

STANLIB Top40 Exchange Traded Fund

Fund Information as at 30 June 2017

What is the fund's objective?

The objective of the STANLIB Top40 ETF is to track the FTSE/JSE Top40 Index (Top40) as closely as possible.

What does the fund invest in?

The fund invests in the constituents of the Top40 index and aims to replicate the index by holding the same weightings of these constituents. The Top40 is an equity index of the 40 largest companies by market capitalisation, listed 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, 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 equity 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 equity 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	0.25%
Total Expense Ratio (TER) 3 years (annualised)	0.24%
Transaction Costs (TC) 3 year (annualised)	0.04%
Total Investment Charges (TIC) 3 year (annualised)	0.28%

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:	18 October 2010
Portfolio Manager(s)	Teboho Tsotetsi and Ryan Basdeo
Portfolio Size (NAV)	R642.36 million
Investment minimum:	
Lump sum:	R5 000
Debit order per month:	R500
ISIN Code:	ZAE000148425
JSE Code:	STAN40
Sector classification:	South African – Equity – Large Cap
Portfolio benchmark:	FTSE/JSE Top40 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	1.06	2.28	11.71	11.39
Benchmark	1.56	2.52	12.15	11.27

Cumulative	1 Year	3 Years	5 Years	Since incep.
Class A	1.06	7.00	73.95	106.74
Benchmark	1.56	7.77	77.45	104.58

Actual Lowest and Highest annual returns (%)*

Highest annual	35.38
Lowest annual	-6.51

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	0.16

Income distribution

	Declared in last 12 months	Declared in 2016
Class A	115.79 cpu	109.62cpu

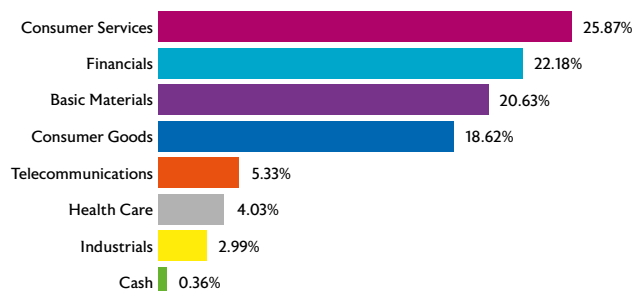
STANLIB Top40 Exchange Traded Fund

Performance as at 30 June 2017

STANLIB

INDEX INVESTMENTS

Asset allocation



Top 10 holdings (% of fund)

	Fund weight
Naspers Ltd -N-	20.04
Compagnie Financiere Richemont	10.21
BHP Billiton Plc	7.68
British American Tobacco Plc	4.09
MTN Group Ltd	3.80
Sasol Ltd	3.74
Anglo American Plc	3.63
Standard Bank Group Ltd	3.37
Steinhoff N.V.	3.22
Old Mutual plc	2.92

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 Impala Platinum by Capitec Bank. The fund was repositioned for this change.

Consumer services, financials and resources were the largest sectors in the fund at 26%, 22% and 21% respectively. Naspers remained the largest holding in the fund at 20.12% of equity; its 9.9% return for the quarter made it the largest contributor to the performance of the fund. Bidcorp was the best performing stock in the fund for Q2 returning 15.2% followed by Vodacom with a return of 11%. The most recent inclusion to the index, Capitec, returned 10.2% for Q2 2017.

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 equities (Top 40) recorded a return of 0.94% compared to the cash (SteFi) return of 1.85%. The Top 40 index has returned 4.87% 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 and therefore expect subdued market performance coupled with heightened volatility. However, performance of the fund should be cushioned by significant allocation to the more defensive and less volatile industrials sector and to companies that derive most of their revenue abroad. Overall, we believe equities still present the biggest value on a risk-adjusted basis relative to any other asset class in the long-term.

Disclaimer

Collective Investment Schemes in Securities (CIS) 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. ETFs trade on exchanges like stocks and are bought and sold at market prices which may differ to the net asset value of the ETF. Additional costs (e.g. brokerage fees) may be incurred for the investor by buying or selling the ETF on the exchange. An investment in the participations of a CIS in securities is not the same as a deposit with a banking institution. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments (RF) Pty Ltd (the Manager). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments of South Africa. The Manager is a member of the Liberty Group of Companies.

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.

Additional information about this product, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge, and from the website: www.stanlib.com. The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager's website and in the South African printed news media.

Performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax.

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