

STANLIB Africa Equity Feeder Fund

Fund information update at 31 January 2020

STANLIB

What is the fund's objective?

The primary investment objective of the portfolio is to generate capital growth over the long term, with income generation as a secondary objective, by providing investors with exposure to African markets.

What does the fund invest in?

The STANLIB Africa Equity Feeder Fund (formerly STANLIB Africa Equity Fund) will, apart from liquid assets, consist solely of participatory interests of the Lux domiciled STANLIB Africa Equity Portfolio. The STANLIB Africa Equity portfolio invests principally in equity securities of companies that are listed or traded on Other Regulated Markets in Africa (excluding SA) or of companies listed or traded on Regulated Markets that carry out a substantial portion of their business (not less than 51%) in Africa.

What possible risks are associated with this fund?

Investors should be aware of the following risks: political risk, country specific risk (sudden and unpredictable developments), exchange rate volatility, liquidity and tradability limitations, research (consensus forecasts are largely absent in Africa), access to information is limited or not available and settlement risk. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to South Africa, macroeconomic risks, political risks, tax risks, settlement risks and possible 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?

This Portfolio is suitable for investors who seek investment exposure to the Africa (excluding SA) equity market. The investor should be aware that geographic stock and sector concentration may add more volatility than a more broadly diversified portfolio; can tolerate frequent periods of high volatility and risk, and accept that the liquidity of investments may be less than that of more developed markets; have a high level of risk tolerance commensurate with an investment in equity securities of a single emerging market region; have a long-term investment horizon.

Income

Distribution Net income is calculated and accrued daily and is declared and distributed semi-annually.

Due to the nature of this portfolio it is unlikely that any net income will be available for distribution.

Declaration 30 June, 31 December

General fund information

Investment managers -

Feeder STANLIB Asset Management (Pty) Ltd
Underlying STANLIB Asset Management (Pty) Ltd

Size (NAV) R 14.23 million

Classification Regional - Equity - General - Africa

Benchmark MSCI EFM Africa ex ZA 10/40 index

Regulation 28 Does not apply

	Class A	Class B1
Launch	25 August 2008	03 January 2017
ISIN number	ZAE000122602	ZAE000237889
JSE code	SAEB1	SAEB5
Minimum investment requirements -		
Lump sum	R 100,000	R 5,000
Monthly	N/A	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)	0.000%	0.000%
Annual fee (manager)	1.438%	0.863%
Annual fee (adviser)	0.575%	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	03/01/2017
Total Expense	6.15%	4.60%
Transaction Costs	0.78%	0.78%
Total Investment Charge	6.93%	5.38%
1 Year Total Expense	6.68%	5.24%

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 Africa Equity Feeder Fund

STANLIB

Monthly update at 31 January 2020

Holdings

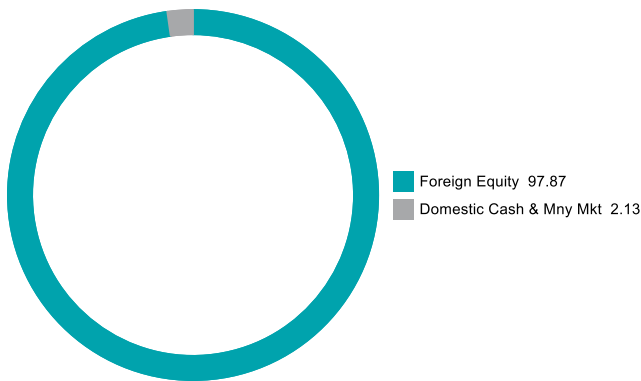
Holdings (%)

Threadneedle STANLIB Africa Equity IU Fund	97.87
Domestic Cash	2.13

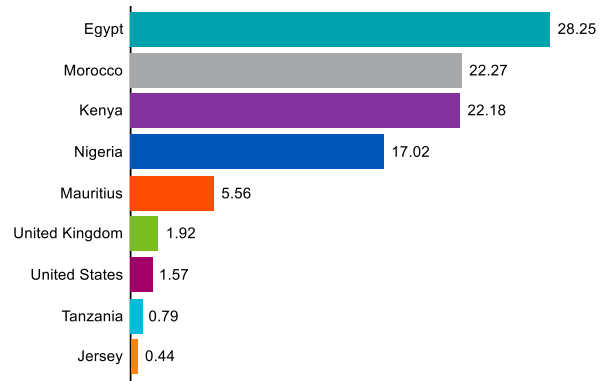
Top Equity holdings (look through) (%)

Commercial International Bank (Egypt) SAE	9.69
Safaricom PLC	9.23
Maroc Telecom SA	7.59
MCB Group Limited	5.56
KCB Group Limited	5.30
East African Breweries Limited	4.83
Attijariwafa Bank SA	4.67
Credit Agricole Egypt	4.14
Marsa Maroc	3.59
Societe Des Boissons Du Maro	3.46

Asset allocation (%)



Country allocation (look through) (%)



Performance and Income

Class A Launch: 25 August 2008

Class B1 Launch: 03 January 2017

Benchmark: MSCI EFM Africa ex ZA 10/40 index from 01/12/2019, MSCI EFM Africa Ex-South Africa from 01/08/2014, 12 Month USD Libor + 3% from launch.

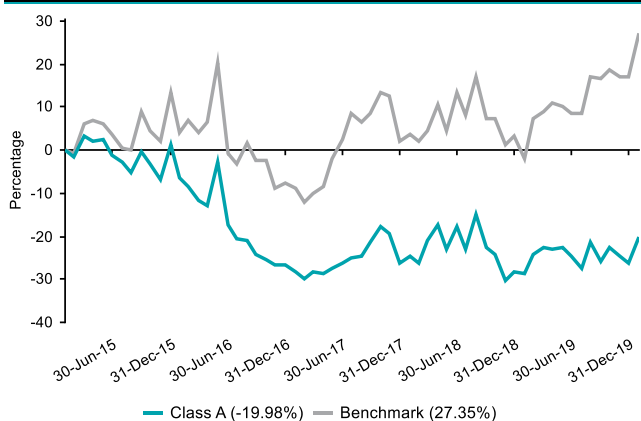
Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class A					
Class	12.37	3.70	-4.36	-0.20	-0.26
Rank/Out of	6/7	5/6	4/4	2/2	2/2
Sector Average	17.17	9.05	0.82	2.38	3.94
Benchmark	29.68	11.81	4.95	5.37	6.71
Class B1					
Class	13.97	5.35			

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

Statistics (%)	1yr	3yrs	5yrs	7yrs	10yrs
Class A					
Positive Months	6	19	24	38	57
Max Gain	12.37	21.66	14.46	48.59	86.45
Max Drawdown	-6.26	-17.96	-32.20	-40.89	-40.89
Highest	12.37	15.89	15.89	47.21	47.21
Lowest	-8.45	-25.57	-27.57	-27.57	-27.57
Class B1					
Highest	13.97	18.03			
Lowest	-7.15	-11.81			

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

Cumulative performance (%) over 5 Years



Amount declared (cents per unit)

	Class A	Class B1
28 June 2019	0.00	0.00
31 December 2019	0.00	0.00
In last 12 months	0.00	0.00
In 2019	0.00	0.00

Who are the investment managers?

Feeder - 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.

Underlying - STANLIB Asset Management (Pty) Ltd were appointed by the Management Company (Threadneedle Management Luxembourg S.A.) as the sub-advisor of STANLIB Africa Equity, a portfolio of the Threadneedle (Lux) SICAV.



Herman van Velze
BEng (Mining), MBL
Head of Equities

Herman joined STANLIB in 1995 as a research analyst and a resource portfolio manager. Since then he has held the positions of head of Research, portfolio manager, head of Balanced Fund and he is currently the head of Equities and a member of STANLIB's investment executive committee. In 2007 Herman joined a private equity company as a deal originator to expand his investment skillset. He later in 2009 re-joined STANLIB as the head of Balanced funds. He oversees a number of portfolio managers and analysts who provide company research and actively pursue investment ideas. Under his leadership, the team reviews and refines opportunities which are considered for the portfolio. Herman holds a bachelor of engineering from the University of Pretoria and a MBL from UNISA.



Anwaar Wagner
BBusSc
Portfolio manager

Anwaar joined STANLIB in 2015 as a portfolio manager in the Multi-Asset team, with 19 years of investment management experience including five years of international investing. He previously worked at Old Mutual Global Emerging Markets (GEM) boutique as the portfolio manager of the GEM Fund. In that role, Anwaar was responsible for the concept and launch of the GEM Fund including the formation of their investment philosophy, investment process, portfolio management and equity analysis. Prior to that, he worked as head of basic materials, equity analyst and portfolio manager for the Old Mutual Resources Fund. His passion and wealth of industry experience has seen him win three Raging Bull Awards and S&P Micropal Awards. Anwaar started out as a trainee analyst at Oasis before moving to Metropolitan Asset Managers in 1999.

Fund review

African markets, as measured by the MSCI AFRICA ex South Africa Index, increased by 8.4% in the fourth quarter, leaving gains for the full year at 16.4%, with the underlying Stanlib Africa fund producing 15.9% for the year.

Of the major markets Kenya led the pack (48.2%) with Egypt particularly strong as well (+40.4%), while Nigeria (-16.4%) was particularly weak. The rand ended the quarter by strengthening and detracted from performance in rand terms, with the feeder fund returning 12.6% for the year.

We increased our exposure since last quarter to Kenya by increasing our exposure to KCB bank and East African Breweries - EABL (while reducing Nigerian and Tanzanian breweries). In Egypt we continued to take profits on Centamin Egypt due to a strong gold price and possible M&A. In Nigeria we continued to add to MTN Nigeria post the introduction to the portfolio.

Market overview

The Egyptian market continued to gain, with a strengthening local currency - the Egyptian pound's gains aiding dollar based returns. The Central Bank of Egypt continued to cut interest rates as inflation had moved steadily downwards. As GDP continues to recover post its devaluation, we expect rising capacity utilisation and this together with lower interest rates should aid both local and multi-national corporates to start investing again. There are a number of corporations in Egypt displaying a propensity to grow market share leading to, improved returns and cash flow generation and strong balance sheets. We continue to see opportunities in these corporates as the GDP growth forecasts moves above 5%. We favour the banking stocks, consumer-facing businesses and healthcare.

Turning to Kenya, the removal of interest rate caps in Kenya which has significantly reduced bank lending to the real economy is now no longer a constraint on Kenya's growth potential. Last quarter we mentioned we have reason to be cautiously optimistic that an improved solution or adjustment to rate caps may be enacted by the president and increased our bank weightings accordingly. Kenyan banks were already adjusting by becoming more efficient such as reducing branch sizes, using technology/mobile and/or agents to lower their cost of banking, banks are also growing their non-interest revenue, so the removal of rate caps was rewarded by the stock market. Currently our preferred brewing exposure is via EABL, given its monopoly like position in Kenya and growth in Uganda and Tanzania as well, where we expect good growth in free cash flow as capex cycle has already peaked.

The Nigerian market on the other hand continues to struggle despite a recovery in the oil price and stable production. The current rhetoric and recent regulation on the banking sector further adds to our concerns about the Nigerian economy and its effect on corporates. Indeed we find corporates to be surprisingly negative on the current outlook. Nigeria needs to implement structural reforms to unlock its potential and reduce the economy's dependence on the oil price. We prefer stocks like Nestle and MTN Nigeria under current conditions.

Morocco continues on a slower growth path than other African countries, but provides more stability.

Looking ahead

The fund will continue its overweight position in Egypt as the country continues to display strong economic fundamentals. We expect inflation will moderate further in 2020 into single digits, providing an incentive for companies to re-invest as interest rates reduce from prohibitive levels. Strong population growth with Macroeconomic reforms adds to the investment cases of the companies we have invested in.

Kenya's full growth potential was held back by the interest rate caps, which have been removed. This bodes well for Kenya, which already has amongst the highest GDP growth rates in Africa. We are relatively more constructive on Kenyan vs Nigerian fundamentals as well.

The Nigerian economy is expected to continue its low growth trajectory and, without structural policy reform, we are unlikely to see this change. We maintain positions in the high-quality Nigerian names which we believe are defensive and offer good value.

Morocco has become our largest underweight position by virtue of its rising weight in our benchmark. The market remains expensive relative to expected growth.

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	2.06	0.30	1.76
Foreign Cash & Mny Mkt	0.71	0.00	0.71
Foreign Equity	97.23	99.70	-2.47

Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	46.03	753,135.19	346,666.43
B1	Retail	71.08	10,000.00	7,108.46

All data as at 31 December 2019.

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 Africa Equity Feeder 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.

This portfolio is a Feeder Fund portfolio. A Feeder Fund portfolio is a portfolio that invests in a single portfolio of a collective investment scheme, that levies its own charges, which could result in a higher fee structure for the Feeder Fund.

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

Manager

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