STANLIB Enhanced Yield Proposition

Factsheet / Minimum Disclosure Document as at 30 June 2021

STANLIB

Proposition details

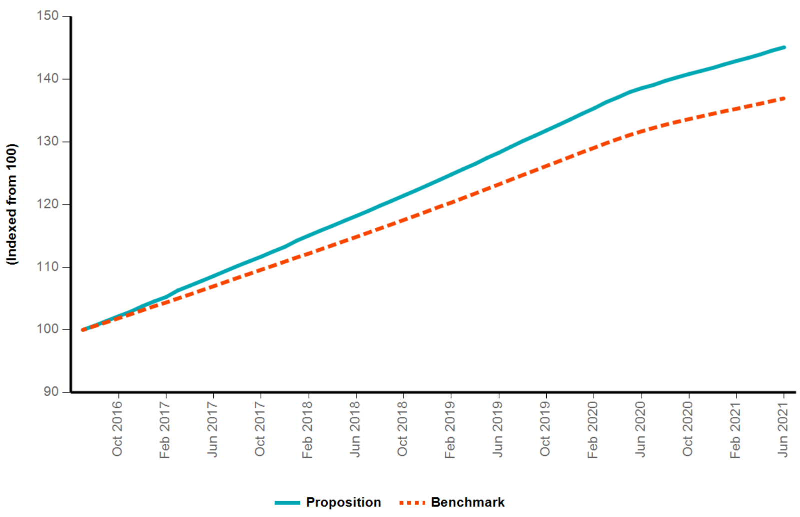
GIPS Inception Date: 24 Oct 2006
Asset size: R 4'513.31 million
Benchmark: STeFI Composite Index
Available as: Segregated, Collective Investment Scheme
Brief description:

This proposition invests in a flexible mix of non-equity securities, including money market instruments, bonds, fixed deposits, listed debentures, preference shares and other high yielding securities. A maximum weighted average duration is 180 days, and the maximum duration of any individual instrument is 36 months.

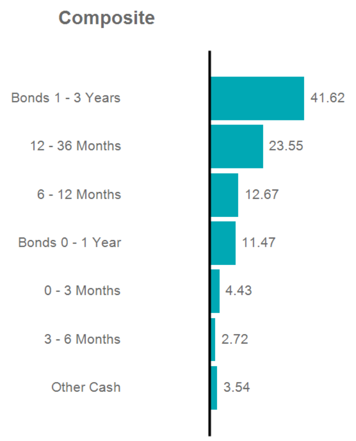
Performance table (annualized, gross of fees in Rands) (%)

	1 year	3 years	5 years	Since GIPS inception
Proposition	4.71	7.07	7.88	8.12
Benchmark	4.01	6.04	6.62	7.08

Cumulative 5 year gross performance vs. benchmark



Asset Allocation(%)



Based on latest month averages

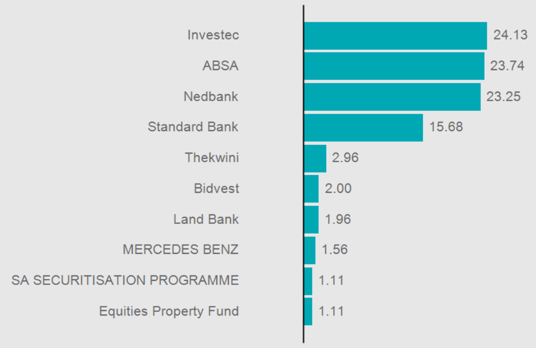
Risk profile

Negligible	Low	Moderate	High	Very High

Risk statistics (3 years, annualised)

Alpha	0.01
Beta	1.14
Benchmark Standard Deviation	0.42
Standard Deviation	0.49
Sharpe Ratio	2.52
Sortino Ratio	0.58
Tracking Error	0.14
Information Ratio	7.51

Institutional Exposure – Top Holdings (%)



GIPS ® Disclosure

STANLIB Asset Management is a 100% owned operating entity within STANLIB Ltd. The company comprises all portfolios managed by STANLIB Asset Management. STANLIB Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of STANLIB Asset Management and/or a presentation that complies with the GIPS® standards, contact STANLIB Performance at 0860 123 003, write to STANLIB Asset Management, PO Box 202, Melrose Arch, 2076 or email stanlib.performance@stanlib.com

Please refer to page 2 for more details regarding this franchise as well as other important information for consideration

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Investment thesis

The investment objective of the proposition is to maximise the current level of income within the restrictions set out in the investment policy, while providing maximum stability of capital. The product will aim to achieve performance returns in excess of money market yields and current account yields.

The maximum average weighted duration of the portfolio is 180 (one hundred and eighty) days and the maximum tenor for any one instrument is 36 (thirty six) months.

The manager may from time to time invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes. The proposition may from time to time invest in financial instruments. It will not be permitted to invest its assets in foreign investment markets.

This proposition is managed by:

Ansie van Rensburg

B.Com (Hons) in Economics

Joined the investment industry in 1987
Joined Stanlib in 1991.

Eulali Gouws

BCom (Hons)(Accounting), CA (SA), CFA

Joined the investment industry in 2008
Joined Stanlib in 2015.

Quarterly Comments - Q2 2021

Fund review

The STANLIB Enhanced Yield Fund held R4.5 billion assets under management at the end of the quarter. The fund's weighted average life remained stable at 437 days from 432 days at the end of the first quarter. The money market yield steepened during the quarter, especially in the long end of the curve. We have also hit the bottom of the interest rate cycle. As a result, the fund remained in longer-dated floating rate investments.

Market overview

The South African Reserve Bank (SARB) left the repo rate unchanged for the first six months of this year at 3.5%. The Johannesburg Interbank Average Rate (JIBAR) ended the quarter higher in the long end with the forward rate agreement (FRA) curve steepening throughout the quarter. The FRA curve is an indication of market sentiment and is currently implying more than 50 basis points of hikes by the SARB in the coming months. Given the economic stress the country is still experiencing, this is potentially the result of investors paying interest in the shorter swap market rather than the market's expression of the rate outlook at this stage. We therefore only expect rate hikes in 2022.

The unemployment rate is now at 32.6% and is expected to decline over the next five years. A moderation this year would require faster economic growth and a rapid roll-out of vaccinations to quickly cover two-thirds of the population. Job creation was set back by seven years in SA because of the pandemic. The largest losses were borne by the formal sector of the economy, at 700 000 jobs, with 400 000 lost in the informal sector.

As anticipated, GDP growth slowed in the fourth quarter of 2020 to 1.4%. In the second quarter of this year GDP growth is also likely to be slower than the 1.1% quarter-on-quarter rise in the first quarter (or 4.6% annualised) and is expected to be 1.7%.

With some emerging markets hiking interest rates, SA's repo rate may come under pressure as well, although we continue to expect this to occur only from next year. While consumer spending has recovered well so far, growth will be dependent on consumer confidence, employment, access to credit, the effects of inflation, as well as disposable incomes, which could suffer in the third quarter from stricter lockdown restrictions.

The long end of the JIBAR curve increased during the quarter, as 12-month rates moved from 4.63% to 4.8%. The short end of the curve remained flat, with three-month JIBAR trading at 3.68% throughout the quarter. Liquidity needs for banks remain low and spreads remain compressed. Treasury Bills (TBs) continue to deliver better value than bank rates, trading at 15-20 basis points over

Contact Details

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Statutory Disclosure and General Terms & Conditions

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