

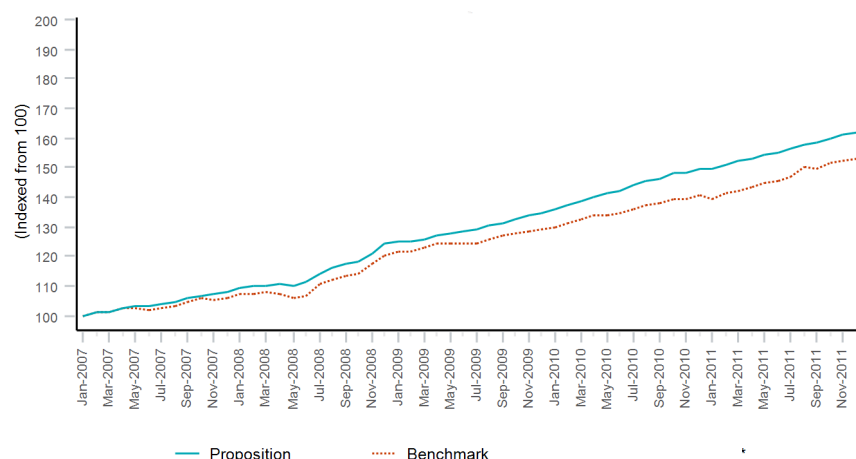
## Proposition details

GIPS Inception Date: 31 Dec 2003  
 Asset size: R 12'994.43 million  
 Benchmark: BEASSA 1 to 3 Year Index  
 Available as: Pooled, Unit Trust, Segregated  
 Brief description:  
 This is a proposition of shorter-dated government and corporate bonds as well as some cash and money market instruments.

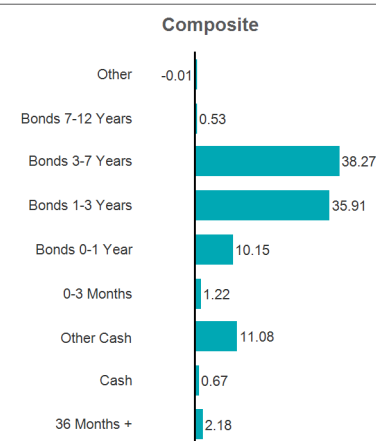
## Performance table (annualized, gross of fees in Rands) (%)

	1 year	3 years	5 years	Since GIPS inception
Proposition	8.17	9.24	10.27	10.08
Benchmark	8.90	8.46	9.05	8.58

## Cumulative 5 year gross performance vs. benchmark



## Asset Allocation(%)



Based on latest month averages

## Risk profile

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

Alpha	0.48
Beta	0.39
Benchmark Standard Deviation	1.71
Standard Deviation	0.93
Sharpe Ratio	2.61
Sortino Ratio	0.00
Tracking Error	1.25
Information Ratio	0.63

## Combined top Holdings (%)

Based on last month's averages

1. STD JBR+125 260416	6.49
2. RSA 8% 211218	3.65
3. ABF JBR+125 170316	3.59
4. AFR BNK FRN 08032015	2.82
5. INV JBR+125 150314	2.52
6. LAND & AGRI BANK SA	2.36
7. OTC JBR+215 300413	2.30
8. NED JBR+125 230316	2.29
9. INV 10.75% 310313	2.16
10. Absa P/F Cln 201216	2.15
<b>TOTAL</b>	<b>30.32</b>

## Big positions relative to benchmark

Based on last month's averages

Counter	Over/Underweight
STD JBR+125 260416	OW
RSA 8% 211218	OW
RSA 7.5% 150114	UW
Liquidities and others	OW

## Biggest impact on active returns

Based on last month's averages

### Top 5 contributors

1. Std 9.66% 011217	OW
2. AFRIBNKJI+630 130716	OW
3. RSA 8% 211218	OW
4. BMW FINJB+138 150612	OW
5. IBL28 8.27% 18082016	OW

### Top 5 detractors

1. Amber House Fund A1	OW
2. STD JBR+125 260416	OW
3. NED JBR+148 190413	OW
4. INV JBR+125 150314	OW
5. ABF JBR+125 170316	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 proposition's primary objective is a reasonable level of current income and maximum stability for capital invested. Securities normally to be included in the proposition will consist of fixed income securities embracing non equity securities, stock, financially sound preference shares, debenture stock, debenture bonds and unsecured notes to be acquired at fair market prices.

The maximum duration of the portfolio will be limited to 2 years.

## Quarterly Comments - Q4 2011

### Fund Review

Fourth quarter saw good investment flows as the short end of the yield curve continued to look attractive against money market yields. Shorter dated money market instruments were liquidated and reinvested in longer dated high yielding floating rate instruments. The modified duration position was maintained at 0.7 years as interest rates are expected to have bottomed out with the next move expected to be up.

Purchases of government bonds included RSA 2014 R206, RSA 2015 R157, RSA 2017 R203 and RSA 2018 R204 paper and purchases of corporate bonds and floating rate notes consisted of Nedbank, Standard Bank, Absa, Investec, FirstRand, Bidvest, Old Mutual and African Bank paper. The Proposition's exposure to securitised assets has also been increased mainly in the residential mortgage issues, due to attractive levels being offered by issuers in relation to money market assets.

### Quarter review

The quarter was characterised by volatility in bond yields driven by a plethora of factors. Five year benchmark yields ended on a positive note. The RSA 5 Year (R157) opened the quarter at 6.98% and declined to 6.72% with ample volatility intra quarter tracking the Rand and international markets. The 12 Month NCD opened the quarter at 5.85% and closed the year at 6.03%.

There was an improvement in the demand for risky assets as volatility reduced substantially from a high of 45% to end the quarter at 23%. As a result the JP Morgan SA sovereign spread compressed by 50 basis points as the risk-on trade dominated the quarter. The Rand remained on the back foot and touched a high of R8.61 before recovering to end the quarter at R8.07 as concerns around the sovereign debt crisis in Europe lingered. The ECB cut the minimum bid rate by a total of 0.5% during the quarter to end at 1% and took further steps to reduce the potential liquidity gridlock by reducing reserve requirements amongst other measures. Italian and Spanish bond yields traded above 7% which would be unsustainable, but improved toward the end of the quarter. Greek 2 year yields ended the year at 125% as the risk of outright default increased.

The SA short end yield curve remained steep with the yield differential between the 12 Month NCD and RSA 2015 R157 trading at 70 basis points. The latest inflation data showed CPI breaching the top end of the SARB target, printing 6.1%, and is expected to rise further due to a weaker Rand and higher food prices. Inflation linked bonds benefited from inflation rising as real yields trended lower.

The SARB monetary policy committee left rates unchanged in the two meetings held, as they were concerned about below average growth and increasing inflation. The SARB will continue to find a balance between growth and inflation and as the repo is expected to remain flat for most of 2012.

## 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.

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