

# STANLIB Global Government Bond Index Feeder ETF

Minimum Disclosure Document as at 30 June 2018

**STANLIB**  
INDEX INVESTMENTS

## What is the fund's objective?

The objective of the STANLIB Global Government Bond Index Feeder ETF is to track the FTSE Group-of-7 (G7) Index ("the Index") as closely as possible, in South African Rand.

## What does the fund invest in?

The fund is a feeder fund and as such it invests in the iShares Global Govt Bond UCITS ETF. This underlying fund tracks the Index and aims to replicate the performance of the Index. The G7 Government Bond Index includes Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. This Index covers approximately 85% of the market value of the World Government Bond Index. The Index is rebalanced monthly.

The fund may also hold a small portion in cash instruments and listed derivatives to effect efficient portfolio management.

## What possible risks are associated with this fund?

Risks include general market conditions and market volatility, country specific risk, default risk, interest rate risk, exchange rate risk, economic and political risk.

### Risk Rating

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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## Who should consider investing in this fund?

- Investors who seek broad exposure to global government bonds in South African Rand
- Investors who seek global bond exposure without foreign exchange tax clearance
- Investors who seek a low cost global government bond fund
- Investors who seek a simple and transparent investment process that invests in liquid, listed securities
- Investors who seek equity market exposure that blends well with other investment strategies to reduce total costs and diversify risk
- Investors who are willing to take a medium term view as this fund has a moderately conservative risk profile and investors should expect some volatility in the short term

## What is the suggested investment period?

Three years or longer.

## What are the costs to invest in this fund?

Portfolio charges including VAT:

	Class A
Manager annual fee	0.20%
<b>Total Expense Ratio (TER)</b>	<b>N/A</b>
<b>Transaction Costs (TC)</b>	<b>N/A</b>

Total Exchange Ratio and Transaction Costs will be published when the fund has reached one year post launch and the TER will include the TER of the underlying fund. The TER of the underlying fund (iShares Global Govt Bond UCITS ETF) was 20bps as at June 2018.

## General fund information

	<b>Class A</b>
<b>Launch date:</b>	14 March 2018
<b>Portfolio Manager(s)</b>	Ryan Basdeo
<b>Portfolio Size (NAV)</b>	R 6.8 million
<b>ISIN Code:</b>	ZAE000255188
<b>JSE Code:</b>	ETFGBB
<b>Sector classification:</b>	Global Interest Bearing – Variable Term
<b>Portfolio benchmark:</b>	FTSE G7 Government Bond Index
<b>Distribution status:</b>	Net revenue is calculated and accrued daily and is declared and distributed quarterly. The underlying fund distributes on a semi-annual basis.
<b>Income declaration:</b>	31 March, 30 June, 30 September and 31 December
<b>Securities lending ratio:</b>	0%

## Performance (%)

Performance and tracking error data will be available when the fund has a 12 month track record.

## Income distribution

	Declared in 2018 YTD	Declared in 2017
Class A	10.59	N/A

## Who are the fund managers?

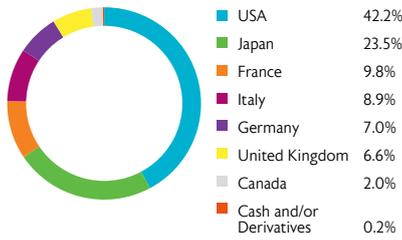
The fund is run by the STANLIB Index Investments team which specialises in the manufacture of index and factor products for individual and institutional investors. Investors who seek a simple, transparent and low-cost investment solution can invest in index products that meet their financial goals.



### Ryan Basdeo

Portfolio Manager  
BCom(Taxation), Registered Security Trader  
Industry experience: 11 years

**Underlying fund country allocation**



**Top 10 holdings (% of underlying fund)**

	Fund weight
Treasury Note	0.60
Treasury Note	0.55
Treasury Note	0.55
Treasury Note	0.44
Treasury Note (Old)	0.44
Japan (Government of) 10yr #325	0.43
Treasury Note	0.41
Treasury Note	0.39
GBP Cash	0.38
Treasury Note	0.37

**Contact details**

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**Fund review**

The fund performed in line with the feeder fund since the inception date of 14 March 2018. US treasury bonds had contributed to the majority of the fund performance as it forms the largest holding. The feeder fund has delivered a return of 1.4% in US dollars terms for the 12 months ended 30 June 2018.

**Market overview**

US Treasury yields rose markedly across the curve over the quarter as expectations of growth, inflation and interest rates shifted higher, triggered by higher US wage numbers. The yield on the 5-year Treasury note rose 17 basis points (bps), ending at 2.73%. The yield on the 10-year T-note rose 11 bps to 2.85%. The 30-year Treasury bond yield climbed 1 bps to 2.98%.

**Looking ahead**

It can be argued that some desynchronisation of global growth was to be expected in 2018/2019 as business cycles are seldom perfectly correlated across countries and regions for an extended period. Furthermore, it is not a surprise that the major central banks have become increasingly anxious to try and normalise monetary policy. However, the escalation of the “global trade war” in an environment of growing risk aversion appears to be exacerbating the pace of desynchronization, undermining business confidence in key economic regions, most notably the European Union and the more vulnerable emerging economies. Global leaders and policymakers’ decisions will remain key drivers in ensuring geopolitical and protectionist threats, do not undermine economic growth in the longer run. Additionally, there is a strong and positive correlation between United States business confidence and economic growth, hence high levels of confidence should lead to a noticeable improvement in GDP growth, whilst we are seeing some private sector fixed spending improvements on the back of tax cuts. Given that both headline and core United States inflation rate are both above 2%, and the fact that underlying inflation has been trending higher, while economic growth appears reasonably robust (especially the labour market), it is extremely likely that the Federal Reserve will feel comfortable in continuing to raise interest rates in 2018 and 2019, albeit at a relatively gradual pace. The fund remains positioned to deliver returns that are aligned to the index.

**Disclaimer**

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. The exchange traded fund is listed on an exchange and may therefore incur additional costs. ETFs trade on exchanges like stocks and are bought and sold at market prices which may differ to the net asset value of the ETF. 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 (RF) Pty 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 17h00.

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](http://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 South African printed news media.

Performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax.

A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.

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T 0860 123 003 W [www.stanlib.com/indexinvestments](http://www.stanlib.com/indexinvestments) Compliance number: H7X685 Published date: 26 July 2018

Investment manager: STANLIB Asset Management (Pty) Ltd, an authorised FSP under FAIS Act