

STANLIB SA Property Exchange Traded Fund

Fund Information as at 30 June 2017

STANLIB

INDEX INVESTMENTS

What is the fund's objective?

The objective of the STANLIB SA Property ETF is to track the SA Listed Property Index (SAPY), as closely as possible.

What does the fund invest in?

The fund invests in the constituents of the SA Listed Property index and aims to replicate the index by holding the same weightings of these constituents. The SAPY is an index of the top 20 liquid property companies by market capitalisation that have a primary listing on the JSE.

The fund is rebalanced quarterly and therefore has minimal trading costs. The fund may also hold a small portion in cash instruments and listed derivatives to effect efficient portfolio management.

What possible risks are associated with this fund?

Risks include general market conditions and market volatility, company specific risk, interest rate risk, property value risk, economic and political risk.

Risk Rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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Who should consider investing in this fund?

- Investors who seek exposure to the South African property market
- Investors who seek a low cost fund
- Investors who seek a simple and transparent investment process that invests in liquid, listed securities
- Investors who seek property market exposure that blends well with other investment strategies to reduce total costs and diversify risk
- Investors who are willing to take a longer term view as this fund is aggressively risk profiled and investors should expect some volatility in the shorter term

What is the suggested investment period?

Five years or longer.

What are the costs to invest in this fund?

Portfolio charges including VAT:

	Class A
Initial advice fee (max)	0.00%
Initial manager fee	0.00%
Advice annual fee (max)	0.00%
Manager annual fee	0.00%
Total Expense Ratio (TER) 1 year	0.35%
Total Expense Ratio (TER) 3 years (annualised)	0.37%
Transaction Costs (TC) 3 year (annualised)	0.03%
Total Investment Charges (TIC) 3 year (annualised)	0.40%

Note: All fund returns already take these expenses into account.

Class A fee is an annual service charge on the value of your portfolio and includes the fees of your accredited financial adviser as indicated.

The **Total Expense Ratio** (TER) is the charges paid by the portfolio for management and operating costs incurred in the administration of the fund. The TER is expressed as a percentage of the daily net asset value (NAV) of the fund and calculated over three years on an annualised basis. A higher TER does not necessarily imply a poor return, neither does a lower TER imply a good return.

The **Transaction Cost** (TC) is the cost incurred by the portfolio in the buying and selling of underlying assets. The TC is expressed as a percentage of the daily NAV of the fund and calculated over a one year period.

The **Total Investment Charges** (TIC) of the fund is the TER and TC combined.

General fund information

Class A	
Launch date:	13 February 2013
Portfolio Manager(s)	Teboho Tsotetsi and Ryan Basdeo
Portfolio Size (NAV)	R93.93 million
Investment minimum:	
Lump sum:	R5 000
Debit order per month:	R500
ISIN Code:	ZAE000175576
JSE Code:	STPROP
Sector classification:	South African – Real Estate – General
Portfolio benchmark:	FTSE/JSE Africa SA Listed Property Index
Income distribution:	Net revenue is calculated daily and distributed quarterly
Income declaration:	31 March, 30 June, 30 September, 31 December
Securities lending ratio:	0%

Performance (%)

Annualised	1 Year	3 Years	5 Years	Since incep.
Class A	2.44	12.57	-	11.07
Benchmark	2.82	13.17	-	11.67

Cumulative	1 Year	3 Years	5 Years	Since incep.
Class A	2.44	42.65	-	58.32
Benchmark	2.82	44.98	-	62.13

Actual Lowest and Highest annual returns (%)*

Highest annual	46.67
Lowest annual	-3.70

Performance is calculated based on the net asset value (NAV) of the portfolio. Individual investors may realise returns that are different to the NAV performance as a result of initial fees, actual date of investment, date of reinvestment of income and dividend withholding tax.

*12-month rolling periods since inception.

1 Year Tracking error

Class A	0.20
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Income distribution

	Declared in last 12 months	Declared in 2016
Class A	428.51 cpu	365.29cpu

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Asset allocation

Domestic Equity 97.84%
Domestic Cash 2.16%

Top 10 holdings (% of fund)

	Fund weight
Growthpoint Properties Ltd	17.82
Redefine Properties Ltd	14.01
New Europe Property Investment	10.21
Resilient REIT Limited	8.85
Hyprop Investments Ltd	7.59
Fortress Income Fund B	6.89
Fortress A	5.16
Rockcastle Global Real Estate	3.70
SA Corporate Real Estate Fund	3.54
Vukile Property Fund Ltd	3.14

Who are the fund managers?

The fund is run by the STANLIB Index Investments team which specialises in the manufacture of index and factor products for individual and institutional investors. Investors who seek a simple, transparent and low-cost investment solution can invest in index products that meet their financial goals.



Teboho Tsotetsi

Head of Portfolio Management for Index Investments
MSc(Quantitative Risk Management)
Industry experience: 11 years



Ryan Basdeo

Portfolio Manager
BCom (Taxation), Registered Security Trader
Industry experience: 11 years

Contact details

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Fund review

The fund performed in line with the index in quarter two (Q2) of 2017. The last quarterly review of the index saw the replacement of Delta Property Fund Ltd by Greenbay Properties Ltd. The fund was repositioned for this change.

Growthpoint remains the largest holdings in the fund at 18.21% of equity, its Q2 return of -5.5% makes it one of the biggest detractors from fund performance for the quarter. Rockcastle and Fortress B were the largest contributors to positive performance of the fund, returning 12.9% and 4.4% respectively.

Market overview

The second quarter of 2017 was filled with economic and political uncertainty. Economically, South Africa is not in a good shape; the country officially went into a technical recession after recording two consecutive quarters of negative GDP growth. On the political front, a big fight is brewing on who will ascend to the ANC presidency and ultimately be the country's next president. The unfortunate result of all these is less focus on growing SA's ailing economy and the risk of introduction of populist policies that will stave off investments. Because of all these and other developments, last quarter's returns for most domestic asset classes were disappointing, in particular property (SA listed property index) recorded a return of 0.91% compared to the cash (SteFi) return of 1.85%. The SA listed property index has returned 2.29% so far this year. Abroad, developed economies have experienced a fair share of geopolitical surprises but growth remains encouragingly stable. Recent economic data out of the US suggests continued improvement in economic activity and business confidence.

Looking ahead

We believe that the current economic and political uncertainty will continue in the short-term. Furthermore, we expect domestic consumer demand and economic growth to remain depressed. In the light of these, we expect SARB to cut rates by the end of the year in order to stimulate the ailing economy. A cut in interest rates has historically been very positive for property shares on the JSE.

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This portfolio is valued on a daily basis at 15h00. Investments and repurchases will receive the price of the same day if received prior to 15h00.

The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The manager has a right to close the portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate.

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