

# STANLIB Balanced Cautious Fund

# STANLIB

Fund information update at 31 January 2020

## What is the fund's objective?

The objective of this fund is to achieve long-term capital growth and a reasonable level of current income at average risk levels within the limits of Prudential Investment Guidelines.

## What does the fund invest in?

The fund is made up of a diversified spread of investments in equity and non-equity securities, including cash, bonds, shares, and property. Equity exposure is capped at 40% of the portfolio. The fund invests in South African and foreign investment markets, up to the limits allowed by the ASISA South African Multi Asset-Low Equity classification.

## What possible risks are associated with this fund?

General market risks include share price and property value volatility, as well as a change in interest rates and other economic conditions.

## 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 looking for a reasonable income from investments that also provide for capital growth over the longer term.

## 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)** Herman van Velze and Warren Buhai  
**Size (NAV)** R 6.60 billion  
**Classification** South African - Multi Asset - Low Equity  
**Benchmark** CPI + 3%  
**Regulation 28** Complies

Regulation 28 of the Pension Funds Act sets the limits in terms of the maximum exposure the retirement fund and the individual retirement fund member's savings (i.e. your savings) may have to various asset classes. For more information please refer to the Regulation 28 Guidelines available on our website ([www.stanlib.com](http://www.stanlib.com)). This Fund complies with this Regulation.

	Class B1	Class A
<b>Launch</b>	02 January 2009	02 January 2009
<b>ISIN number</b>	ZAE000130381	ZAE000130373
<b>JSE code</b>	SBCB1	SBCFA
<b>Minimum investment requirements -</b>		
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
<b>Initial fee (manager)</b>	0.000%	0.000%
<b>Initial fee (adviser)</b>	3.450%	3.450%
<b>Annual fee (manager)</b>	1.150%	1.725%
<b>Annual fee (adviser)</b>	0.000%	0.575%
<b>Performance fee</b>	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
<b>Based on period from:</b>	01/01/2017	01/01/2017
<b>Total Expense</b>	1.28%	1.85%
<b>Transaction Costs</b>	0.10%	0.10%
<b>Total Investment Charge</b>	1.38%	1.95%
<b>1 Year Total Expense</b>	1.30%	1.87%

**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.

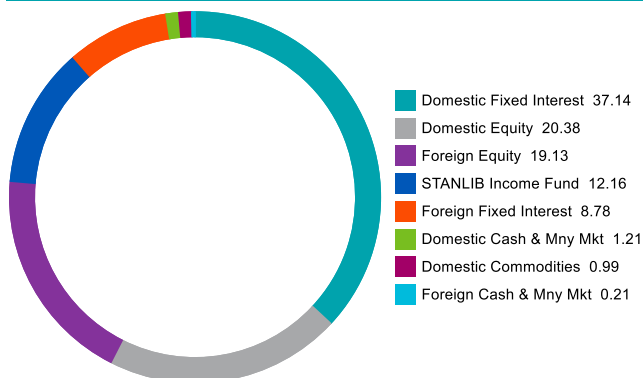
# STANLIB Balanced Cautious Fund

Monthly update at 31 January 2020

# STANLIB

## Holdings

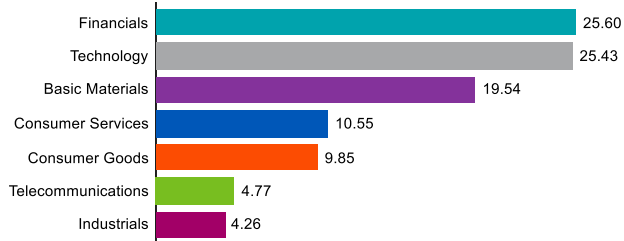
### Asset allocation (%)



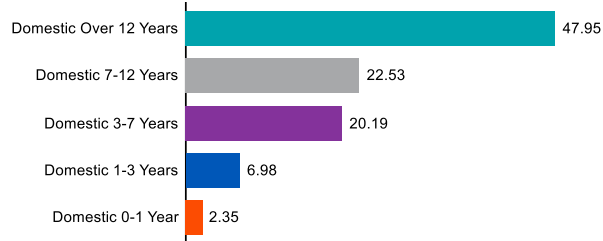
### Top Equity holdings (%)

Naspers Ltd	3.51
Prosus NV N (ZAR)	1.54
Anglo American Plc	1.25
Standard Bank Group Ltd	1.22
Sanlam Ltd	1.11
BHP Group Plc	1.04
MTN Group Ltd	0.95
Capitec Bank Holdings Ltd	0.74
The Bidvest Group Ltd	0.71
Bid Corp Ltd	0.69

### SA Listed Equity allocation (Industry) (%)



### SA Fixed Interest allocation (%)



## Performance and Income

Class B1 Launch: 02 January 2009

Class A Launch: 02 January 2009

Benchmark: CPI + 3% from 01/10/2019, previously FTSE/JSE SWIX (60%); BESA ALBI (25%); MSCI World (9%); Barclays Gbl Aggr Bond (6%)

Returns (%)	1yr	3yrs	5yrs	7yrs	10yrs
<b>Class B1</b>					
Class	11.24	6.18	5.79	6.99	8.76
Rank/Out of	13/150	65/128	47/90	34/68	13/48
Sector Average	8.27	6.03	5.73	6.93	8.18
Benchmark	6.73	6.46	6.23	7.76	9.05
<b>Class A</b>					
Class	10.61	5.58	5.19	6.39	8.15

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
<b>Class B1</b>					
Positive Months	9	23	40	62	91
Max Gain	11.24	20.05	32.52	60.46	131.57
Max Drawdown	-1.32	-3.73	-3.73	-3.73	-3.73
Highest	11.24	11.24	11.24	16.29	16.29
Lowest	4.07	-1.17	-1.17	-1.17	-1.17
<b>Class A</b>					
Highest	10.61	10.61	10.61	15.64	15.64
Lowest	3.48	-1.74	-1.74	-1.74	-1.74

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
<b>29 March 2019</b>	1.68	1.46
<b>28 June 2019</b>	1.76	1.57
<b>30 September 2019</b>	1.93	1.69
<b>31 December 2019</b>	1.71	1.49
<b>In last 12 months</b>	7.08	6.21
<b>In 2019</b>	7.08	6.21

## 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.



**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.



**Warren Buhai**  
BCompt (Hons), CA (SA), CFA  
Senior portfolio manager

Warren initially joined STANLIB in 2005 to focus on research and portfolio management in resources and commodity-related funds. In 2007, he took an opportunity to move overseas and be the managing director of investments for a US private-client business targeting opportunities in developed, emerging and frontier markets. Warren re-joined STANLIB in 2009 where he has focused on research and portfolio management of multi-asset funds ever since, progressing to senior portfolio manager in the Multi-Asset franchise. Prior to joining STANLIB, he spent five years gaining broad industry experience with Standard Bank's Corporate Finance team. Warren obtained his bachelor's and honours degrees studying part-time while working primarily in the audit division of Ernst & Young, where he qualified as a chartered accountant. He is also a CFA charterholder.

## Fund review

The STANLIB Balanced Cautious Fund delivered a return of +0.91% for the quarter ended 31 December 2019.

## Market overview

Global equities delivered a strong performance for the year (+24.3% in rand terms), with the MSCI EM (+22.1% in rand terms) and the FTSE/JSE SWIX All Share Index (+9.3%). The Resource Sector continued to remain the biggest positive contributor to SA performance, with a one-year return of +28.5%. SA bonds also delivered positive returns for the year, taking the one-year performance for the ALBI to +10.3%, while the rand recovered, appreciating +7.5% against the dollar for the quarter.

## Looking ahead

The global backdrop for markets remains linked to the China-US trade war and investors have reacted positively to the phase one deal. While this is clearly a step forward, we continue to anticipate both positive and negative surprises, given the intermingling of issues such as deficit reduction, market access, intellectual property and industrial policy being more positive than a quarter ago. The US and China seem ready to sign a trade deal and the US economy is ticking along nicely. Brexit is a certainty and now needs implementation.

Emerging markets should continue to benefit from the Fed's dovish stance and China's domestic stimulus.

In SA, we believe that the economic conditions for a number of SARB rate cuts are good and this can add some impetus to the local economy. This view is tempered by the constraints that the National Treasury is experiencing, and the possibility of selected tax hikes will be negative for consumers. The continued impact of Eskom load shedding and drought conditions in selected areas remains a concern in the short and medium term.

This asset class offers investors an attractive opportunity into quality businesses locally and internationally, supported by global structural growth trends. There are many self-help opportunities to increase profitability and acquisition earnings to boost bottom line profits and ultimately to grow the SA market earnings base in 2020.

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	1.06	1.09	-0.03
Domestic Equity	21.00	16.93	4.07
Domestic Fixed Interest	37.51	38.20	-0.69
Foreign Cash & Mny Mkt	0.20	0.14	0.06
Foreign Equity	18.10	20.21	-2.11
Foreign Fixed Interest	8.31	5.44	2.87
STANLIB Income Fund	13.83	18.00	-4.17

The portfolio adhered to its portfolio objective over the quarter.

## Fund classes

Class	Type	Price (cpu)	Units	NAV (Rand)
A	Retail	157.82	1,745,175,896.05	2,754,226,578.86
B1	Retail	158.06	1,415,392,511.70	2,237,116,309.41

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 Balanced Cautious 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 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](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)

### Trustee

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5th Floor, 4 Sandown Valley Crescent, Sandton, 2196  
Telephone: +27 (0)11 217 6600

### Investment Manager

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