STANLIB Global Balanced Proposition

As at 31 December 2011

STANLIB
the art and science of investing

Proposition details

GIPS Inception Date:	31 Dec 2004
Asset size:	R 3'829.66 million
Benchmark:	Alexander Forbes Global Best Investment View Survey: Median
Available as:	Pooled, Unit Trust, 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.

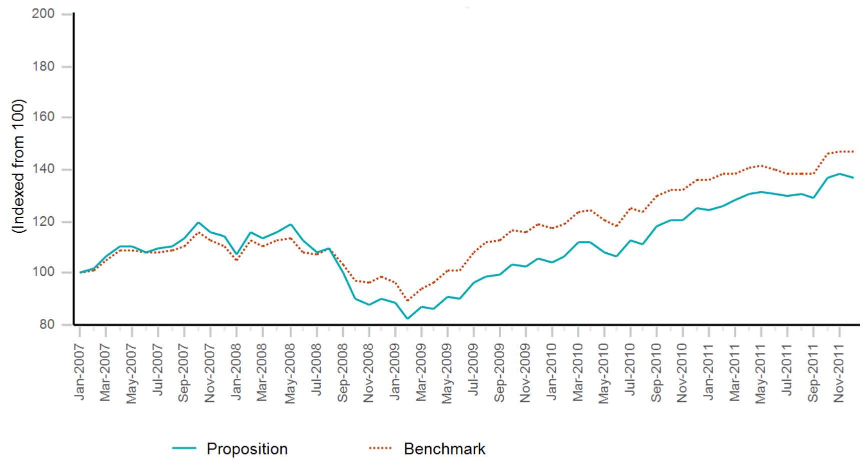
Risk statistics (3 years, annualised)

Alpha	0.06
Beta	1.01
Benchmark Standard Deviation	9.99
Standard Deviation	10.41
Sharpe Ratio	0.78
Sortino Ratio	0.44
Tracking Error	2.81
Information Ratio	0.30

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

	1 year	3 years	5 years	Since GIPS inception
Proposition	9.33	14.97	7.20	13.15
Benchmark	8.06	14.13	8.67	14.69

Cumulative 5 year gross performance vs. benchmark



Top Equity Holdings (%)

Based on last month's averages

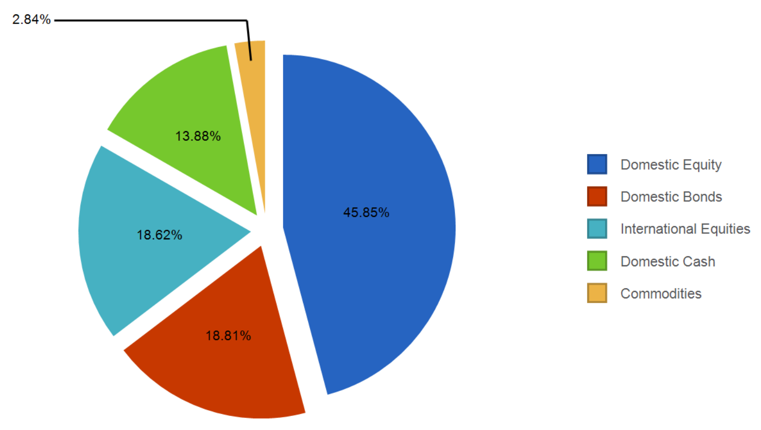
1. MTN GROUP	9.98
2. BHPBill PLC	9.98
3. ANGLO AMERICAN PLC	8.51
4. RICHEMONT	4.65
5. LIFE HEALTHCARE GRP	4.45
6. WOOLIES	4.41
7. VODACOM GROUP	4.16
8. BIDVEST	4.06
9. FRSTRND	3.88
10. BRITISH AMERICAN TOB	3.30
TOTAL	57.38

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

Asset Allocation (%)



Based on latest month averages

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

Risk profile

Negligible	Low	Moderate	High	Very High

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

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Investment thesis

The STANLIB Global Balanced Proposition currently offers exposure to seven different asset classes: domestic assets (equities, bonds, listed property and cash) and foreign assets (equities, bonds 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, cash and international are managed by the in-house specialists. The STANLIB Asset Allocation Process is housed in this investment proposition.

Prudential investment guidelines are considered when making asset allocation decisions.

Quarterly Comments - Q4 2011

Fund Review
In the quarter we made strategic asset allocation calls. We increased 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 also increased our offshore exposure. Our action was twofold: Firstly the Minister of Finance announced that British American Tobacco be classified as a domestic asset which automatically declined our foreign exposure by the BAT weighting. Secondly we continue to favour global equities as our preferred asset class. Our large overweight is in North American equities as these companies continue to deliver positive earnings growth through their large exposure to emerging markets like China.

We made some adjustments to the equity portion 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%.

Industrial exposure is 61% of total portfolio equity and maintained our large exposure to consumer related shares. 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
Our view is that global equities will continue to outperform domestic equities. 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.

Statutory Disclosure and General Terms & Conditions

This proposition is managed by:

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Joined the investment industry in 1994
Joined Stanlib in 1999.

Herman van Velze

BSc Eng (Mining), MBL

Joined the investment industry in 1994
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