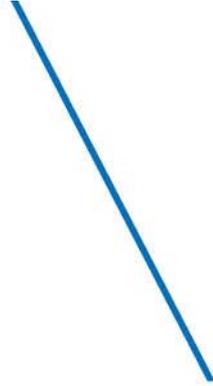




# Wealth Range – Model Portfolios

Snapshot review for the period ended June 2017



**STANLIB**  
MULTI-MANAGER

# Agenda

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- Cash-Income Solution (Cash +1%)
- Wealth Preserver Solution (CPI +3%)
- Wealth Enhancer Solution (CPI+5%)
- Wealth Accumulator Solution (CPI+7%)



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Portfolio Manager

**STANLIB**  
MULTI-MANAGER

# Wealth Range



# Cash-Income Solution

## Performance Review

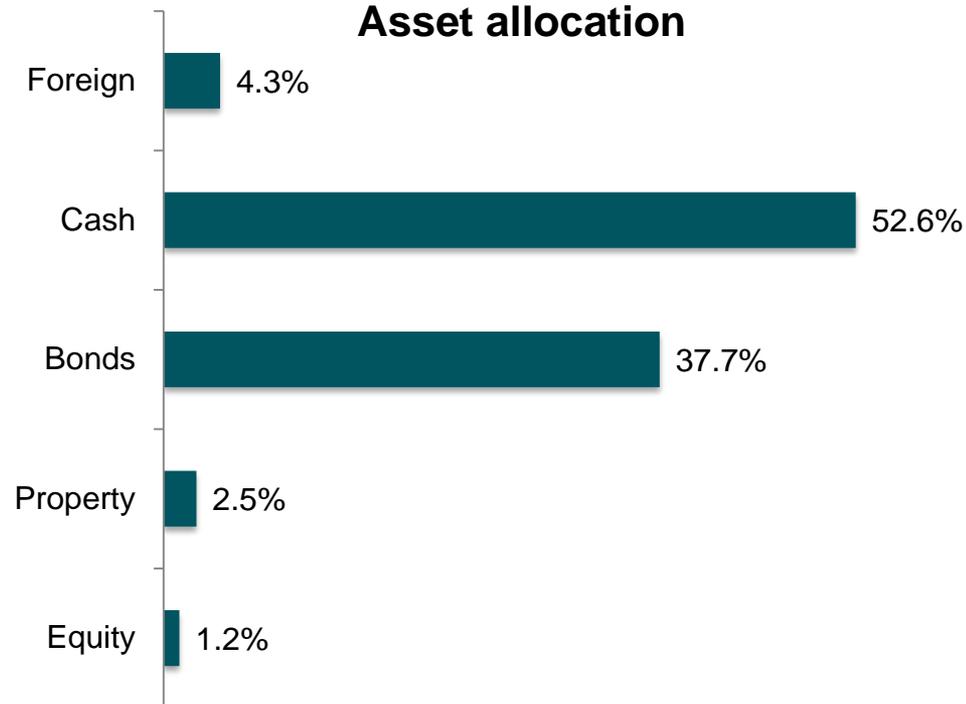
### Managers

CORONATION   
FUND MANAGERS

PRESCIENT

STANLIB

### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Cash Income	2.1%	8.8%	8.0%	7.8%
Stefi+1%	1.9%	7.9%	7.2%	6.6%

# Cash-Income Solution

## *Performance Summary*

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### Performance Overview

The portfolio is comfortably ahead of its **Cash+1% benchmark over the past year**, with Coronation Strategic Income, Prescient Income Provider and STANLIB Income producing good performance. The Solution remains comfortably ahead of the peer group as well over both the year and the quarter.

- **Coronation Strategic Income Fund** performed well, especially given the higher allocation to property which will have detracted from performance. Even though poor economic conditions have started to affect the local property market, Coronation remains confident that the sector offers selective value. Coro remains cautious in the management of the fund, and continues to invest only in assets and instruments which they believe have the correct risk and term premium to limit investor downside and enhance yield.
- **STANLIB Income Fund** was the best performer over the quarter and 12 months to June. Their high allocation to bonds will have contributed given that it was the best performing asset class (irrespective of duration)
- **Prescient Income Provider** remains short duration, preferring floating over fixed which will have contributed to returns. Performance over the quarter came from the high credit and funding spreads, as well as offshore property exposure.

→ **STANLIB Money Market Fund** has produced a sound 12-month performance and is comfortably ahead of the South African IB Money Market Peer Group Average. It continues to be the defensive fund in the solution, taking much lower risk.

### Positioning and outlook

- The solution remains appropriately diversified across the managers in the portfolio, with the manager line up remaining unchanged.
- The short-end of the yield curve continues to provide great returns over cash, with ALBI 1-3 years returning 90bps more than STeFi Composite over 12 months.
- Overall, underlying managers remain cautious with approximately 53% in cash and over 90% in income oriented assets.

# Wealth Preserver Solution

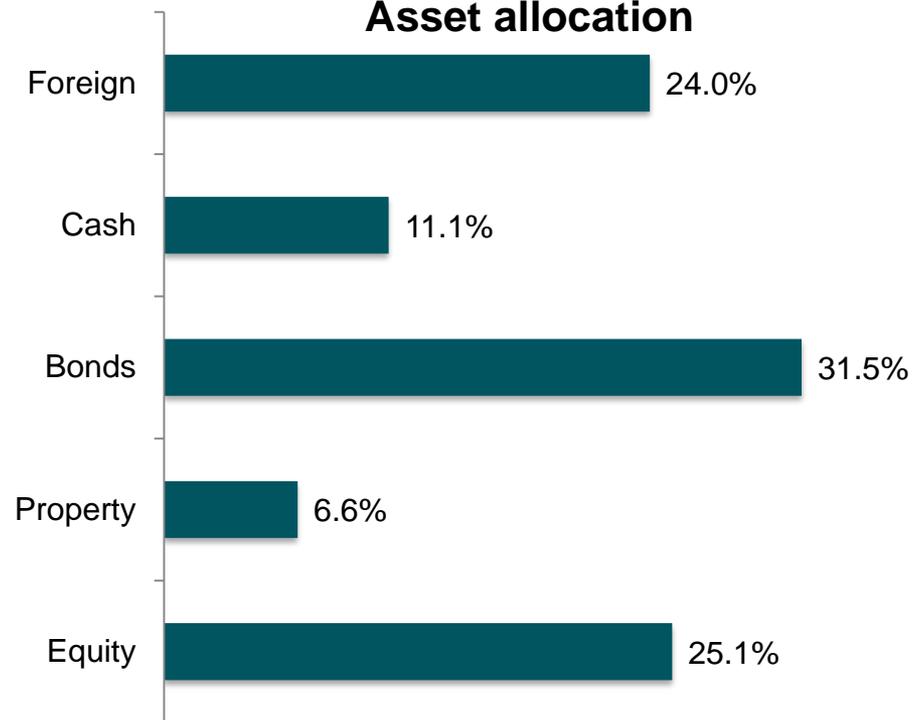
## Performance Review

### Managers



STANLIB

### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Preserver (Cash+3%)	0.3%	2.2%	4.9%	7.8%
Inflation +3%	1.7%	8.5%	8.4%	8.7%

# Wealth Preserver Solution

## Performance Summary

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### Performance Overview

The CPI+3% solution is over **3% behind its inflation plus benchmark over a three-year** investment horizon. Only property and global equity outperformed the inflation plus objective, with all other asset classes falling short. With only a quarter of the Solution being exposed to these asset classes, the environment has been very tough. Absa Absolute was the worst performer.

- **Coronation Capital Plus** was the best fund in the Solution over 12 months to June. It also outperformed the ASISA Low Equity Peer Group Average over 12 months by 20bps. The fund remains well diversified across asset classes. The high allocation to foreign assets will have detracted from performance given the rand strength over the past 12 months given the rand strength.
- **Absa Absolute's** high allocation to Inflation Link Bonds and Foreign Bonds continued to detract, with ILBs being the worst performing South African asset class over the 12 months to June, and Foreign Bonds the worst performing asset class due to negative dollar returns coupled with rand strength. With the departure of Errol Shear from Absa, we removed the Absa Absolute Fund from the Solution, replacing them with Prudential Inflation Plus.

→ **Investec Cautious Managed** had a very strong start to the year, being 1.6% ahead of the peers for 2017. The large allocation to Foreign Equity contributed for this year given the strong rally in global markets. As a result of this stellar performance over the past 6 months, the 12 month returns have recovered, now only 20bps behind the peer group average.

→ **STANLIB Low Equity Tracker Fund** lagged the peer group average as a result of higher allocation to ILBs and Foreign Cash. The higher allocation to South African Equity over Foreign Equity also detracted from peer relative performance given the strong performance from Foreign Equity.

### Positioning and outlook

→ The sale of Absa Absolute and purchase of Prudential Inflation Plus Fund has increased Foreign Equity, local Property as well as Total Foreign exposure. This was funded through a reduction of local Equity and Foreign Bonds.

→ Given the defensive role that Absa Absolute played in the solution, we increased the exposure to Investec Cautious Managed to ensure the new blend is not too aggressive for the given inflation target.

# Wealth Enhancer Solution

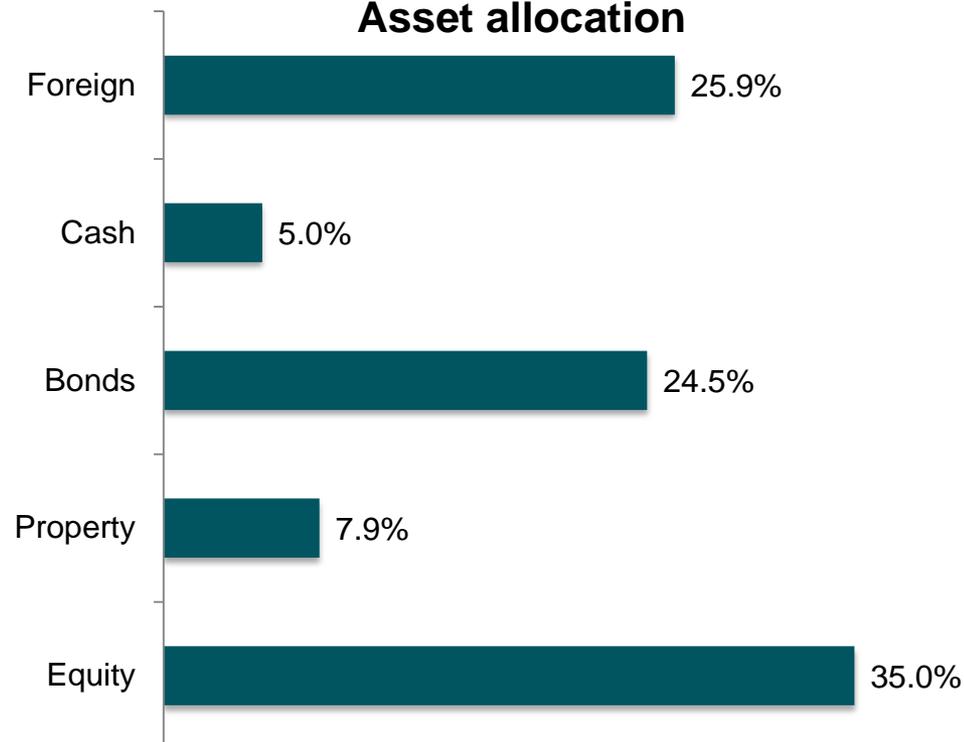
## Performance Review

### Managers



STANLIB

### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Enhancer (Cash+5%)	0.3%	2.1%	6.2%	10.6%
Inflation +5%	2.2%	10.5%	10.4%	10.6%

# Wealth Enhancer Solution

## *Performance Summary*

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### Performance Overview

Despite volatility in the markets the CPI+5% solution delivered a reasonable 36-month return (6.2%) and is **in-line with the CPI+ objective over five years**. The past 12 months has been difficult, given that not one asset class outperformed the inflation plus 5% target.

- **Coronation Balanced Plus** is the Solution's best performing Fund over 12 months as well as year to date, outperforming the Medium Equity peers by 1.8% over 12 months and 1.5% in 2017. The allocation to Foreign Bonds and Cash detracted from performance given the lackluster asset class performance coupled with rand strength. Coro are encouraged as they find more value today than they have at any time over the last five years.
- **Investec Opportunity Fund** has had a strong start to 2017 yet has lagged over 12 months. Investec Opportunity Fund is 1.3% ahead of the Medium Equity Peer Average for 2017. They continue to benefit from good stock selection offshore as well as exposure to quality stocks locally. The manager has displayed good asset allocation calls where they had no exposure to global bonds.

- **Prudential Inflation Plus** produced a good return in the context of being the defensive low equity manager in the CPI+5% portfolio. However, given the higher allocation to Foreign Bonds and Cash, it lagged marginally in 2017. The Fund continues to deliver a strong performance versus the low equity peer group average over 12 months and longer.
- **STANLIB High Equity Tracker Fund** outperformed the high equity peer group average in 2017. However, as a result of the higher allocation to global bonds and local equity (specifically the ALSI), it underperformed over 12 months.

### Positioning and outlook

- We remain happy with this model portfolio's overall performance and the portfolio construction framework.
- Prudential increased their total equity exposure, adding to both local and foreign equity.

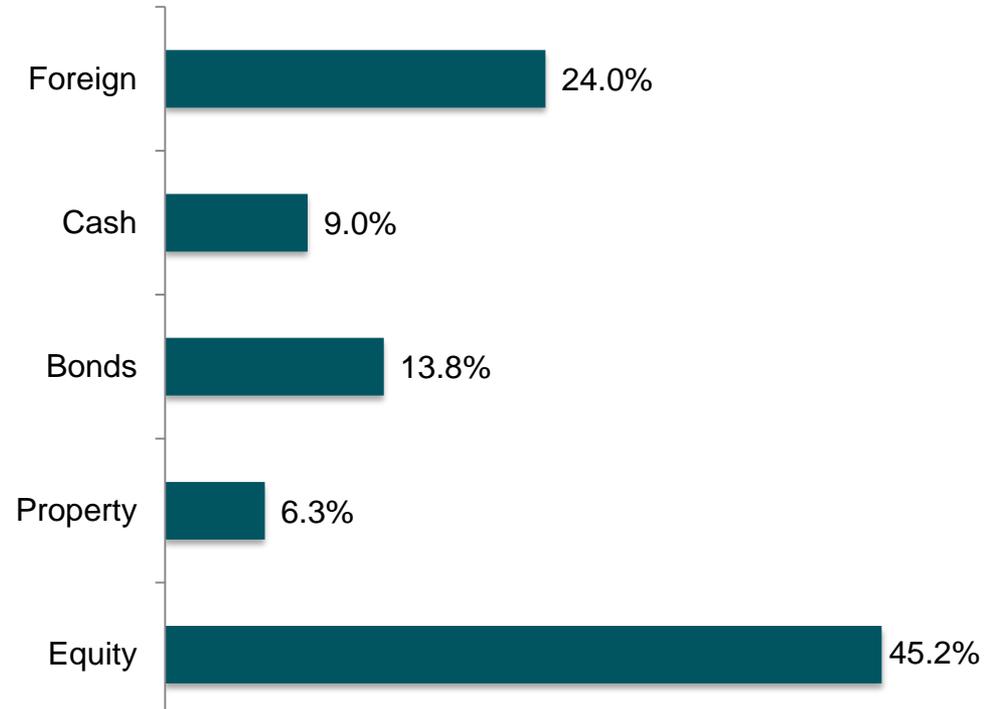
# Wealth Accumulator Solution

## Performance Review

### Managers



### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Accumulator (Cash+7%)	0.6%	3.0%	6.0%	12.5%
Inflation +7%	2.6%	12.5%	12.4%	12.7%

# Wealth Accumulator Solution

## *Performance Summary*

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### Performance Overview

While the CPI+7% solution disappointed relative to the inflation plus objective, the solution **is ahead of the ASISA SA High-Equity Peer Group Average over all periods**. Managers continue to struggle keep pace with inflation since all asset classes have underperformed the inflation target over 12 months, and only Property outperforming inflation plus 7% over 3 years.

- **Prudential Balanced** was the best performing fund of the solution over 12 months, outperforming the high equity peer average by almost 3.5%. They continue to benefit from both good asset allocation and stock selection. During the quarter they increased the Foreign Equity exposure by reducing Foreign Cash – this will have contributed to performance.
- **Coronation Balanced Plus** also performed very well in 2017, being the best fund for this year. This strong performance has also resulted in the 12 month performance looking strong relative to the peers. Performance was driven by a large overweight to Emerging Market Equity, the best performing asset class currently.

- **Foord Balanced** has had a tough year as a result of their defensive positioning. However the 6 month return has improved. They maintain a cautious portfolio stance on the back of simmering geopolitical tensions, a weak domestic economic outlook and continued political uncertainty. They are of the view that current valuations do not provide sufficient compensation for the risks. As a result they remain overweight foreign cash.
- **STANLIB High Equity Tracker Fund** underperformed the high equity peer group average over 12 months as a result of the higher allocation to global bonds and local equity (specifically the ALSI), yet has outperformed in 2017.

### Positioning and outlook

- We remain happy with this model portfolio's overall performance and the portfolio construction framework.

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