



Core Equity Franchise

STANLIB Asset Management

2012

 STANLIB

STANLIB's Franchises

The STANLIB investment team comprises of Franchises - small focused teams of specialists, who are responsible for managing assets in their area of expertise. Because of this, Portfolio Managers are able to focus on what they do best.

Our culture is one of cooperation and debate which ensures cross-fertilization of ideas across the franchises. We firmly believe in active portfolio management and the franchises share a commitment to the centralised STANLIB research process.

The Core Equity Franchise Overview

Our long-term approach to core equity investing is driven by in-house equity research, economic outlook and our view on the business cycle – making the proposition style agnostic and benchmark cognizant. The primary objective of the Core Equity franchise is to generate superior long-term, risk adjusted returns based on thorough fundamental research.

Our aim is to outperform the FTSE / JSE Shareholder Weighted All Share Index (SWIX) on a consistent basis. As a result of in-depth, rigorous research, The Core Equity solution is a focused proposition with high conviction views and typically holds 30 to 35 stocks, with the top-10 positions making up 50% to 60% of the Equity Holding.

The Core Equity Franchise Characteristics

As this proposition is an equity investment, it demonstrates similar characteristics to the equity markets – reasonable volatility over short term but with the promise of long term real returns.

The Core Equity team employs a risk budget, aiming for a tracking error of between 3% and 5% versus the benchmark (SWIX), while targeting a return of 3% or greater over the benchmark on a rolling three year basis.

Meet the portfolio managers

The Core Equity team is managed by two co-heads, Paul Swanson and Herman van Velze:



Herman van Velze

Head: Balanced Funds

Herman has worked in the investment industry since 1994, and first joined STANLIB in 1995.



Paul Swanson

Senior Portfolio Manager

Paul joined the investment industry in 1994 and has been with STANLIB since 1999.

Philosophy and process

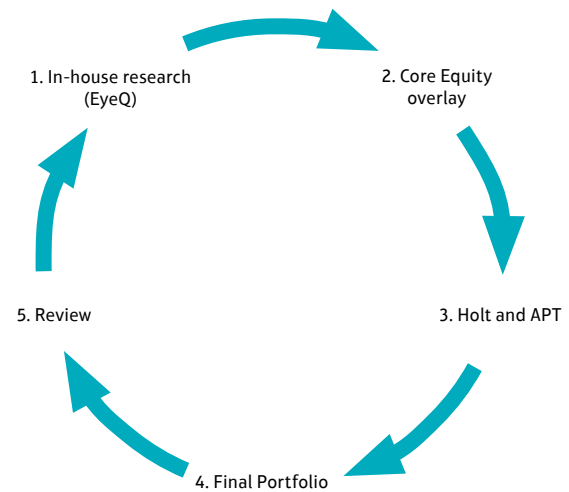
The Core Equity team subscribes to the philosophy that markets are inefficient, and that through thorough fundamental research, investment opportunities can be identified. This is done within the framework of achieving satisfactory returns, within a risk budget.

The investment process begins with the in-house equity research, economic outlook and view on the business cycle. Our research team uses a four pillar process in determining attractive stocks, and their views are further interrogated by the portfolio managers in order to form a shortlist of buy and sell stocks.

The prospective list of stocks is further evaluated by using Holt ValueSearch model. The output of this process is to determine the underlying drivers of economic value such as volume and profit margins.

The portfolio construction is guided by APT Portfolio Analytics and Optimisation (APT), used to assess and position key risk estimates of the short-listed stocks. APT aims to minimize systematic risk present in the active positions while increasing the more controllable specific risk. This results in reduced volatility relative to the benchmark.

The relative stock position sizes within the proposition reflect the upside potential, the conviction level, and inherent riskiness of the stock and the industry it is in.



What makes the Core Equity Franchise tick?

“We pride ourselves on our sell-discipline – the holdings turnover is relatively low and we will only sell something when we can replace it with another very good idea.”

- Herman van Velze

Bespoke solutions

We understand that some clients have specific needs and we have the capability to deliver solutions, which are tailored to meet those needs. Please speak to one of our Fund Managers if this is what you are looking for.

STANLIB

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STANLIB Asset Management

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