

STANLIB Absolute Plus Fund

Fund features



Authentic absolute

The fund aims to provide high quality risk-adjusted returns over any 12-month period, while consistently growing investors' capital over time.



Harness the power of compounding

By avoiding big drawdowns, we compound returns more effectively. Refer to the "hypothetical return profile" graph below.



Embrace flexibility

We follow an unconstrained asset allocation framework while being style agnostic and opportunistic. We embrace active, passive and hybrid investment styles.



Keep things simple and nimble

A whole universe of asset classes and instruments are available to this strategy. We prefer to use indices with a high degree of liquidity to remain nimble. Our flexibility allows us to seek out better risk-adjusted returns.



Risk management philosophy

The fund has a lower maximum drawdown and standard deviation over five years than its major competitors.



Uncorrelated outcome

The fund provides a suitably uncorrelated outcome when blended into a portfolio, due to our unique management style.



Risk management focus

The fund benefits from market volatility and is opportunistic in how this is implemented. This approach favours investing the way markets are and not the way we would like them to be.



Volatility bias

The fund is suitable for any market environment but is designed to perform better in more volatile markets.



Marius Oberholzer
Head of Absolute Return

Fund aims

- Avoid losing capital over any one-year period
- Deliver CPI + 4% net of fees over time periods of more than three years

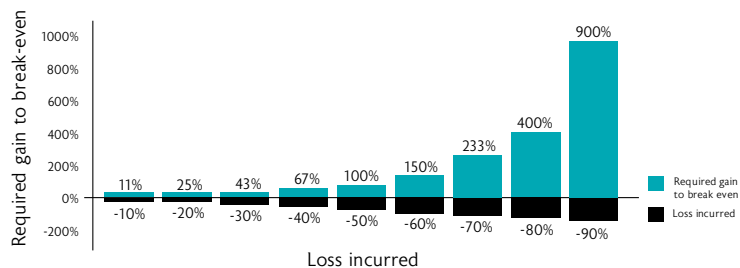
Fund details

Inception	Dec 2005
Size	R7.2 billion
Class	B1
Risk	Moderate

Power of compounding

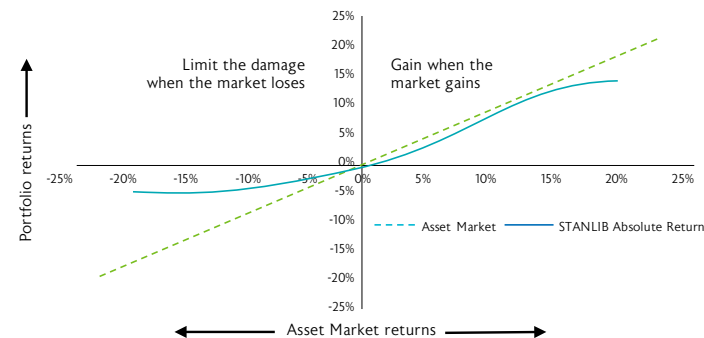
Siegel's Paradox: loss incurred vs required return to break even

The greatest risk to any investor is capital loss



Hypothetical return profile

What to expect in the medium term – optimal portfolio outcome



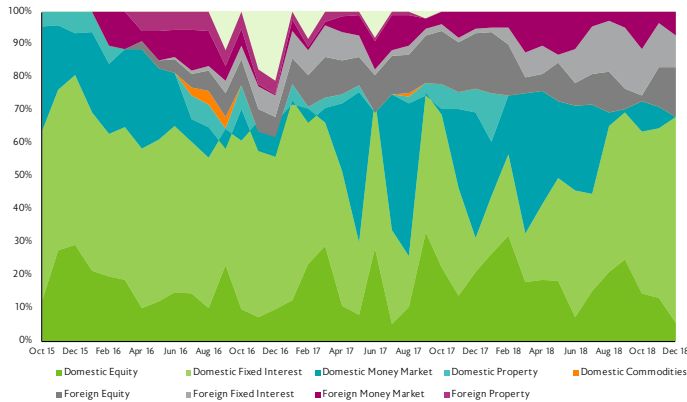
Performance

		Fund Class B1				
		1 Year	3 Years	5 Years	7 Years	8 Years
Fund		0.82	5.4	6.26	8.07	8.04
CPI + 4		7.84	6.42	5.96	5.84	5.67
High		10.64	13.27	18.17	18.17	18.17
Low		-0.19	-0.19	-0.19	-0.19	-0.19

Source: Morningstar, as at 31 December 2018

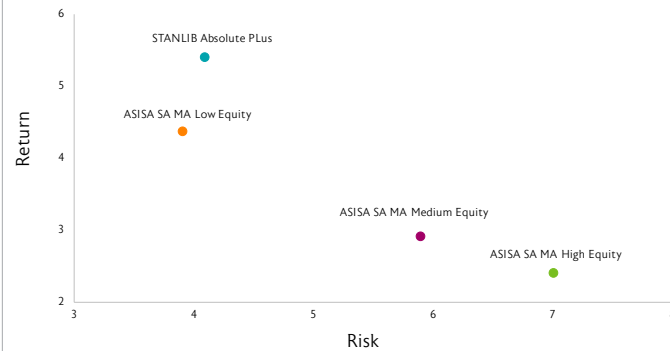
STANLIB Absolute Plus Fund

Absolute Plus asset allocation over time



Risk/return scatter plot - 3 years

The fund has demonstrated the ability to achieve high returns with a lower risk profile than multi-asset, medium- and high equity sectors.



Quartile ranking

The STANLIB Absolute Plus Fund stacks up well versus multi-asset low-, medium- and high equity sectors.

STANLIB Absolute Plus vs.	1 Year Return	3 Year Return	5 Year Return	3 Year Volatility	3 Year Value at risk
ASISA SA MA High Equity	1 st	1 st	1 st	1 st	1 st
ASISA SA MA Medium Equity	1 st	1 st	1 st	1 st	1 st
ASISA SA MA Low Equity	3 rd	1 st	2 nd	2 nd	2 nd

Source: Morningstar, as at 31 December 2018

Portfolio commentary

The fund largely avoided SA equity throughout the year. Property exposure was cut because of structural issues in the sector. We have favoured SA nominal bonds and floating-rate credit and, in the offshore portfolio, have limited equity risk while preferring emerging market dollar bonds and developed market currencies.

A material pullback in global equity and credit markets occurred in the fourth quarter of 2018. Structural vulnerabilities are being exacerbated by waning growth and the increasing global cost of capital. We believe we face the very real possibility of a global recession within 12 months.

2019 may deliver attractive returns but, with average equity valuations, heightened geopolitical risks and reasonably attractive real yields in some bond markets, a large position in equities does not seem sensible.

Disclaimer

CIS are traded at ruling prices and can engage in borrowing and scrip lending. Performance has been calculated using net NAV to NAV numbers, including actual initial and all ongoing fees, with income reinvested on the reinvestment date. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Collective investment schemes in securities are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance, forecasts and commentary are not necessarily a guide to future performance. A portfolio of a collective investment scheme in securities may also engage in scrip lending. Where different classes of participatory interests apply to certain portfolios, they would be subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Liberty is a member of the Association of Savings and Investment of South Africa. The Manager is a member of the Liberty group of companies. Contact details of Trustees: Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196. Telephone +27 (0)11 291 8042. STANLIB Collective Investments (RF) Pty Limited (Reg. No. 1969/003468/07). STANLIB Collective Investments (RF) Pty Limited is registered and approved under the Collective Investment Schemes Control Act. 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.

STANLIB

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