

# STANLIB Property Income Fund

## Fund features



### Quality local property assets

The fund invests primarily in leading local Real Estate Investment Trusts (REITs) with the potential to generate incremental growth in rental streams.



### Robust growth in different market cycles

A primary driver for stock selection is the quality of underlying income and the REITs' ability to generate a growing income stream.



### Active management

Sector weightings can be tilted in favour of the most promising investment opportunities.



### Long-term capital & income growth in a diversified fund

Diversified listed property exposure across major sectors from retail to industrial and office portfolios.



**Keillen Ndlovu**  
Head of Listed Property

## SA listed property outlook

1 Year	Bull case	Base case	Bear case
<b>Total Return (Income and Capital)</b>	<b>14.56%</b>	<b>9.03%</b>	<b>4.06%</b>
Assumption 1: SA 10 Year Bond Yield (Current 8.90%)	8.25%	8.75%	9.25%
Assumption 2: Exit Yield (Current 9.1%)	9.01%	9.51%	10.01%
Assumption 3: Earnings Growth	4.00%	4.00%	4.00%

4 Years (Rising interest rates but lower than long-term average)	Bull case	Base case	Bear case
<b>Total Return (Income and Capital)</b>	<b>15.44%</b>	<b>14.16%</b>	<b>12.97%</b>
Assumption 1: SA 10 year Bond Yield (Current 8.90%)	8.00%	8.50%	9.00%
Assumption 2: Exit Yield (Current 9.1%)	8.75%	9.25%	9.75%
Assumption 3: Average Earnings Growth	5.03%	5.03%	5.03%

## Fund aim

To generate superior long-term risk-adjusted returns based on thorough fundamental research.

## Fund details

Inception	December 2006
Size	R 8.64 billion
Class	B1
Risk	Aggressive

## Performance

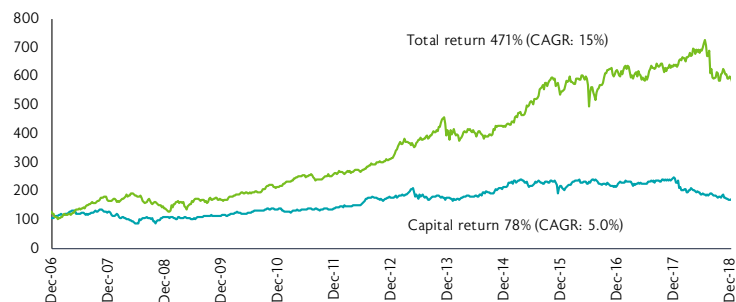
		Fund Class B1				
		1 Year	3 Years	5 Years	7 Years	10 Years
Fund		-27.87	-2.43	5.02	9.33	11.79
Benchmark		-27.00	-1.95	5.20	9.58	11.82
High		1.48	18.50	46.75	46.75	46.75
Low		-27.87	-27.87	-27.87	-27.87	-27.87

Source: Morningstar, as at 31 December 2018

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## Quality income focus drives long-term performance

66% of SA listed property's total return is derived from its underlying income stream.



Source: STANLIB Research, Bloomberg, 31 December 2018

## Listed property sector still appears attractive

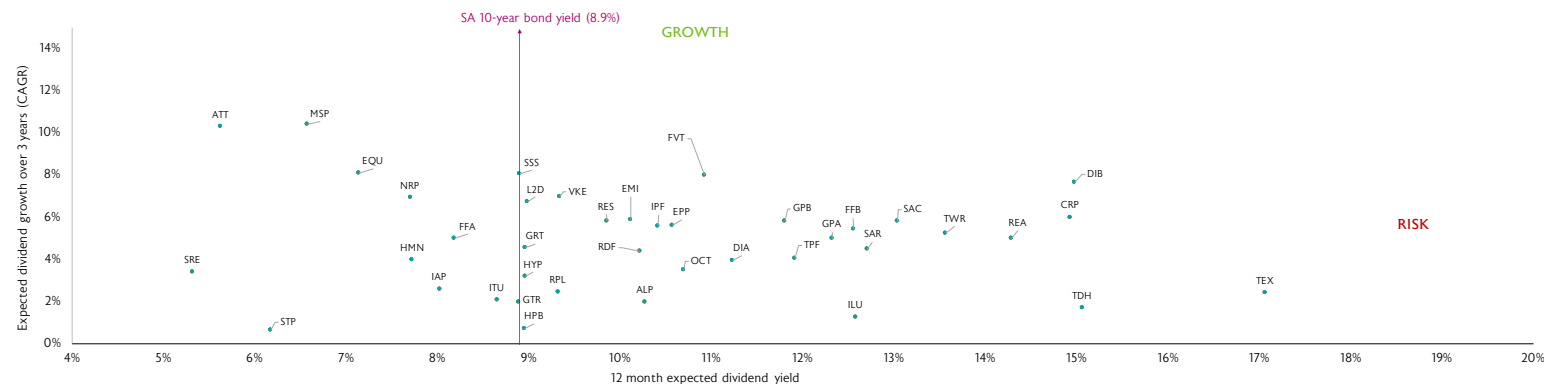
The SA listed property dividend yield is attractive relative to bonds and long-term history.



Source: STANLIB Research, Bloomberg, 31 December 2018

## Active stock selection

We actively manage the fund's exposure to specific stocks to achieve an optimal portfolio construction without taking unnecessary risk.



Source: STANLIB Research, Bloomberg, December 2018

## Fund fact

- Winner of numerous Morningstar and Raging Bull awards since inception\*.
- Full details and basis for the awards are available from STANLIB on request.
- One of the largest listed property funds in SA which often gives us preferential access to new investment opportunities.

## Portfolio commentary

- The fund outperformed its benchmark by +1.7% in Q418, generating a -4.51% gross total return compared with the benchmark's -6.21% gross return. It benefited from its off-benchmark exposure to Store-Age and Fairvest, overweighting in Vukile and limited exposure to UK retail.
- The sector in 2018 was characterised by a combination of corporate governance and accounting allegations against the Resilient group of companies, downward revisions and rebasing of earnings by several companies, uncertainty around Edcon's sustainability as well as weakening property fundamentals in SA in an anaemic economic environment.
- We have revised down our dividend growth base case numbers to 3-4% to account for weakening domestic fundamentals and uncertainty around Edcon. We forecast a base case total return of 9-10%.

### 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

17 Melrose Boulevard, Melrose Arch, 2196, PO Box 203, Melrose Arch, 2076

T +27 (0)11 448 6000 T 0860 123 003 (SA only)

STANLIB is an authorised financial service provider

stanlib.com

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