

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.



Marius Oberholzer

BCom (Economics and Commercial Law), MSc (Global Finance)
Head of Absolute Return

Marius joined STANLIB in September 2013 as co-head of Absolute Return Strategies, taking over as head of the team in September 2015. He has 18 years of buy side experience with a high degree of specialisation managing absolute return type strategies. Marius began working at TT International in London in 2000, moving to Hong Kong in 2004. He was portfolio manager of TT's Asian Hedge Fund and provided insights across the firms other investment offerings both on a bottom up and top-down macro basis. Marius holds a BCom from Stellenbosch University and an MSc in global finance from Stern Business School at NYU and the Hong Kong University of Science and Technology.



Peter van der Ross

BBusSci, CFA
Portfolio manager

Peter joined STANLIB in January 2016 as a portfolio manager in the Absolute Return team. He has 19 years of buy side experience in the investment management industry. Prior to joining STANLIB Peter was Head of Libfin Investments. Before joining Liberty, Peter was head of investment strategy at Momentum Asset Management and RMB Asset Management. Peter holds a bachelor of business science degree in economics and finance from the University of Cape Town and is a CFA charterholder.



Vaughan Henkel

BSc (Electrical/Electronic Engineering), CFA
Portfolio manager

Vaughan joined STANLIB in 2013 and moved to the Absolute Return team in January 2017 as a portfolio manager. He has 19 years of experience in the investment industry and in various roles including but not limited to, straddling fundamental and quantitative equity research, equity strategy and research management. Vaughan holds a B Sc. electrical engineering, management advancement programme from Wits Business School and is a CFA charterholder.

Market overview

A backdrop of looser monetary policy relative to expectations around the world continued through the course of the year. The preemptive pivot away from the trajectory of a sustained rate hiking cycle and Balance Sheet unwind which we telegraphed through 2018 as a major headwind for markets turned into a gale force tailwind in 2019 resulting in significant returns, especially in equities, off a very low January 2019 starting point.

Trade war rhetoric and follow-on talk of resolution emanating from US President Trump continued. A more tangible resolution toward the back-end of the quarter with the announcement from both China and the US around a Phase-One deal added fuel to a late year charge in asset returns around the world. Our expectations are for a gentle acceleration off somewhat depressed levels in most economies, outside the US, where we still expect growth to moderate off their 2018/2019 peak.

In South Africa, the economy continued to be held hostage by policy inaction. Monetary policy remained too tight with our economic growth levels showing little positive momentum. Despite poor domestic growth, Eskom, our fiscal position and political infighting within the ANC around the path forward, it should be remembered that SA is a fairly open economy and our fortunes will be tied to that of the rest of the world to some degree. A positive global environment, even in the short term, should cushion South Africa.

One major economic area of concern remains wages in the US. This may now be changing. Should wage growth "pop", the impact on margins shouldn't be underestimated as it feeds through to earnings and hence on multiples. Equity carries higher risk than previous cycles but equities remain cheaper relative to other assets in this environment of simmering global growth.

In South Africa, we continue to favour SA Bonds amidst the high real returns we can generate as local investors. We think the rand has limited upside and offshore diversification should be embraced but broadly, rather than specifically in one currency. Over the last 2-3 quarters we have been and remain more inclined to take equity risk outside SA and have limited inclination for SA listed property for the moment.

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	0.24	0.49	-0.25
Domestic Commodity	0.00	0.00	0.00
Domestic Currency Overlay	4.69	16.67	-11.99
Domestic Equity	22.70	18.09	4.61
Domestic Fixed Interest	47.19	50.16	-2.97
Foreign Cash & Mny Mkt	0.80	1.20	-0.40
Foreign Currency Overlay	-4.69	-16.67	11.99
Foreign Equity	22.56	19.36	3.20
Foreign Fixed Interest	7.00	10.70	-3.70

The portfolio adhered to its portfolio objective over the quarter.

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	144.16	365,097,641.94	526,310,815.72
B1	Retail	144.58	871,368,827.94	1,259,822,518.23

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 Absolute Plus 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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Investment Manager

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Trustee

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