

# STANLIB in the Media

## Update from George



All members of the financial services industry can expect increased media scrutiny following one of the biggest meltdowns in investor wealth in history. Our performance has certainly been under the spotlight and we have come in for some criticism. How should one react?

In our view, transparency and honesty are key in all communication. 'Going missing' when media interest mounts is not the answer.

Recently, we made time for a productive interview with media that resulted in a story on the Fin24 website and later addressed a wider media audience at our quarterly Media Fund Focus on 28 January; a briefing that prompted less than flattering coverage in The Sunday Times.

Journalists work under time and space constraints; so it was no surprise that the STANLIB commentary was not presented in full.

For the record, I acknowledged that we made the wrong call on resource and construction stocks, affecting the performance of the Nationbuilder, Small Cap, Prosperity, Resources and Capital Growth funds. Frank acceptance of responsibility was in the interest of transparency and accountability – and therefore in the interest of clients. Deceptive words and evasion were hardly appropriate and might have provoked continued sniping from critics.

Openness from the outset drew a line. We put the bad news on the table – an essential first step in getting across the messages that our clients are waiting to hear; namely, that we have learnt valuable lessons from 2008; we have scrutinised our processes and asked ourselves hard questions with the aim of mitigating such risk in future.

The multi-franchise business model is still intact and is flexible enough to permit modifications to achieve improved risk mitigation.

The Sunday Times ascribes comments to me to the effect that our funds will only recover in 2013. This is not true. All I did was to make the

observation that an unfortunate event like this will remain in the historic performance calculation for a long time. This is simple arithmetic. The important question is about the future and whether STANLIB is correctly positioned for this year. I can say with conviction that we have put a huge amount of effort into making sure that this is the case.

The Sunday Times article suggests I inadvertently made a case for index tracker funds as opposed to active fund management. This was the writer's personal interpretation.

But let's be clear. STANLIB is an active asset manager committed to making investment decisions based on rigorous analysis and debate, using the multi-franchise model. STANLIB has an experienced and highly qualified team of investment professionals who use their talents to create value for our clients over the long term. I'm extremely confident that the team is strong, knows what it is doing and that your assets are in good hands.

Delivering value through active fund management remains our core mission and has helped us grow into the country's largest domestic unit trust company.

We remain active managers. We also remain open and honest. The subtext to recent coverage is that STANLIB is not a company in denial. We have learned lessons and taken energetic steps to apply them to protect and foster the interests of our clients. This message cannot be stressed enough.

**George Brits**  
*STANLIB: Chief Executive Officer*