

STANLIB Value Equity Proposition

As at 31 December 2011

the art and science of investing

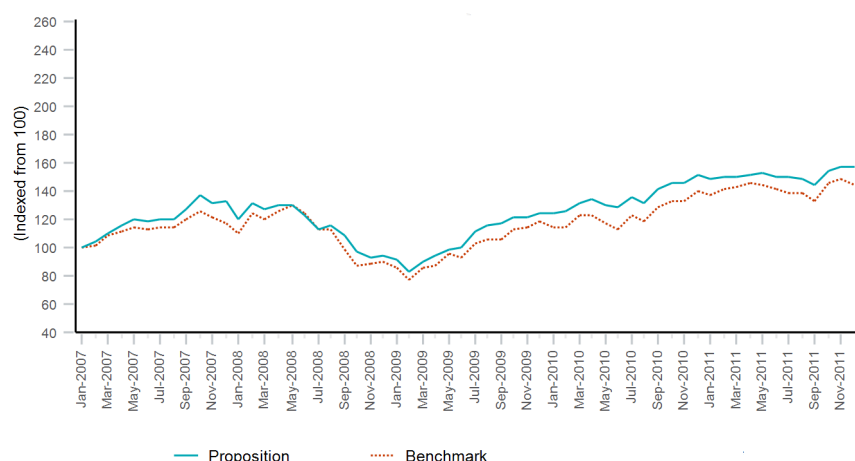
Proposition details

GIPS Inception Date: 30 Apr 2004
 Asset size: R 1'425.35 million
 Benchmark: JSE All Share Index
 Available as: Pooled, Unit Trust, Segregated
 Brief description:
 The proposition is a Research-driven active investment aimed at seeking out companies that have a greater value than that which the market currently reflects.

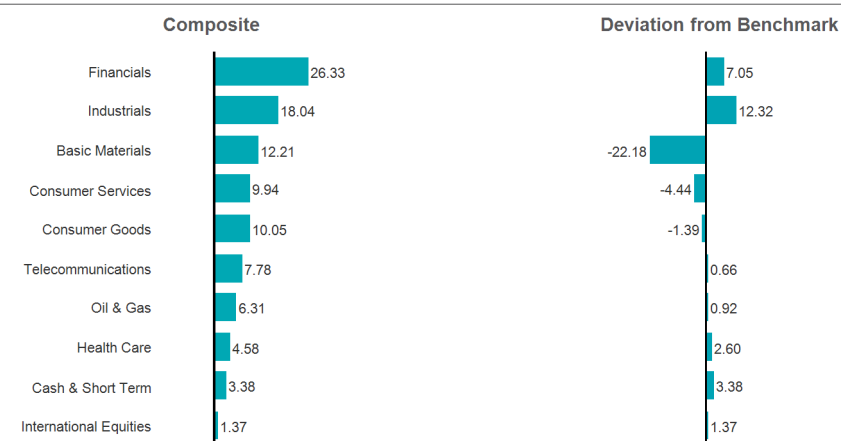
Performance table (annualized, gross of fees in Rands) (%)

	1 year	3 years	5 years	Since GIPS inception
Proposition	3.47	18.63	10.78	20.87
Benchmark	2.57	17.27	8.09	19.01

Cumulative 5 year gross performance vs. benchmark



Typical Sector Allocation(%) vs Benchmark(%)



Based on latest month averages

Risk profile

Negligible	Low	Moderate	High	Very High
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Risk statistics (3 years, annualised)

Alpha	0.42
Beta	0.75
Benchmark Standard Deviation	17.17
Standard Deviation	13.89
Sharpe Ratio	0.85
Sortino Ratio	0.45
Tracking Error	6.90
Information Ratio	0.20

Top Equity Holdings (%)

Based on last month's averages

1. MTN GROUP	6.66
2. SASOL	6.63
3. BHPBill PLC	6.29
4. ANGLO AMERICAN PLC	4.93
5. OM PLC	4.43
6. REMGRO	4.17
7. FRSTRND	3.77
8. BIDVEST	3.53
9. SUN INTERNATIONAL	3.29
10. STANDARD BANK	3.19
TOTAL	46.87

Big equity positions relative to benchmark

Based on last month's averages

Equity Counter	Over/Underweight
SUN INTERNATIONAL	OW
JHB STOCK EX	OW
BHPBill PLC	UW
SAB Plc	UW

Biggest impact on active returns

Based on last month's averages

Top 5 contributors

1. OM PLC	OW
2. RICHEMONT	UW
3. ANGGOLD	UW
4. CITYLDG	OW
5. PIKNPAY	OW

Top 5 detractors

1. GRINDROD	OW
2. MASONITE	OW
3. AVENG	OW
4. INV LIMITED	OW
5. ARCELOR MITTAL SA	UW

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

When selecting shares for the Value Proposition the portfolio manager looks for companies that are trading at a discount to the Value teams' calculated intrinsic value. In finding these opportunities he will use, as a base, the output of the STANLIB equity research team who analyse the issues of valuation, economic moat, uncertainty rating or risk and stewardship. The Value team adds its own valuation overlay by looking at the replacement value for companies operating in an expanding industry and liquidation value for companies in a declining industry. Earnings power value will be calculated where possible to determine whether management is using its balance sheet effectively. A comparison between the Earnings Power Value and the Intrinsic Value as well as the current share price will then be performed to assess the attractiveness of the investment opportunity. The objective is to provide long term capital growth.

Quarterly Comments - Q4 2011

Fund Review

For the fourth quarter of 2011 the proposition slightly outperforming its benchmark. The proposition returned 3.47% for the full year relative to its benchmark of 2.57%.

2011 proved to be a tumultuous year as fears of an economic meltdown continued to grip financial markets globally. This, together with fears of a "hard landing" in China, forced commodities prices lower. The proposition remains underweight commodities relative to its benchmark, the fear of global market slowdown has positively helped our performance.

Old Mutual added to the performance as the group announced positive value-unlock sales during the quarter. The price of the sale of its Nordic business took the market by surprise which had a positive impact on the movement of the share price during the quarter. We have argued for a while that the gap between the Old Mutual share price relative to its true value was too wide hence the relatively large position in the proposition. We are excited by the sale of the Nordic assets as not only will the sale boost the group's Return on Equity (ROE) but will also accelerate the group's debt repayment targets and may even allow for special dividends to shareholders.

During the quarter we added Mondi Plc to the proposition. Mondi is an international Paper and Packaging company, with production facilities in Central Europe, Russia and South Africa. We were drawn to the company by its discount to Replacement Value and its strong balance sheet.

We added to our positions in City Lodge at an average price of 6189 cents. Anglo American and BHP Billiton were added at lower levels as the shares traded at levels close to their long term book value during the quarter. Our position in Sun International was increased at an average price of 8169 cents during the fourth quarter.

We exited the small positions in Stefanutti Stocks, whilst lightening positions in SAB and Tiger Brands in order to fund the purchases above as our research indicated the stocks purchased are trading at cheaper valuations than those sold.

Looking Ahead

Despite the volatility in domestic and global markets, as long term investors, we remain focused on the valuation of businesses. Historically, environments similar to the current one have produced some solid investment opportunities as stocks get selectively oversold on the back of the economic fears.

Statutory Disclosure and General Terms & Conditions

Where Collective investment Schemes in Securities (unit trusts) is included in the proposition, refer to 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).

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Joined the investment industry in 1994
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