



Democratising investments and access to Market

Derrick Msibi: CEO STANLIB Asset Management

STANLIB

WHO WE ARE



Industrial and Commercial Bank of China
20.1% stake in Standard Bank Group since 2008

155 YEARS

US\$17bn Market capitalisation
as at August 2020



60 YEARS

US\$42bn Assets under management
as at 30 June 2020

STANLIB

50 YEARS

US\$33bn Assets under management and
administration as at 30 June 2020

356891 Active Retail accounts
administered



STANLIB is a significant player in CIS in South Africa

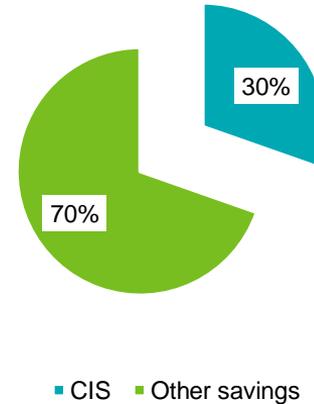
CIS Manager	Assets (Rbn)	Asset Rank
ALLAN GRAY	284.83	1
STANLIB	261.31	2
Ninety One	256.10	3
CORONATION	251.24	4
NEDGROUP	238.68	5
OLD MUTUAL	185.65	6
SANLAM	178.28	7
ABSA	154.84	8
BOUTIQUE COLLECTIVE INVESTMENTS	145.80	9
PRESCIENT	118.71	10

The SA CIS Environment

Growth in CIS (US\$)



CIS are significant portion of savings



Over 1360 funds covering all asset classes including international funds

Why Collective Investment Schemes (CIS) are important



Mobilising capital – connecting savers and investors



Bring benefits of scale to investors



Creating an efficient, regulated and effective capital market



Offer investor protection through regulatory framework and oversight



Aid functioning of economy through channeling capital to where it is needed



Set the appropriate standards for conduct of market participants



Provide investors with professional skills to manage investments



Provide financial innovation to aid development of new financial products

Founded on trust and confidence by investors

Professionalising the industry: Building Trust

Clear **penalties** for non-compliance

Development of industry bodies to **monitor and enforce** compliance

Swift and public **actions** for noncompliance

Move towards being a **profession**: Ethics, Qualifications, Body of Knowledge

Strong **oversight** by regulators

How should we communicate with investors

Simplified: Less jargon and tailored to the investors need

Regular and timeous: Frequent in times of crisis without triggering panic

Transparency: Clearly communicate risk in each investment

Direct: Help investors overcome behavioral biases

Intentional: Aligned and focused to the investor's goals

Value of advice

Keep advice affordable and accessible

Be clear on what is advisor value add: Right portfolios; Ability to achieve a financial goal; Emotional outcomes for investors: trust, personal connection and, Advisors Add 4,4% or more of value to investors

Manage the conversation

Using behavior finance to help investors manage their human biases

Humans tend to prefer avoiding losses than acquiring equivalent gains.



Sell winners too early, hold onto losers too long

Illustrate the connection between their investment and long term goals

Humans tend to over-estimate or exaggerate our ability to successfully perform tasks.



Trade too often

Listen and provide perspective

Humans tend to mimic the actions of the larger group.



Can lead to...

Buy high, sell low

Can be managed...

Focus on long term goals and emphasise a disciplined process

Humans tend to prefer what is familiar or well known.



Overweight home country

Diversify and cast a wider net

Humans tend to attach different values to money based on its source or location.



Naïve diversification

Money is fungible. Focus on total wealth allocation

Advisors play a critical role in helping investors avoid common behavioural tendencies and may potentially help their clients achieve better portfolio returns than those investors making decisions without professional guidance

Conclusions

1

Financial Services Companies need to focus on developing trust

2

CIS are a fundamental building block in the establishment of a robust savings system

3

The strength of the CIS value chain is as strong as its weakest link

4

Each part of the value chain must communicate its value chain clearly

5

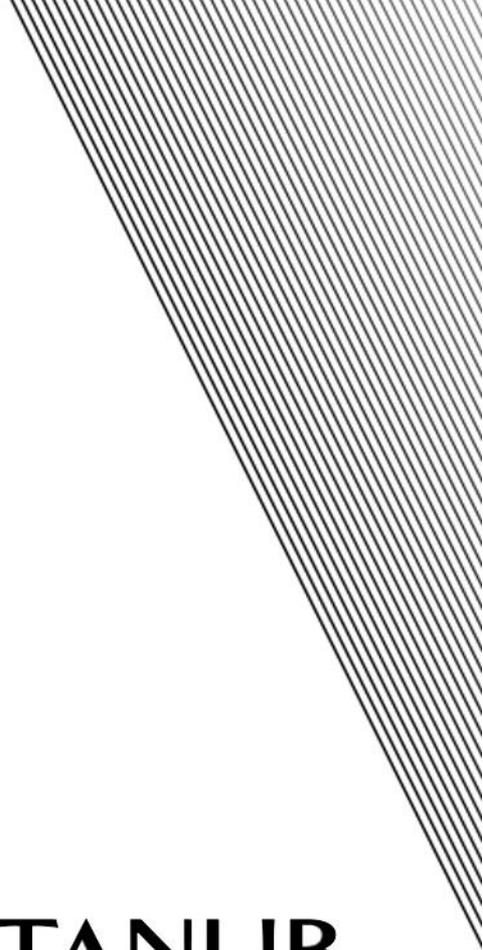
There has to be a balance between regulator intervention and self-regulation bodies

6

To build trust, building a professional investment community is crucial

THANK YOU

STANLIB

A decorative graphic in the top right corner consisting of a series of parallel, slightly curved lines that create a sense of depth and movement, resembling a stylized 'S' or a series of overlapping planes.

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. Past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending.

The manager of the Scheme is STANLIB Collective Investments (RF) (PTY) Ltd (the Manager). The Manager is authorised in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. Liberty is a full member of the Association for Savings and Investments of South Africa (ASISA). The Manager is a member of the Liberty Group of Companies. The manager has a right to close a portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate. A schedule of fees and charges and maximum commissions is available on request the Manager. The Manager does not provide any guarantee either with respect to the capital or the return of a CIS portfolio. Forward pricing is used.

All performance returns and ranking figures quoted are shown in ZAR and are based on data sourced from Morningstar or Statpro and are as at XXX.

Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, date of reinvestment of income and dividend withholding tax. Any forecasts or commentary included in this document are not guaranteed to occur. Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period.

Exchange Traded Funds (ETFs) are registered Collective Investment Schemes, listed on an exchange and may therefore incur additional costs. Participatory interests in a CIS-ETF cannot be purchased directly from the Manager. A CIS-ETF is subject to exchange listing requirements and settlement cycles for equities and all trading in a CIS-ETF is through an exchange. It may take a few days longer to receive the proceeds of a sale of a CIS-ETF than would be the case for a CIS. Trading in ETFs will incur the normal costs associated with listed securities, including brokerage, settlement costs, Uncertified Securities Tax (UST), other statutory costs and administrative costs. The price at which ETFs trade on an Exchange may differ from the Net Asset Value price published at the close of the trading day, because of intra-day price movements in the value of the constituent basket of securities.

A fund of funds is a portfolio that invests in portfolios of collective investment schemes, that levy their own charges, which could result in a higher fee structure for these portfolios

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

A money market portfolio is not a bank deposit account. The price of each participatory interest (unit) is aimed at a constant value. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the portfolio. An annualised seven day rolling average effective yield is calculated for Money Market Portfolios. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures; and that in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

A portfolio that derives its income primarily from interest-bearing instruments calculates its yield daily and is a current effective yield.

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