



STANLIB investment performance improvement

The investment landscape has evolved, resulting in a change in clients' buying behaviour and asset manager business models. STANLIB has strong fixed income and listed property capabilities, but needs to build capacity in the higher margin and critical market share areas of multi-asset and equity.

We believe the initiatives we have taken in 2018 will deliver investment performance improvements in the coming years.

Improve our client experience

Our focus has been on improving client and financial adviser service levels through process improvements for complaints handling, escalations and withdrawals. The core initiative increased digitisation across all client and financial adviser touchpoints, including the development of Straight Through Processing for existing retail clients. Utilising digitisation, we have enhanced the quality and speed of our engagement with clients and financial advisers when transacting. Online application form completion and real-time internal validation checks have allowed us to achieve our goals of reducing client rejection rates and meeting our call centre service level agreement requirements. As a result, there has been a marked increase in the proportion of paperless transactions, leading to higher levels of satisfaction levels amongst clients and financial advisers.

Improve investment performance

STANLIB has worked to improve its investment oversight and governance, enabling its franchises to deliver performance in line with their respective philosophies. The investment philosophies of all franchises were reviewed to ensure that they are clearly articulated, of an institutional quality and supported by evidence from their return profiles. The Multi-asset and Equity franchises were restructured to ensure focus on investment decisions.

Additional employees were appointed to ensure good governance and oversight. Other critical vacancies, including new heads of investments and analytics were filled with staff who have significant industry experience.

To augment our focus on individual investment franchises, STANLIB rationalised its range of retail investment portfolios. Smaller and less viable portfolios were either closed or consolidated with others. This rationalisation also simplifies portfolio choice for investors.

Investment performance in fixed income and absolute return franchises remained strong. Listed property had a difficult year. Multi-asset and equity franchises reflected encouraging early signs of improvement. This trend needs to continue over the next few years for the full benefit to be felt in our client franchises.

INVEST – saving for your future

R16,1 billion

external third-party net cash flows
invested with STANLIB

3,2 million

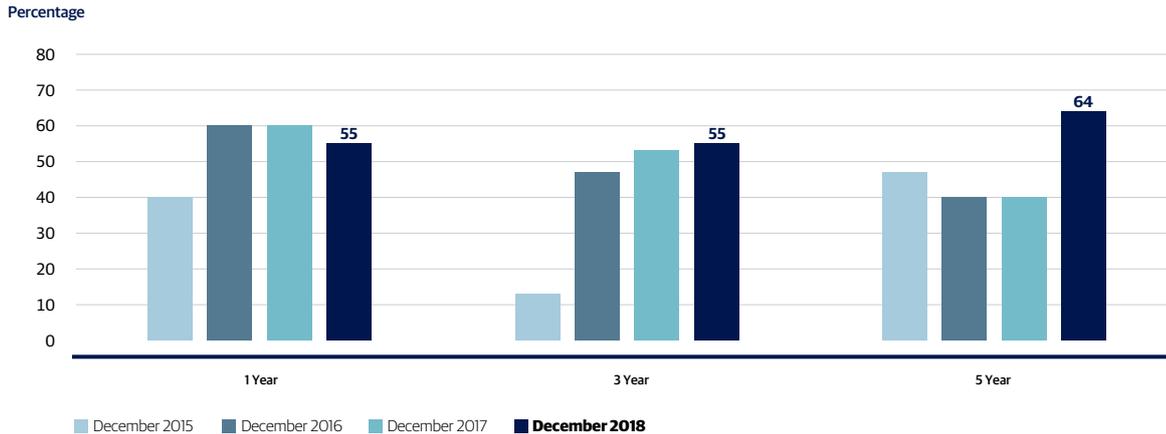
credit life policies allowing individuals to
secure mortgages for their homes

R5,8 billion

in annuity payments

STANLIB – Value for clients

% of core retail products with 1st and 2nd quartile investment performance



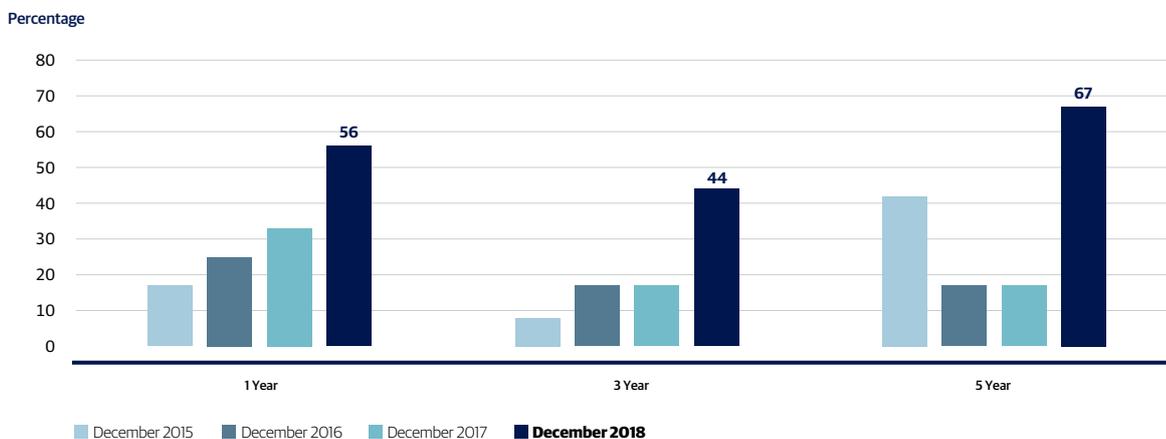
Significant effort and resources were applied to driving improved investment outcomes for clients. A clear focus on investment performance delivery was a key component of various initiatives implemented during the year. Cross franchise co-operation and challenge was enhanced providing a positive environment for STANLIB investment professionals to leverage the knowledge and insights across the investment platform.

In 2018, the investment team focused on the Multi-Asset and Equity propositions. STANLIB made several changes which will be best assessed over a longer period (three to five years). However, short-term improvements are evident.

The STANLIB Equity Fund performed in the 1st quartile in 2018 (2017: 2nd quartile) and the STANLIB Balanced Fund also performed in the 1st quartile in 2018 (2017: 3rd quartile). Significantly, the STANLIB Equity Fund delivered more than 6% above its relevant index and the Balanced Fund delivered over 2% above the average of its peers. The STANLIB SA Equity Fund continued to lag its peers and is receiving management attention.

Despite a difficult 2018 for growth orientated asset classes, the STANLIB Absolute Plus delivered a positive return for 2018 and outperformed its peers over all periods. Listed property had a difficult year but recovered towards the end of the year when measured against its peers and benchmark.

% of institutional funds with 1st and 2nd quartile investment performance



Investment performance is reflecting early signs of improvement. Enhanced investment oversight and governance processes and new appointments to the team, with significant industry experience, are having a positive impact as the short-term (one year) performance shows a marked improvement over the three year trend.