

# STANLIB Growth Equity Proposition

As at 31 December 2011

the art and science of investing

## Proposition details

GIPS Inception Date: 29 Feb 2004  
 Asset size: R 544.36 million  
 Benchmark: JSE All Share Index  
 Available as: Pooled, Unit Trust, Segregated  
 Brief description:  
 The proposition aims to capitalise on the investment potential of growth equities.

## Risk statistics (3 years, annualised)

Alpha	0.28
Beta	0.74
Benchmark Standard Deviation	17.17
Standard Deviation	14.17
Sharpe Ratio	0.68
Sortino Ratio	0.34
Tracking Error	7.55
Information Ratio	-0.11

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

	1 year	3 years	5 years	Since GIPS inception
Proposition	3.80	16.42	4.81	18.10
Benchmark	2.57	17.27	8.09	18.00

## Top Equity Holdings (%)

Based on last month's averages

1. ANGLO AMERICAN PLC	8.72
2. MTN GROUP	8.45
3. BHPBill PLC	7.00
4. SASOL	5.90
5. ABSA	4.68
6. OM PLC	4.67
7. FRSTRND	4.45
8. IMPERIAL	4.09
9. INV LIMITED	3.62
10. GRINDROD	3.43
TOTAL	55.03

## Cumulative 5 year gross performance vs. benchmark

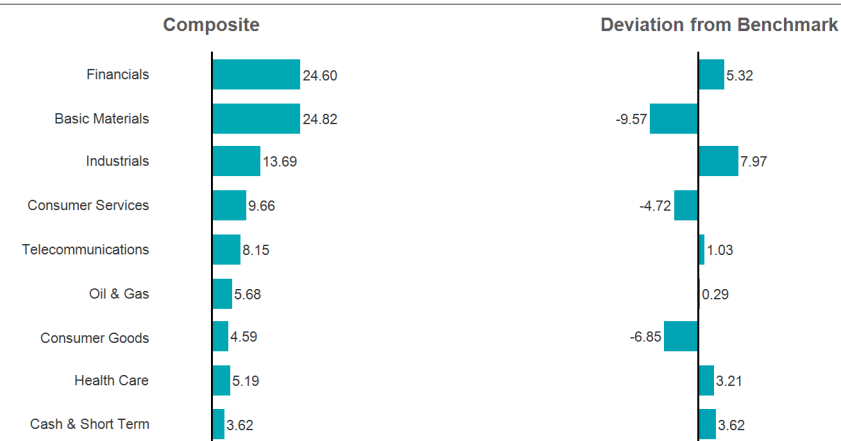


## Big equity positions relative to benchmark

Based on last month's averages

Counter	Over/Underweight
ABSA	OW
IMPERIAL	OW
SAB Plc	UW
RICHEMONT	UW

## Typical Sector Allocation(%) vs Benchmark(%)



Based on latest month averages

## Biggest impact on active returns

Based on last month's averages

### Top 5 contributors

1. OM PLC	OW
2. RICHEMONT	UW
3. A/FORBES PREF 80%	OW
4. ANGGOLD	UW
5. PIKNPAY	OW

### Top 5 detractors

1. GRINDROD	OW
2. STANDARD BANK	UW
3. INV LIMITED	OW
4. EXXARO RESOURCES	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

## Risk profile

Negligible	Low	Moderate	High	Very High
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## Investment thesis

The STANLIB Growth Equity Franchise aims to deliver consistent market and industry beating returns.

The fund manager believes in the benefits of unconstrained investing, leveraging off the in-depth, fundamental analysis performed by the STANLIB Equity Research Team. The consistent application of the STANLIB 4 Pillar Research Process allows us to compare the investment merits of companies across varying sectors. This rigorous company research is mirrored by input from the STANLIB Economic and Asset Allocation Teams. We believe in the importance of anticipating economic cycles, and determining which industries are best placed to benefit.

Whilst we believe that companies, which deliver superior earnings growth over time, tend to outperform, we do not preclude ourselves from investing in attractively valued companies with limited earnings prospects. We are pragmatic in our application of the Investment Process, not limiting ourselves in one particular style. As a result we believe the proposition should perform well through differing economic cycles.

## Quarterly Comments - Q4 2011

### Fund Review

2011 will be remembered as the year of the European Sovereign Debt crisis. The extraordinary amount of noise in the markets surrounding the future of the Eurozone, and lack of clarity about any potential solution, has seen investors adopt a very cautious approach to equity markets.

Despite the issues in Europe, the JSE delivered positive returns for the year. The JSE has been driven by the performance of the industrial and gold indices. Gold shares benefited from global risk aversion, and the return to prominence of Gold as a safe haven asset. The industrial index was held up by the performance of some of the more defensive names, with SAB, Tiger Brands, AVI, Shoprite and Woolworths all performing well.

The STANLIB Growth Equity Proposition has had a reasonable year, returning 3.80%.

During the quarter there were a number of companies that performed particularly well. Pick 'n Pay, after experiencing a troubled start to the year, has rallied over 25% in the quarter. Our long held view that we will see the benefits from the improvement of systems and distribution in an enhanced operating margin is starting to be recognized. Whilst it continues to lag Shoprite, we are comfortable that the group should experience a period of sustained earnings outperformance. Old Mutual is another counter to which the fund is well exposed. The announcement in December that they are selling their European Insurance operations to Skandia Liv has been well received by the market. We have long held the view that Old Mutual is worth substantially more than the market price, but has been penalized for its complex operating structure. This announcement, following on from their exit of the US Life operations, is another step in the right direction. Despite the 25% return over the quarter, we believe there remains meaningful upside to the valuation of the group.

### Looking Ahead

As we head into 2012, economic uncertainty remains prevalent. However we are of the view that the valuation levels of the more defensive companies have reached extreme levels, relative to certain cyclical companies. We have positioned the fund to benefit from this valuation arbitrage, by investing in the likes of Imperial, Anglos, PPC and Investec to name a few. Whilst they all have unique drivers, each of these have long term track records, strong market presence, are cash generative, and are delivering reasonable returns on capital – the market is yet to adequately reward them for these attributes.

## 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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