd	15.75
NEPI Rockcastle PLC	14.90
Redefine Properties Ltd	11.54
Fortress REIT Ltd A	8.74
Vukile Property Fund Ltd	6.69
Resilient REIT Ltd	6.48
Equities Property Fund Ltd	3.90
Investec Property Fund	3.73
EPP NV	3.62
Atterbury Investment Holdings Ltd	3.32

Equity allocation (Subsector) (%)



Performance and Income

Class B1 Launch: 02 January 2007

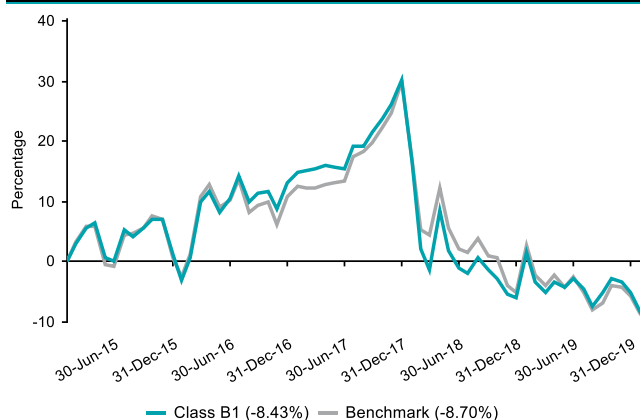
Class A Launch: 16 September 2002

Benchmark: FTSE/JSE All Property Index (J803T) from 01/10/2018; FTSE/JSE SA Listed Property Index (J253T) from launch.

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class B1					
Class	-9.78	-7.30	-1.75	4.35	9.81
Rank/Out of	15/40	30/34	21/28	13/19	8/15
Sector Average	-9.77	-4.91	-1.03	4.75	9.48
Benchmark	-11.13	-6.76	-1.80	4.18	9.97
Class A					
Class	-10.08	-7.62	-2.11	3.95	9.39

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 B1					
Positive Months	4	16	31	49	77
Max Gain	-	13.32	34.29	92.46	262.70
Max Drawdown	-9.78	-29.71	-29.71	-29.71	-29.71
Highest	1.97	15.94	45.27	46.75	46.75
Lowest	-10.80	-27.87	-27.87	-27.87	-27.87
Class A					
Highest	1.62	15.54	44.62	46.08	46.08
Lowest	-11.11	-28.14	-28.14	-28.14	-28.14

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

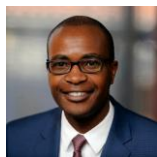
Lowest - this reflects the lowest 12 month return during the period.

Amount declared (cents per unit)

	Class B1	Class A
29 March 2019	3.94	3.51
28 June 2019	12.50	11.94
30 September 2019	2.88	2.46
31 December 2019	16.25	10.93
In last 12 months	35.57	28.84
In 2019	35.57	28.84

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.



Keillen Ndlovu

BCom (Hons), CAIB (SA), Property Development Programme
Head of Listed Property

Keillen manages the largest listed property fund in South Africa, the STANLIB Property Income Fund. After beginning his property career with Standard Bank Properties in 2004, Keillen transferred to STANLIB in 2005 as a listed property analyst. After becoming a full-time fund manager in 2008, he successfully assumed increased responsibilities and fund management exposure, and was appointed head of STANLIB's Listed Property team in 2010. The Listed Property team has won numerous awards over the years and under his tenure has expanded its listed property offering to global property markets. Keillen is a regular commentator in the media on listed and commercial property issues.



Nesi Chetty

BCom (Hons) Finance Cum Laude, CFA
Senior Portfolio Manager

Nesi started his investments career with RMB in 2002 where he was a member of the consumer industrial team and also assumed non-consumer research responsibilities. Nesi was previous head of Financials at RMB Asset Managers, responsible for banks and life assurance. He also managed the award winning RMB Financials Fund. In 2010, He was appointed as a fund manager and Head of property for Momentum. He managed the flagship Momentum Property Fund for over a decade and was responsible for asset allocation, research, strategy, and fund management within the property investments business. Nesi is a regular commentator on property, equities and the broader financial market. Nesi Joined STANLIB in June 2019 to co manage local and global listed property.

Fund review

STANLIB Property Income Fund delivered -0.58% in the last quarter of 2019, compared with the benchmark's return of 1.17%. This quarter's performance is attributable to the fund's continued overweight positions in Sirius, Stor-age and Vukile, as well as underweight positions in Fortress B, Intu and Hyprop. Overweight positions in Investec Australia and Fortress A detracted from performance, as did underweight positions in Capital & Counties, RDI and MAS. The fund has delivered a positive return of 2.26% in 2019, outperforming the benchmark return by 2.66%.

Outperformance continues to be a result of an increasingly defensive approach in taking underweight positions and avoiding companies with weak property fundamentals. We continue to concentrate on stronger asset quality companies with robust balance sheets and what we consider achievable growth prospects.

Market overview

Over the past quarter, SA listed property (JSE All Property Index) delivered a total return of 1.2%, underperforming cash (STeFI Composite Index at 1.7%), underperforming SA bonds (ALBI or JSE All Bond Index at 1.7%) and underperforming SA equities (FTSE/JSE All Share index at 4.6%). The rand strengthened 7.5% against the US dollar over the quarter, with pure offshore stocks the best performers in the All Property Index (Stenprop +26%, RDI +22%, Sirius +17% and Lighthouse +15%). Brexit and market concerns around the balance sheet continued to weigh on Intu, a stock we continue not to hold, which fell -24% in the quarter. A weak backdrop in the first nine months of 2019 continued to permeate the last quarter, with weak company outlook statements continuing to manifest in 4Q 2019.

In October, we continued to note the trend of weak retail and office fundamentals being offset by relatively strong logistics fundamentals. Equites releases its financial results, showing it is well positioned for continued distribution growth. Octodec results showed non-core asset disposals will be utilised in part to reduce debt, a trend evident across many stocks in the sector.

In November, Intu released a trading update, showing UK operations were in instances worse than anticipated, with asset disposals under way. A key focus remains shoring up the balance sheet, which is under significant stress. Capital & Counties also announced that its interests in Earls Court are being disposed of, with investments in future to be centred on the Covent Garden Estate. Results were also released by Redefine, Investec Property Fund, Lighthouse and Sirius. These results reflected a trend of a tough SA operating outlook and environment, a continued focus on acquiring properties offshore and robust performances from offshore property assets. For companies with elevated debt levels, a reduction in debt was also highlighted as something to be addressed through asset disposals.

December was a quiet month from a news flow perspective, characterised by a significant strengthening in the rand versus the dollar and thin volumes of trading in the listed property market.

Looking ahead

The All Property Index (ALPI) offers a forward dividend yield of 9.2%, which is above SA's 10-year bond yield. We anticipate a dividend growth rate of 0% from the ALPI over the next 12 months. In the short term, dividend growth will remain under pressure from continued weak property fundamentals and anaemic South African GDP growth. We anticipate the next 12 months will be characterised by companies continuing to invest offshore, dispose of non-core SA assets and deleverage as necessary. We encourage investors to take a long-term view in this (cyclical) sector, as we expect more normalised real distribution growth will potentially return to the sector from 2021. In the current environment, we would consider the yield dynamic of the sector as the key driver of short-term total investor returns.

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 & Mny Mkt	2.15	2.54	-0.39
Domestic Property	97.85	97.46	0.39

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	451.37	385,602,785.45	1,740,498,609.36
B1	Retail	456.67	506,272,242.40	2,311,999,080.86

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 Property Income 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 portfolio is permitted to invest in foreign securities. Should the portfolio include any foreign securities these could expose the portfolio to any of the following risks: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information.

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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