



STANLIB Lesotho

Focused Investing

 **STANLIB**



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General Information

A photograph of a waterfall cascading down a dark, rocky cliff face. The water is white and frothy as it falls, creating a misty pool at the base. The surrounding rock is dark and textured. The overall tone is dramatic and inspiring.

Where
others see
challenge,
we see
opportunity.

Who is STANLIB Lesotho (Pty) Ltd?

STANLIB Lesotho (Pty) Ltd, previously Standard Lesotho Bank Unit Trust (Pty) Ltd, is a licensed financial services provider regulated by the Central Bank of Lesotho under the Collective Investment Schemes Regulations, 2001. STANLIB Lesotho (Pty) Ltd was established in August 2001 as a joint venture between Standard Lesotho Bank and STANLIB South Africa, with management control residing with STANLIB South Africa.

The establishment of STANLIB Lesotho (Pty) Ltd brought to the market an asset manager with capabilities to manage collective investment schemes, with both a local and international investment focus to meet diverse client needs. The establishment of the company was initially pursuant to the government of Lesotho's Privatization and Private Sector Development Programme, with a view to facilitate the participation of Basotho (citizens) in the shares previously owned or held by parastatals in terms of indirect ownership.

Our clients

Our clients are mainly institutional and corporate investors with short-term cash management and medium-to-long term investment needs, including retirement funds asset management; and retail investors with surplus cash to invest at regular intervals or in once off lump sum investments. Our retail clients comprise of individual investors, high net-worth individuals, stokvels, clubs, small business associations and community cooperatives. We have representation in all 10 of the districts of Lesotho, predominantly in the principal towns through Standard Lesotho Bank's extensive branch network, Standard Lesotho Bank relationship managers, as well as our network of brokers and independent financial advisors. Standard Lesotho Bank's extensive branch network forms the core of our distribution and client service network.

Our heritage

Our parent company STANLIB, is one of Africa's leading asset managers with its headquarters in South Africa, with assets under management and administration in excess of R561 billion* for over 400 000 retail and institutional clients across the African continent. STANLIB was founded in 2002 when Liberty Asset Management and Standard Corporate and Merchant Bank Asset Management merged. Liberty Asset Management and SCMB Asset Management had managed investments for over 25 years prior to their merger. STANLIB is fully owned by Liberty Holdings Limited and is a subsidiary of the Standard Bank Group.

Additional information can be accessed by contacting our head offices based in Maseru on (+266 22 326 820) or by visiting your nearest Standard Lesotho Bank branch.

*As at June 2014



Standard Lesotho Bank Income Fund

What is the Standard Lesotho Bank Income Fund?

The Standard Lesotho Bank Income Fund is a unit trust that aims to obtain a reasonable level of current income while maintaining maximum stability for capital invested. The Fund invests in fixed income securities (i.e. bonds) and other non-equity securities like financially sound preference shares, debenture stock, debenture bonds, and other securities in the Common Monetary Area (CMA).

The Standard Lesotho Bank Income Fund has been specifically developed to meet the growing demand for conservative income solutions in Lesotho.

The Standard Lesotho Bank Income Fund only invests in instruments issued by credible institutions and measures are in place to prevent over exposure to any one institution. This restriction presents the foundation for the diversification that this Fund offers. The Standard Lesotho Bank Income Fund may invest in government issues of the Republic of South Africa, Kingdom of Lesotho, Republic of Namibia and Kingdom of Swaziland, as well as corporate issues of companies domiciled or registered in the CMA region.

The Fund is managed by a team of skilled and experienced fund managers whose industry experience provides synergistic benefits to investors by giving them direct access to the expertise and experience of one of Africa's leading fixed income teams. The weighted average maturity of this Fund may not exceed two years and the Fund may not have any direct/indirect foreign exposure.

Who should invest?

The Standard Lesotho Bank Income Fund is suitable for those investors who are looking for a conservative investment solution that aims to maximise their income while maintaining capital stability. The Fund also appeals to those investors that require a relatively liquid investment with exposure to fixed interest instruments across the CMA region. The Standard Lesotho Bank Income Fund may suffice as a stand-alone investment solution or form part of a diversified portfolio of investments.

The Fund is suitable for investors who:

- require a low risk income fund with regular income declarations

- seek reasonable levels of current income and maximum stability for capital invested
- require a potentially higher yield than money market over the medium term

Why invest in the Standard Lesotho Bank Income Fund?

The economies of scale achieved through pooling of investments enables the Fund manager to purchase higher yielding instruments that individual clients and medium-sized corporates and institutions would not normally have access to.

The Standard Lesotho Bank Income Fund provides a stable environment in which investments can be housed; and the quarterly distributions can supplement investors' income. Investing in the income class offers other distinctive advantages:

- Fixed income investments closely simulate cash, but often give a higher return than cash
- It is a highly liquid asset class with a low risk of capital loss
- A solid and consistent income stream

The Lesotho economy will also benefit from this Fund through investment in local securities and the subsequent capital market development. This comes at a time when it is imperative to develop a capital market to fund Lesotho's economic and infrastructure development plans.

Investment amounts

Minimum initial investment amount:	M5 000
Minimum monthly debit order:	M500
Minimum repurchase amount:	M2 000
Minimum account balance:	M3 000

Fee structure

Initial fee:	Nil (institutional investors) 1.50%
Annual management fee:	1.00% per annum (institutional investors) 1.25% per annum (retail investors)

Standard Lesotho Bank Money Market Fund

What is the Standard Lesotho Bank Money Market Fund?

The Standard Lesotho Bank Money Market Fund is a unit trust (collective investment scheme) that aims to maximise income while preserving capital over the medium-term; and to ensure liquidity of funds invested. It invests in a wide range of highly marketable short-term debt securities, which include short-term government securities like treasury bills, corporate financial instruments such as bankers' acceptances, negotiable certificates of deposit (NCDs), commercial paper and other debt securities issued by South African and Common Monetary Area governments and banks (Lesotho, Swaziland and Namibia). Interest is calculated daily and paid at the end of each month.

There is currently a great demand for alternative cash products in Lesotho; and this Fund is ideally positioned for investors looking for investment returns that are stronger than local bank deposits with the convenience of a call account.

Who should invest?

The Fund caters for corporates, institutions and private investors who have cash available to invest over the medium-term and require the flexibility to withdraw funds at relatively short notice.

This Fund is suitable for:

- Investors who require a wholesale interest rate on cash
- Short-term investors requiring a 'parking bay' for their cash
- Investors who require low-risk, secure investments with yields in excess of traditional banking products

Why invest in the Standard Lesotho Bank Money Market Fund?

In the past, investors have relied on savings accounts as a savings vehicle for a home purchase, children's education, retirement or for emergencies. Investors now have the opportunity to utilise the Standard Lesotho Bank Money Market Fund for all their savings needs, at higher yields on cash deposits than traditional savings accounts and term deposits.

The economies of scale achieved through pooling of investments enables the fund manager to purchase higher yielding instruments that individual clients and medium-sized corporates and institutions would not normally have access to through traditional savings and normal bank deposits. The Fund also provides investors direct access to the expertise and experience of one of Africa's leading money market investment teams.

Investment amounts

Minimum initial investment amount:	M15 000
Minimum monthly debit order:	M1 000
Minimum repurchase amount:	M2 000
Minimum account balance:	M10 000

Fee structure

Initial fee:	Nil
Annual management fee:	0.50% per annum (institutional investors) 1.00% per annum (retail investments)

Income Fund and Money Market Fund compared

	Standard Lesotho Bank Income Fund	Standard Lesotho Bank Money Market Fund
Capital fluctuations	Yes	No
Distributions	Quarterly	Monthly
Investable universe	Money market, bond instruments and other interest-bearing instruments	Money market instruments
Mandate restrictions - maximum weighted average duration	2 years	90 days
Recommended minimum investment period	3 years	1 year (or less)

STANLIB Lesotho Multi-Asset capability

The STANLIB Lesotho Multi-Asset capability is an offering suitable for institutional investors seeking a segregated portfolio to invest in a diversified spread of equities and fixed-income securities. The primary objective of the offering is to seek long-term capital growth and income consistent with moderate investment risk from a wide range of securities.

The STANLIB Lesotho Multi-Asset capability provides investors with exposure to a number of asset classes that are positively and negatively correlated. This diversification of assets provides investors with the comfort that their exposure to risk is contained without unduly compromising returns.

The Multi-Asset Team focuses only on the asset allocation of assets and on managing the domestic equity component, nothing else. All other asset classes – property, fixed interest

and offshore – are allocated to specialist teams to manage, providing clear focus on every component of the capability.

Each member of the Multi-Asset Team brings a different skill set and experience to the decision-making process. This provides varied perspectives and ideas. Tactical asset allocation (TAA) informs the asset allocation in the capability and relies on the input of investment professionals locally, across the continent and globally. This, results in well-informed asset allocation decisions.

The Multi-Asset capability targets investors:

- Aiming to achieve capital growth with lower risk than equity-only funds
- With a time horizon of five years or more to invest
- With a moderate risk profile

STANLIB Lesotho Direct Property capability

The STANLIB Lesotho Direct Property capability is an offering suitable for institutional investors seeking a segregated portfolio. Through the STANLIB Direct Property Investment Team based in South Africa, STANLIB Lesotho is able to offer long-term inflation beating returns to investors through a quality real estate portfolio. Our investment purpose is making real estate accessible and sustainable.

Our investment objective is delivering long-term performance characterised by strong income growth and capital appreciation through the following:

- Use of our specialist retail asset management skills to drive levers of retail growth and turnover
- Creation of a catalytic environment for other investment opportunities in specific investment node
- Sustaining investments in nodes which have good economic fundamentals and where the investor already has dominant investments
- Investing in quality and dominant sector classes poised for growth

- Evaluating good investment opportunities that meet our minimum investment size per asset and criteria to improve the overall quality of portfolio's and improve long term returns

Our retail property mandates rely on the ability to create strong trading platforms which in turn attract good tenants, warrant high rentals and maintains a consistent demand for space. This results in sound returns for investors while increasing asset diversification. Our funds remain resilient due to the quality and diversification of our assets and well-established relationships with good tenants.

All the factors intrinsic to a successful investment are evident in the STANLIB Direct Property Investment Team - the heritage and credibility of the investment provider, its historical performance, liquidity, diversification, stability and strong management.

STANLIB Lesotho Equity Fund

What is the STANLIB Lesotho Equity Fund?

The Fund is a unit trust that aims to obtain steady growth of income and capital, a reasonable level of current income and the maximum stability for capital invested. The Fund invests in securities, non-equity securities and participatory interest of collective investment schemes.

Who should invest?

The Fund caters for corporates, institutions and private investors who have cash available to invest over the medium to long-term.

This Fund is suitable for investors:

- Seeking steady long-term capital growth
- Typically have an investment horizon of more than five years
- Investors who require returns commensurate with medium to high risk

Why invest in the STANLIB Lesotho Equity Fund?

The Fund is a general equity fund whose objective is steady growth of income and capital; and can be used primarily as the equity building block for a portfolio.

The Fund combines value and growth and is effectively style agnostic, meaning it has a mandate that is not restricted to any specific investment style. Using a bottom-up stock picking approach, the Fund can invest in both local and offshore equities (up to a maximum of 25% offshore and 5%

in Africa excluding SA).

The Equity Team's primary objective is to grow and preserve capital over a long-term period. As such, the team:

- Is benchmark conscious with a tracking error of 3 to 5%
- Uses the STANLIB Research Team as its primary input for stock selection
- Invests in companies that are growing earnings above the market, generating economic profit, distributing cash and are attractively valued

The Lesotho economy will also benefit from this Fund through the Fund's investment in local securities and the subsequent capital market development, at a time when it is imperative to develop a capital market to fund Lesotho's economic and infrastructure development plans.

Investment amounts

Minimum initial investment amount:	M5 000
Minimum monthly debit order:	M500
Minimum repurchase amount:	M2 000
Minimum account balance:	M3 000

Fee structure

Maximum initial fee::	5%
Annual management fee:	1.5%

General information

How to invest and disinvest

Our procedures are designed to be investor friendly. An application form (available from either STANLIB Lesotho head office, your nearest Standard Lesotho Bank branch or via our website) needs to be completed and submitted together with a certified copy of your identity document or passport and confirmation of your residential address. Once the application has been approved, your funds can be transferred.

Disinvesting is just as easy. By simply completing and having the authorised signatories sign the appropriate form, your funds will be readily available. Withdrawal of funds can be made either on a total or partial basis. Transfers will be made electronically into your account. For security reasons, payments will only be made to account holders and no payments will be made to a third party.

Benefits of investing in our unit trust funds

Affordability Unit trusts are a convenient and low cost vehicle into the investment market. All our funds provide you with well diversified, efficiently managed portfolios. From as little as a lump sum of M2 000 or monthly debit order of M200, affordability is guaranteed.	Accessibility All our unit trust funds are liquid and easily accessible, meaning you can withdraw funds at short notice. There are no withdrawal penalties or minimum "lock-in" investment periods, unlike other term deposits that charge high fees for early withdrawal. It is however recommended that an investment in unit trusts be viewed over the medium to long term, typically one year for money market funds and three years or longer for other funds.	Flexibility Investments in one fund can be switched between other funds in our product suite, and income from one fund can be invested in other funds.
Safety Our unit trust funds are strictly regulated by the Central Bank of Lesotho, acting as regulator for the unit trust industry in Lesotho. The funds are also overseen by a dedicated trustee/custodian, whose role is to ensure that the funds act in the investors' best interests and that investment best practice is adhered to. The funds' financials statements are audited annually by an independent audit firm.	Distribution periods Our unit trust funds are priced daily, with income distributed at varying frequencies as per fund mandate - either monthly for the Standard Lesotho Bank Money Market Fund, quarterly for the Standard Lesotho Bank Income Fund or bi-annually for the STANLIB Lesotho Equity Fund.	Regular feedback Depending on the fund, clients receive individual monthly or quarterly statements, providing feedback and transparency on the management and performance of the fund.
Professional management Our unit trust funds are managed by the largest unit trust company in Southern Africa, with offices in South Africa, Lesotho, Swaziland, Botswana, Namibia, Kenya, Uganda, South Sudan and Tanzania. STANLIB is a member of the Standard Bank Group and is thus well placed to service your particular investment needs and through dedicated and experienced fund managers diligently manage your money, ensuring your peace of mind.	Diversification Our unit trust funds are well diversified within their respective investment mandates, thus enhancing the stability of our respective funds. Transparent benchmark The Standard Lesotho Bank Money Market Fund and Standard Lesotho Bank Income Fund are benchmarked against the STeFI Composite Index. The STANLIB Lesotho Equity Fund is benchmarked against the FTSE/JSE Shareholders Weighted All Share Index.	Defined risk profile Our unit trust funds have clearly defined risk profiles, solution, whilst the STANLIB Lesotho Equity Fund is an aggressive investment solution. The Standard Lesotho Bank Money Market Fund is a conservative cash investment solution. The Standard Lesotho Bank Income Fund is a conservative-to-moderate fixed income investment solution, whilst the STANLIB Lesotho Equity Fund is an aggressive investment solution.

Requirements and supporting documents

Unless previously provided to STANLIB Lesotho, a client must send verified/certified copies of the documents set out below. These are used to verify the identity of the investor. Strictly, only clear, legible copies of identity and other documents will be accepted.

a) Individuals/sole proprietor

Lesotho

- Identity document, OR valid driver's licence; OR valid passport
- Proof of physical residential address
- Authority to act (if applicable): power of attorney/letter of appointment from the court and authorised signatories' resolution (if more than one). If applicable, identity document, physical residential address and contact details of persons authorised to act
- Unabridged birth certificate for minors (under 18 years)
- Proof of bank account

Foreign

- Valid passport
- Proof of physical residential address
- Authority to act (if applicable): power of attorney / letter of appointment from the court and authorised signatories' resolution (if more than one). If applicable, identity document, physical residential address and contact details of persons authorised to act
- Unabridged birth certificate for minors (under 18 years)
- Proof of bank account

Proof of physical residential address

One of the following documents reflecting name and physical residential address (must be less than three months old, unless otherwise specified) is required for proof of address:

- Utility bill
- Current lease or rental agreement
- Bank statement
- Municipal rates and taxes invoice
- Mortgage statement
- Telephone account
- Tax return (less than 1 year old)
- Letter from bank manager, medical practitioner, accountant, or attorney, on a formal letterhead, stating that they know the client for three years, and confirming physical address
- Letter on letterhead signed by board of trustees, directors, etc confirming physical business address
- Correspondence from a body corporate or share block association

Any of above documents for spouse, together with marriage certificate or if not available:

- Affidavit from person co-habiting with client, providing:
 - Name, identity number and physical residential address of client and co-habitant
 - Relationship between client and co-habitant
- Confirmation that residential address is shared
- Visit to physical address by a STANLIB Lesotho employee, or as a last resort
- Affidavit from client, providing:
 - Name, identity number and physical residential address
 - Confirmation that client resides at physical residential address

b) Trusts

- Trust deed or other founding document (e.g. will for Will Trust),
- Authority to act: letter of authority from the Master of the High Court and trustees' resolution
- Identity document, physical residential address and contact details of each trustee, each beneficiary, the founder and the persons authorised to act
- Proof of registered address of Master of High Court (stamp on letter of authority)
- Proof of bank account

c) Partnerships

- Partnership agreement
- Authority to act: Partners' resolution
- Identity document, physical residential address and contact details of partners and persons authorised to act
- Proof of bank account

d) Deceased estates

- Letter of executorship/letter of authority
- Death certificate of the deceased person
- Letter from the Master of the High Court
- Passport copy of the deceased
- Passport copy of the beneficiary with three specimen signatures (on the passport)
- Proof of residential address for the beneficiary
- Transfer letter written by the beneficiary
- Verification on the client file or workflow to check if the estate late account corresponds with the client name
- Authority to act: special power of attorney (if applicable)/executors'/authorised signatories' resolution
- Identity document, details of physical residential address and contact numbers of persons authorised to act
- Proof of bank account

e) Companies

Lesotho

- Certificate of Incorporation
- Notice of Registered Office and postal address
- Authority to act: Directors' resolution
- Identity document, physical residential address and contact details of principal executive officer of company, of persons authorised to act and of persons holding more than 25% of voting rights in company
- Proof of physical business address
- Proof of bank account

Foreign

- Official document of Incorporation,
- If trading in Lesotho, documents for Lesotho unlisted companies
- Authority to act: Directors' resolution
- Identity document/passport, details of physical residential address and contact numbers of related parties and persons authorised to act
- Proof of physical business address
- Proof of bank account

Statutory Disclosure and General Terms and Conditions

Unit Trust Investments or 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 is not necessarily a guide to the future. An investment in the units of a unit trust (participations of a collective investment scheme in securities) is not the same as a deposit with a banking institution. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to these portfolios and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the company [STANLIB Lesotho (Pty) Ltd].

Commission and incentives may be paid and if so, would be included in the overall costs. The manager (STANLIB Lesotho) reserves the right to close certain portfolios from time to time in order to manage them more efficiently. Details are available from the company. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Our portfolios are valued on a daily basis at 15h30. It is possible that assets within a unit trust fund can only be priced on a monthly basis, forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 15h30.

Compliance Number: 63DR79



STANLIB Lesotho

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