Investment Policy and Objectives

The portfolio aims to achieve capital growth and income generation by investing in long term fixed interest securities. Securities will normally consist of a spread of gilts, semi-gilts, loan stock, debentures, debenture bonds, approved securities, notes and liquid assets and any other securities which are consistent with the portfolio’s investment policy.

### Annualised Performance (%)*

<table>
<thead>
<tr>
<th></th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>1.86</td>
<td>3.96</td>
<td>7.27</td>
<td>7.82</td>
<td>12.58</td>
</tr>
<tr>
<td>Sector</td>
<td>1.92</td>
<td>4.23</td>
<td>6.94</td>
<td>7.45</td>
<td>-</td>
</tr>
<tr>
<td>Benchmark</td>
<td>0.96</td>
<td>4.36</td>
<td>7.07</td>
<td>7.55</td>
<td>8.40</td>
</tr>
<tr>
<td>Rank (Class A)</td>
<td>10/28</td>
<td>12/18</td>
<td>5/17</td>
<td>4/15</td>
<td>-</td>
</tr>
<tr>
<td>Lowest Return over 12 Rolling Months</td>
<td>-5.90</td>
<td>-5.90</td>
<td>-5.90</td>
<td>-5.90</td>
<td>0.00</td>
</tr>
<tr>
<td>Highest Return over 12 Rolling Months</td>
<td>6.86</td>
<td>20.61</td>
<td>20.61</td>
<td>20.61</td>
<td>0.00</td>
</tr>
<tr>
<td>Class A (incl. ABIL)</td>
<td>1.96</td>
<td>4.01</td>
<td>7.30</td>
<td>7.84</td>
<td></td>
</tr>
</tbody>
</table>

*Annualized Return: is the weighted average compound growth rate over the performance period measured. The performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date or re-investment and dividend withholding tax. Figures quoted are from Morningstar for the period ending 31 May 2016 for a lump sum, using NAV-NAV prices and do not take any upfront manager’s charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the upfront manager’s charge applicable, the actual investment date and the date of re-investment of income.

### Asset Allocation (%)

- Domestic Over 12 Years: 53.32
- Domestic 7-12 Years: 24.17
- Domestic 3-7 Years: 15.05
- Domestic 1-3 Years: 12.10
- Domestic 0-1 Year: 0.00
- Current Bank Account: 0.00
- Domestic 3-5 Years: 0.03
- Domestic 5-7 Years: 0.01
- Domestic Money Market Collective Investments: 0.00
- Domestic Bond Collective Investments: 0.00

### Portfolio Facts

- **Portfolio Size**: R 4'903.87 million
- **Sector Classification**: South African - Interest Bearing - Variable Term
- **Income Distribution**: Net revenue is calculated daily and distributed quarterly.
- **Income Declaration**: 31 March, 30 June, 30 September & 31 December
- **Benchmark**: BEASSA All Bond Index

### Highlights

- This fund carries a four star rating from Morningstar.

### Cumulative Performance - Last 5 years

- **SA Government Bonds**: 52.01
- **Standard Bank**: 3.28
- **Unassigned**: 8.35
- **Eskom**: 8.13
- **Republic of South Africa**: 5.08
- **SA Development Bank**: 2.48
- **SA Roads Agency**: 3.37
- **KERSA**: 2.17
- **First Rand**: 1.96
- **City of Johannesburg**: 1.9

### Top Ten Institutional Exposure (%)

<table>
<thead>
<tr>
<th>SA Government Bonds</th>
<th>52.01</th>
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<tbody>
<tr>
<td>Standard Bank</td>
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</tr>
<tr>
<td>City of Johannesburg</td>
<td>1.9</td>
</tr>
</tbody>
</table>

### Income Distribution

- **Class A**
  - Jun 2015: 3.32 cpu
  - Sep 2015: 3.39 cpu
  - Dec 2015: 3.47 cpu
  - Mar 2016: 3.34 cpu

- **Paid in the last 12 months**: 13.52 cpu
- **Paid during 2015**: 13.50 cpu
- **As a % of 2015 year end price**: 8.46

### Risk Rating

- **Conservative**:
- **Moderate**:
- **Aggressive**:

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*Please refer to page 2 under “Statutory Disclosure and General Terms & Conditions”

**Additional Information can be obtained from Portfolio Charges Brochure on www.stanlib.com**
The Fund is managed by our award winning fixed interest team. The All Bond Index (ALBI) is the benchmark used for most bond portfolios.

Fund Features

The Fund is actively managed across the full spectrum of bonds through changing interest rate environments.

The Fund has a minimum weighted average maturity of 2 years.

The Fund is managed by our award winning fixed interest team.

Risk

General market risks including:

• An increase in bond yields
• Rising interest rates
• Economic and political risk
• Inflation uncertainty
• Duration risk — if rates move in a direction contrary to what was expected

Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, tax risks, settlement risks, and potential limitations on the availability of market information.

Statutory Disclosure and General terms & Conditions

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. An investment in the participations of a CIS in securities is not the same as a deposit with a banking institution. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from STANLIB Collective Investments Ltd (the Manager). Commission and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Liberty is a full member of the Association for Savings and Investments of South Africa. The Manager is a member of the Liberty Group of Companies.

This portfolio is valued on a daily basis at 15h30. Investments and repurchases will receive the price of the same day if received prior to 15h30. This is a current yield as at 31 May 2016.

The Total Expense Ratio (TER) of a portfolio is a measure of the portfolio’s assets that were relinquished as operating costs expressed as a percentage of the daily average value of the portfolio calculated over a period of usually a financial year. Typical expenses which are deducted from a portfolio include service charges, taxes, trustee fees and audit fees.

The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The manager has a right to close the portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate.

Additional information about this product, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge, and from the website: www.stanlib.com. The prices of unit trust funds are calculated and published on each working day. These prices are available on the Manager’s website and in the Performance section on the Manager’s website.

The Total Expense Ratio (TER) for this class or portfolio is indicated above, for the period from 01 Apr 2015 to 31 March 2016. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

Quarterly Comments

The bond market kicked off the year with a very volatile tone, tracking the local currency movements which were marred by a global risk-off environment and local political developments. The risk-off environment was created by developments in China, where the equity markets plummeted, which negatively affected emerging market assets.

The All Bond Index, however, returned an impressive 6.55% for the quarter driven by solid returns of 4.57% in January. The South African 10 year bond opened the quarter and year at 9.76%, traded firmer for most of the quarter to close at 9.10%. The firm performance was largely due to the bond market following the currency stronger, due to improved global risk appetite and decisive action from the South African Reserve Bank and the National Treasury, which was well received by the markets. The rand was volatile, opening the year at R15.50 to the US dollar, weakening to an intra quarter closing low of R16.92 in January and recovering to close the quarter at R14.76 to the US dollar.

The South African Reserve Bank responded to this currency weakness and worsening inflation outlook by increasing the repo rate by a total of 75 basis points at their first two meetings of the year. March CPI printed above expectations at 7.0%, largely due to food inflation caused by the drought the country is experiencing. The Finance Minister tabled the 2016/2017 National Budget in February, which highlighted the need for fiscal discipline while also acknowledging that the private sector needs to play a greater role in the economy and work with the Government to avoid any further credit rating downgrades.

Overall it was a positive budget for bonds and sovereign ratings, with foreign investors and international credit rating agencies welcoming the Finance Minister’s intention to reduce fiscal deficit and contain government debt. We saw positive net investments of R16.6 billion by foreign investors into the bond market during the first quarter of 2016.

Contact Details

STANLIB Collective Investments (RF) Limited
Reg. No. 1969/003468/06
17 Melrose Boulevard PO Box 202
Melrose Arch Johannesburg 2076
South Africa

Contact Centre 0860 123 003
www.stanlib.com

Compliance No : HX2336
Published Date : 6/15/2016

Trustees : Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196, Tel: 011 217 6600
Total Expense Ratio, Transaction Costs & Total Investment Charge

Total Expense Ratio (TER): This shows the charges, levies and fees relating to the management of the portfolio and is expressed as a percentage of the average net asset value of the portfolio, calculated over a rolling three years (where applicable) and annualised to the most recently completed quarter. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

Transaction Costs (TC): The percentage of the value of the fund as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager and the TER.

Total Investment Charges (TIC): The percentage of the value of the Fund incurred as costs, relating to the investment of the Fund. As fund returns are reported after deducting all fees and expenses, these costs (the TER & TC) should not be deducted from the fund returns. It is the sum of the TC & TER.

<table>
<thead>
<tr>
<th>Fund Class</th>
<th>TER</th>
<th>TC</th>
<th>TIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.86%</td>
<td>0%</td>
<td>0.86%</td>
</tr>
</tbody>
</table>

TER + TC = TIC

Where a transaction cost is not readily available, a reasonable best estimate has been used. Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable).