

# STANLIB Domestic Balanced Proposition

As at 31 December 2011

the art and science of investing

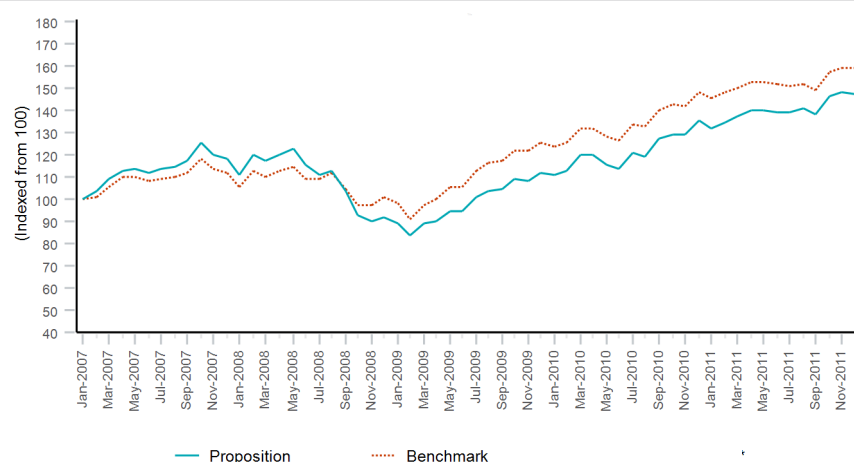
## Proposition details

GIPS Inception Date: 31 Dec 2004  
 Asset size: R 44.70 million  
 Benchmark: Alexander Forbes Global Best Investment View: Median  
 Available as: Pooled, Segregated  
 Brief description:  
 This investment aims to provide long-term wealth creation combined with risk diversification achieved by investing in multiple asset classes and through the use of a disciplined research approach.

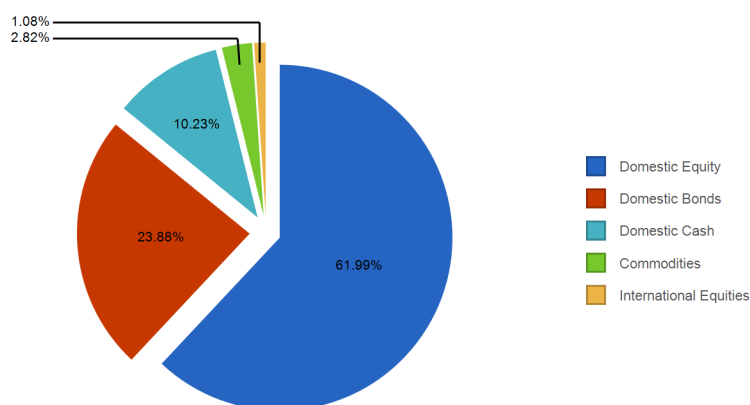
## Performance table (annualized, gross of fees in Rands) (%)

	1 year	3 years	5 years	Since GIPS inception
Proposition	8.66	16.99	8.77	14.40
Benchmark	7.11	16.41	10.30	16.26

## Cumulative 5 year gross performance vs. benchmark



## Asset Allocation (%)



Based on latest month averages

## Risk profile

Negligible	Low	<b>Moderate</b>	High	Very High
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## Risk statistics (3 years, annualised)

Alpha	-0.01
Beta	1.04
Benchmark Standard Deviation	10.65
Standard Deviation	11.29
Sharpe Ratio	0.90
Sortino Ratio	0.54
Tracking Error	2.30
Information Ratio	0.25

## Top Equity Holdings (%)

Based on last month's averages

1. BHPBill PLC	10.59
2. MTN GROUP	9.84
3. ANGLO AMERICAN PLC	8.57
4. WOOLIES	4.80
5. RICHEMONT	4.47
6. LIFE HEALTHCARE GRP	4.38
7. VODACOM GROUP	4.08
8. BIDVEST	4.00
9. FRSTRND	3.85
10. AVI LIMITED	3.24
<b>TOTAL</b>	<b>57.82</b>

## Big equity positions relative to benchmark

Based on last month's averages

Equity Counter	Over/Underweight
BHPBill PLC	OW
ANGLO AMERICAN PLC	OW
SASOL	UW
STANDARD BANK	UW

## Biggest impact on active returns

Based on last month's averages

### Top 5 contributors

1. AVI LIMITED	OW
2. BRITISH AMERICAN TOB	OW
3. ANGGOLD	UW
4. IMPERIAL	OW
5. HARMONY	UW

### Top 5 detractors

1. BHPBill PLC	OW
2. OM PLC	UW
3. RICHEMONT	OW
4. ANGLO AMERICAN PLC	OW
5. AFRICAN RAINBOW MIN	OW

## 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 STANLIB Domestic Balanced Proposition currently offers exposure to four different domestic asset classes: equities, bonds, listed property and cash. Value is added to funds through the implementation of both a strategic and tilt asset allocation strategies. The domestic equity is managed by the Core Equity Team. Bonds, property and cash are managed by the in-house specialists. The STANLIB Asset Allocation Process is housed in this investment proposition.

## Quarterly Comments - Q4 2011

### Fund Review

In the quarter we made a strategic asset allocation call to increase our exposure to South African bonds prior to the Medium Term Budget in October. Since money market rates at around 5.5% are offering negative real return, investors need to invest in the longer end of the bond curve, where interest rates are in the region of 8%. We expect South African interest rates to remain flat well into 2012 and even potentially into 2013.

We made some adjustments to the equity portion of the portfolio, as well as to the Resource exposure: We continue to favour the diversified commodity shares over the single commodity stocks. The two resource trades we made were the sale of Arcelor Mittal (steel play) into Anglo American and the reduction in the Sasol holding and using its proceeds to increase the Fund's weighting in BHP Billiton. Both Anglo American and BHP Billiton were attractive relative to historical valuations, while Sasol was fully valued given its project pipeline and earnings growth profile. The current Resource weighting in the equity portion of the Fund is around 24%.

Our Industrial exposure is 61% of total portfolio equity. We maintained our large exposure to consumer related shares as we believe that the consumer will be the driver of South Africa economy over the next few years. Thus we had large exposure to telecoms, retailers and healthcare. A large portion of the proposition was invested in MTN and Vodacom. Telecoms shares are cash generative with decent dividend payout ratios. Retailing shares such as Woolies, Shoprite and Mr. Price provide direct exposure to the South African consumer. Healthcare remains a South African and global theme and the exposure to Aspen, Life Healthcare and Netcare will provide the necessary exposure to the sector.

Financial shares make up 15% of equities. We increased our holding in Abil (micro finance), as the company continues to grow its client base and its advances book. We sold Investec as the results were poor and we do not think that the European banking environment will improve in the medium term. FirstRand and Nedbank remain our preferred banking shares.

### Looking Ahead

Going into the 1st quarter 2012, we continue to position the proposition for moderate SA GDP growth that remains consumer driven. The SA equity holdings target companies that are exposed to the global commodity cycle and the South African consumer. Our commodity exposure is a hedge against continued global volatility and the European debt situation.

## Statutory Disclosure and General Terms & Conditions

Where Collective investment Schemes in Securities (unit trusts) is included in the proposition, refer to [www.stanlib.com](http://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).

## This proposition is managed by:

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B Com (Hons), M Com, CFA

Joined the investment industry in 1994  
Joined Stanlib in 1999.



### Herman van Velze

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