

STANLIB Extra Income Proposition

Factsheet / Minimum Disclosure Document as at 30 June 2021

STANLIB

Proposition details

GIPS Inception Date: 01 Apr 2012
 Asset size: R 10'123.45 million
 Benchmark: STeFI Composite Index
 Available as: Segregated, Collective Investment Scheme



Brief description:

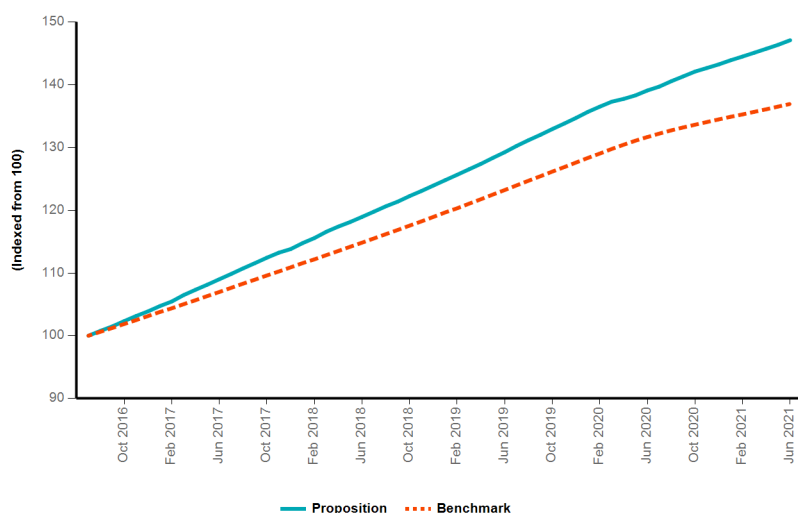
The investment objective of the proposition is to maximise the current level of income within the restrictions set out in the investment policy, while providing maximum stability of capital. The product will aim to achieve performance returns in excess of money market yields and current account yields.

The maximum average weighted duration of the portfolio is 2 years.

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

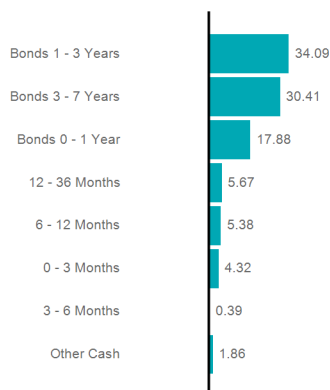
	1 year	3 years	5 years	Since GIPS inception
Proposition	5.76	7.34	8.18	7.83
Benchmark	4.01	6.04	6.62	6.31

Cumulative 5 year gross performance vs. benchmark



Asset Allocation(%)

Composite



Based on latest month averages

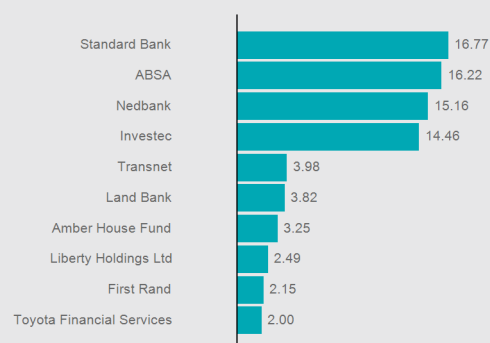
Risk profile

Negligible	Low	Moderate	High	Very High
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Risk statistics (3 years, annualised)

Alpha	0.18
Beta	0.84
Benchmark Standard Deviation	0.42
Standard Deviation	0.44
Sharpe Ratio	3.45
Sortino Ratio	0.84
Tracking Error	0.27
Information Ratio	4.87

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

Investment thesis

The portfolio's primary objective is a reasonable level of current income and maximum stability for capital invested.

The Weighted Average Duration of the portfolio is a maximum of 2 years.

The portfolio is compliant with Regulation 28 and the investment limits are determined by this legislation.

This portfolio may have direct and/or indirect foreign exposure up to the maximum as per the ASISA Domestic - Fixed Interest - Income portfolio category from time to time.

This portfolio will be managed in compliance with the Prudential Investment Guidelines that are applicable to retirement funds from time to time.

Quarterly Comments - Q2 2021

Fund review

The STANLIB Extra Income Fund held R10.1 billion under management at the end of the year. The fund's weighted average life remained conservative at two years, with a modified duration of 0.12 years. 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 (TRs) continue to deliver better value than bank rates, trading at 15-20 basis points over

Statutory Disclosure and General Terms & Conditions

Where Collective investment Schemes in Securities (unit trusts) is included in the proposition, refer to www.stanlib.com for the relevant Collective Investment Scheme Portfolio fact sheet. As neither STANLIB Asset Management Limited nor its representatives did a full needs analysis in respect of particular investor, the investor understands that there may be limitations on the appropriateness of any product mentioned in this brochure with regard to the investor's unique objectives, financial situation and particular needs. The contents of this brochure are intended for information purposes only and STANLIB does not guarantee the suitability or potential value of any information contained herein. The details and basis of the awards referred to in the document are available from the Manager upon request. Past performances are not necessarily indicative of future performances. STANLIB Asset Management Limited is an authorised Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Licence No. 26/10/719).

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