

## Investment Policy and Objectives

This portfolio aims to achieve a return of inflation (CPI) plus 5% on a rolling 24 month basis, while simultaneously aiming to avoid potential negative returns over any 12 month period.

The portfolio is comprised of a diverse mix of local equities, bonds, property and cash, and may include offshore equities and property up to a maximum exposure of 15%.

This flexible asset mix has the following exposure guidelines: Equity: between 20% and 50%, Conventional Bonds: between 0% and 15%, Inflation Linked Bonds: between 20% and 40% of the portfolio, Property: between 0% and 20% of the portfolio.

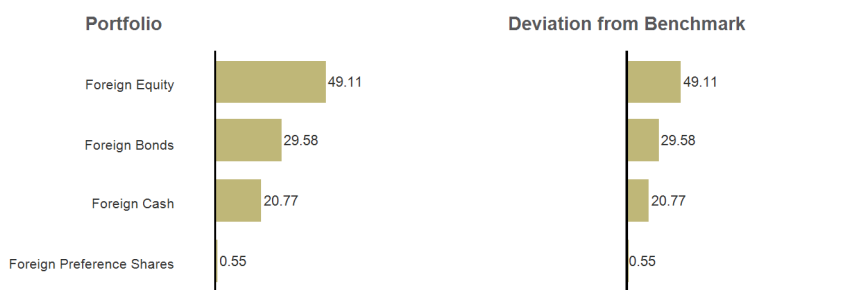
The minimum South African exposure is 85% and the maximum direct/indirect foreign exposure is 15%. Exposure to growth assets aims to provide an investor with market growth, while the inclusion of more conservative types of asset classes aims to protect investors against significant downside risk.

## Performance (%)

	1 year	3 years	5 years
Class A	7.09	3.48	9.44
Benchmark	6.01	7.95	6.63

Figures quoted are from Morningstar for the period ending 31 December 2009 for a lump sum, using NAV-NAV prices and do not take any upfront managers charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the upfront managers charge applicable, the actual investment date and the date of reinvestment of income.

## Asset Allocation (%)



## Portfolio Facts

<b>Portfolio Size</b>	
<b>Sector Classification</b>	Domestic Asset Allocation Targeted Absolute and Real Return
<b>Income Distribution</b>	Net revenue is declared on a daily basis and distributed bi-annually.
<b>Income Declaration</b>	30 June & 31 December
<b>Benchmark</b>	CPI + 5%

	Class A
<b>Launch Date</b>	04 Jan 1999
<b>Minimum Investment</b>	
Lump Sum	2,000
Debit Order Per Month	200
<b>ISIN No.</b>	ZAE000021648
<b>Official Code</b>	STMF
<b>Total Expense Ratio *</b>	1.79%

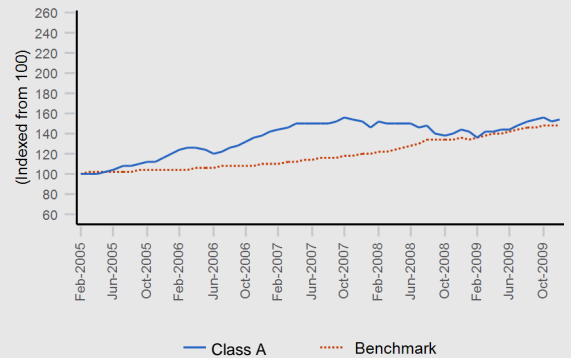
Maximum Portfolio Charges **	
Total Upfront Charge	5.70%
Upfront Charge Intermediary Portion	3.42%
Total Service Charge	1.71%
Service Charge Intermediary Portion	0.57%

\* 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](http://www.stanlib.com)

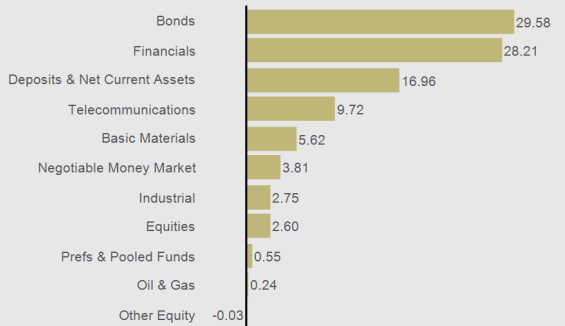
## Highlights

Managed along real return principles by STANLIB's Absolute Return Franchise. Investors gain access to sophisticated absolute return technology and methodology.

## Cumulative Performance - Last 5 years



## Sector (%)



## Income Distribution

	Paid in the last 12 months	Paid during 2008	2008 payments as a % of year end price
Class A	9.27 cpu	15.75 cpu	8.64 %

## Top Holdings (%)

STANLIB Inst Prop Fund-class B3	18.48
FirstRand 6.25% 31/03/2013 Inflation Linked Bond	15.44
BHP Billiton Plc	5.62
ABSA INFLATION LINKED (CPI1) - 6.25% - 31/03/20	5.33
MTN Group Limited	5.15
Telkom SA Limited	4.57
African Bank Investments Limited	4.04
Ermitage Inst. Money Market Fund (EUR)	3.81
Standard Bank Inst. Money Market Fund Class B4	3.81
Ermitage Inst. Money Market Fund (USD)	3.43

## Risk Rating

Conservative	Moderate	Aggressive
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## Who should Invest

The STANLIB Absolute Return Franchise believes that tactical asset allocation is highly risky, and while some value can be added by varying asset allocation, this should be strictly controlled. They believe that through strategic asset allocation, a well-constructed portfolio can be designed, using asset classes with uncorrelated or lowly correlated returns, which, results in reduced volatility and excellent prospects of achieving consistent, above inflation returns. The strategic asset allocation is a result of rigorous quantitative work aiming to match required returns to appropriate risk levels.

Once the strategic asset allocation parameters are set, the portfolio manager then uses tactical asset allocation tilts to add value to the process. These tilts are asset class or sector conviction bets to a maximum of about 10% on either side of the strategic position.

## Benefits

This portfolio is built around the concept of diversification and attempts to provide investors with the benefit of market upside, inflation beating returns, as well as capital preservation in the short term. It is targeted at investors who want exposure to a wide range of asset classes, while benefitting from a moderate, capital preserving mandate.

The portfolio aims to:

- Provide exposure to a diversified portfolio of local and offshore assets.
- Outperform inflation in the short to medium term.
- Provide capital preservation in the short term.

## Statutory Disclosure and General terms & Conditions

Collective investment schemes in securities 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 collective investment scheme in securities is not the same as a deposit with a banking institution. Participatory interest prices are calculated on a net asset value basis, which is the total value of all assets in the Portfolio including any income accrual and less any permissible deductions from the Portfolio divided by the number of participatory interests in issue. Permissible deductions include brokerage, UST, auditor's fees, bank charges, trustee/custodian fees and the service charge levied by STANLIB Collective Investments Limited ("the Manager"). Where exit fees are applicable, participatory interests are redeemed at the net asset value where after the exit fee is deducted and the balance is paid to the investor. A Portfolio of a collective investment scheme in securities may borrow up to 10% of the market value of the Portfolio to bridge insufficient liquidity as a result of the redemption of participatory interests, and may also engage in scrip lending. A schedule of fees and charges and maximum commissions is available on request from the Manager. Commission and incentives may be paid and if so, would be included in the overall costs. The Manager reserves the right to close certain Portfolios from time to time in order to manage them more efficiently. More details are available from the Manager. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The Manager undertakes to repurchase participatory interests at the price calculated according to the requirements of the Collective Investment Schemes Control Act, 2002, and on the terms and conditions of the relevant Deeds. Payment will be made within 14 days of receipt of a valid repurchase form. Any capital gain realised on the disposal of a participatory interest in a collective investment scheme is subject to Capital Gains Tax (CGT). The Manager is obliged to report on the weighted average cost method for CGT purposes. All funds are valued on a daily basis at 15h30, except for some Fund of Funds and Feeder Funds, which are valued at 17h00. Investments and Repurchases will receive the price of the same day if received prior to 15h30. The Portfolio Charges document (including Performance Fee Frequently Asked Questions) is available on [www.stanlib.com](http://www.stanlib.com) ("Investment for Individuals" section). The Manager is a member of the Association of Collective Investments. Details are available from the Manager.

The Total Expense Ratio (TER) for this class or portfolio is indicated above. For the period from 01-01-2008 to 31-12-2008 each TER is the annualised percent of the average Net Asset Value of the portfolio incurred as charges, levies and fees. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good

Trustees : ABSA Bank Ltd, 6th Floor, Absa Towers North (6E1), 180 Commissioner Street, Johannesburg, 2001, 2001, Tel: 011 350 4000

## Portfolio Manager

### Henry Munzara

Henry worked in Zimbabwe for Bard Asset Management as a financial and industrial analyst. In June 1999, he joined Investec Securities and in January 2003, joined OMAM as an industrial analyst. In January 2007, he joined STANLIB.



## Quarterly Comments

### Fund Review

The Fund achieved one of its two stated objectives for 2009, namely capital preservation, returning 7.09% for the 12 month period. We however remain behind our secondary objective of CPI + 5% over rolling 36 months, as have many Targeted Return Funds with similar mandates. The past two years have proved challenging for Targeted Return Funds, with rising inflation and consequently high absolute benchmarks as well as volatile Equity markets resulting in low cumulative real returns. Both capital preservation and achievement of real returns proved difficult in 2008, while delivering real returns was the key challenge in 2009. The primary asset allocation decision we made last year was to go overweight growth assets (combination of Equity and Property) at the expense of defensive assets (fixed income). This decision proved correct, however, the returns delivered were still insufficient to deliver real returns over the corresponding 36 month period.

### Looking Ahead

We remain of the view that we are in the early stages of the growth cycle. Both the global economy and history suggest that we should retain an overweight exposure to risk assets and underweight exposure to defensive assets in such an environment. Should this economic view and asset class positioning prove correct, the key question then becomes whether asset class returns will be sufficient to deliver real returns. Given our view that Equity markets are at a reasonable level and that domestic inflation should remain within the Reserve Bank target for most of the year, we believe that both fund objectives (capital preservation as well as real returns over the corresponding period) should be achievable.

## Contact Details

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Compliance No :