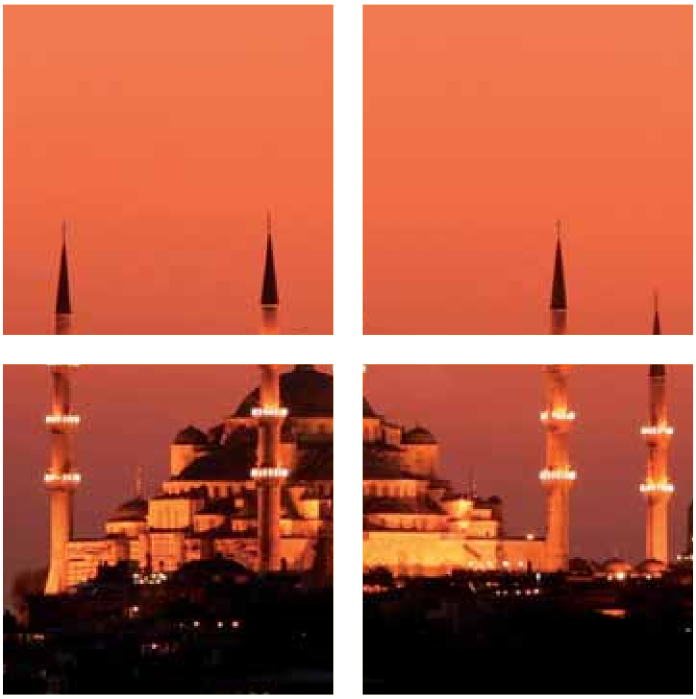

STANLIB Shari'ah Equity Fund

SHARI'AH

STANLIB

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Who is STANLIB?

Two great companies shared a vision to create a company that would turn possibilities into a far better reality for all its clients. This vision came to life through the merger of Liberty Asset Management and Standard Corporate and Merchant Bank Asset Management to form STANLIB in 2002. STANLIB, which forms part of the Liberty and Standard Bank group, is the third largest asset management company with over R300bn in assets under management. The company's BEE ownership is one of the most widely spread in the whole financial services industry and passed the 25% threshold a full 5 years before the deadline stipulated by the Financial Sector Charter.

Top portfolio managers and analysts are primarily focused on generating good investment returns according to both local and offshore mandates and are backed up by the use of modern administration systems and a dedicated call centre.

Intermediaries that deal with STANLIB have stressed the need from their Muslim clients for a Shari'ah compliant investment. The STANLIB Shari'ah Equity Fund provides Muslim investors access to a pure Shari'ah compliant portfolio and any non-permissible income derived from the portfolio will be donated, on investor's behalf, to charitable organizations approved by the Shari'ah Supervisory Board of the STANLIB Shari'ah Equity Fund.

The portfolio is managed by a top Shari'ah portfolio manager and supported by an internationally respected Shari'ah Supervisory Board.

The STANLIB Shari'ah Equity Fund offers an equity solution that strictly complies with the Shari'ah law governing Islamic investment.

STANLIB's commitment to Shari'ah investments

Shari'ah means the "sacred law" and for Muslims it refers to laws and ways of life prescribed by Allah (SWT). These teachings not only impact every Muslim's day-to-day living habits, but also their economic life through the governing of Islamic finance. The core themes of Islamic finance are based on core ideas including individual responsibility, reliance on market mechanism, commitment to economic and social justice and mandatory care for the environment.

The key parameter around which a Shari'ah investment strategy must be governed is the ethical nature of the investment. Shari'ah investments therefore are managed according to this law and are not permitted to invest in, amongst other things, conventional banks, unlawful entertainment (casinos, discotheques, etc), companies manufacturing, selling or offering alcohol, pork, haraam meat, gambling, pornography, prostitution and cash and interest bearing securities. There is an additional criterion for Shari'ah compliant investments, that is, that the company invested in must not earn its income from interest-bearing instruments or have a debt to equity ratio greater than 30%. Despite these rules, the investment case must exist, meaning that the company must still offer stable and good returns.

The STANLIB Shari'ah Equity Fund is a collective investment scheme in securities which is a "joint pool" into which investors contribute their surplus money for the purpose of investment to earn halaal profits in strict conformity with the precepts of Islamic Shari'ah. STANLIB understands that under Shari'ah Islamic law, making money from money, such as charging interest, is usury and therefore not permitted. As a Muslim investor you can rest assured that your money is being put to use in ways that accord with the teachings of Islam.

Portfolio objective

The investment objective of the STANLIB Shari'ah Equity Fund is to primarily generate capital growth over the medium to long term, whilst conforming to the religious and cultural beliefs of Muslim investors. The generation of income will be a secondary objective.

Our investment strategy

This portfolio will invest in a mix of South African and foreign equity securities, including financial instruments, and when appropriate, other securities such as non-equity securities as may be permitted by the Shari'ah Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The manager may invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes as the Act may allow from time to time: Provided that the investments are done in accordance with the manner, limits and conditions as determined by the Registrar from time to time, as well as the Shari'ah Standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). No limits are specified with regard to a specific sector(s).

The complete investable universe will be screened by the Shari'ah Advisory and Supervisory Board in order to ensure compliance to the Shari'ah Standards as determined by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), from time to time. The STANLIB Shari'ah Equity Fund shall, specifically, not include any interest bearing securities, other than those included in a recognised Islamic Index, such as Dow Jones or FTSE, preference shares prohibited by the AAOIFI standards, or shares of companies predominantly (i.e. more than 5%) engaged in conventional insurance contracts, intoxicants, gambling, pornography, unlawful meat, taking interest bearing deposits or raising interest bearing loans.

Treatment of non-permissible income

Our investment mandate does not permit the portfolio to invest in companies that earn their revenue from non-compliant sources. Non-compliant sources include interest and rental earned from restricted companies. The quantum of non-permissible income will be determined by the Shari'ah Supervisory Board which will typically be a percentage of the total dividend income that accrued to the portfolio, i.e. 5%. To ensure Shari'ah compliance, STANLIB will purify the dividends earned by automatically deducting all non-permissible income from the total dividend income distribution due to the investor. The balance after the deduction of non-permissible income is then applied according to the investor's further instructions, i.e. either reinvested or paid to the investor's bank account. All non-permissible income deducted will be donated by STANLIB on behalf of investors to charitable organizations, as directed by the Shari'ah Supervisory Board.

For example, in a case where the Shari'ah Board determines that 5% of all dividends that accrued to the portfolio are non-permissible, a proportionate amount of the dividend income due to the investor (i.e. 5%) will be deemed to be non-permissible and will be deducted from the total dividend income distribution due to the investor and donated on behalf of the investor to charitable organizations, as directed by the Shari'ah Supervisory Board.

Investors must take note that their statements and the statutory tax certificates (I.T. 3 (b)) will indicate the total income distributed to them, the portion of non-permissible income deducted from the total income distribution and donated to a charity on their behalf, and the net amount that was distributed to them according to their instructions, i.e. reinvested or paid to the investor's bank account. It is also important to note that certain permissible income received by the portfolio is deemed to be interest income in terms of the Income Tax Act, as amended from time to time, and will be reflected as such. Investors are accordingly advised to seek appropriate tax advice as to the potential tax consequences they may be subjected to.

Please remember that all investors with STANLIB are required to meet the Financial Intelligence Centre Act (FICA) requirements and NO TRANSACTIONS CAN BE PROCESSED until these requirements have been met. During the time that STANLIB is awaiting these outstanding requirements, interest will be earned on your investment amount up to the time that it is allocated to the STANLIB Shari'ah Equity Fund.

The portfolio manager

Ashraf Mohamed of STANLIB Asset Management will manage the portfolio's assets.

BCom, CFA and Post Graduate Diploma in Accounting

Ashraf started as an investment analyst at HSBC Simpson McKie in 1994 and in 1995 he moved to the office of the chairman at HSBC Simpson McKie to work on special projects and manage selected private client funds. From 1998 to 2000 he was employed as an investment analyst/portfolio manager at Greenwich Asset Management after which he was offered the position of portfolio manager at Franklin Templeton. From 2001 to 2003 he was an analyst/portfolio manager at Abvest Associates until 2004 when he moved to Futuregrowth Asset Management where he was appointed as head of portfolio management. After gaining valuable experience managing the Futuregrowth Albaraka Equity Fund, Ashraf will now be responsible for managing the STANLIB Shari'ah Equity Fund.

The Shari'ah Advisory and Supervisory Board

To ensure that the principles are not compromised, the STANLIB Shari'ah Equity Fund has a Shari'ah Supervisory Board of Advisors. This is a body of qualified Muslim jurists well versed in the principles of Shari'ah who vet all new transactions and structuring of deals. The appointed Shari'ah Advisory and Supervisory Board consists of two local and one international scholar and will guide Ashraf in complying with international Shari'ah best practice in his portfolio construction and the verification of acceptable investment instruments.

The following members of the Shari'ah Advisory and Supervisory Board have been appointed:

Board member	Qualifications
Dr Mohammad Hashim Kamali (Chairman)	■ PhD (London) Islamic Jurisprudence, BA (Afghanistan) ■ Professor of Islamic Jurisprudence (International Islamic University of Malaysia) ■ Chairman Shari'ah Board CIMB Islamic Bank
Sheikh Seraj Hendricks	■ BA (Hons) Islamic Law (Saudi Arabia); MA (Unisa) Arabic (Cum Laude) ■ Member of Muslim Judicial Council (South Africa) ■ Leading jurist on Islamic Fatwas
Faizal Ahmad Manjoo	■ MA in Islamic Management, Banking and Finance (2004,UK) ■ Advanced Diploma in Labour Law (2003, South Africa) ■ Diploma in Advanced Banking Law (2002, South Africa) ■ LLB-Law Degree (2001, South Africa) ■ BA (Hons) Islamic Studies (1997, South Africa) ■ Darse Nizami ('Aalim Faadil) (Equivalent to BA Islamic Studies) (1996, South Africa) ■ Diploma in Advanced Management Studies (1984, Mauritius) ■ Shariah Board member for i-Corporate Solutions (Bhd) Malaysia

Investment risk

The underlying investment universe consists of listed shares and collective investment schemes, hence risks related to investing on the FTSE/JSE and investment markets will directly affect the portfolio performance. The portfolio will also be permitted to invest its assets in foreign investment markets in a mix of equity securities, with any related risks, and when appropriate, other securities such as non-equity securities as may be permitted by the Shari'ah Standards of AAOIFI. The equity nature of the portfolio means that it has an aggressive risk profile.

The Association of Collective Investment's classification category

Domestic: Equity – General Portfolios

Benchmark

FTSE/JSE All Share Index, excluding dividends

Investment minimum

Lump sum	Debit order
R2 000	R200

Charge structure (A class)

Maximum upfront manager charge (excl. VAT)		Maximum service charge (excl. VAT)	
Total charge (incl. Intermediary's Portion)	Intermediary's Portion	Total charge (incl. Intermediary's Portion)	Intermediary's Portion
5.00%	3.00%	1.50%	0.50%

Please note:

1. In the interest of 'best advice', STANLIB promotes the use of a professional intermediary. Should an intermediary be used by the investor, STANLIB will pay a portion of its upfront manager charge, as well as a portion of its service charge, to the intermediary. These portions are set out in the table above. Where an investor elects not to use an intermediary, the full charge will be payable to the management company and there will be no obligation on the management company to provide an advisory service.
2. Upfront manager charges are negotiable between the intermediary and the investor, and should depend on the level of professional advice/service rendered.
3. A sliding scale is normally applicable to the upfront manager charge. However, the investor and the intermediary may agree on a different arrangement, in which case an upfront manager charge as agreed, between the investor and the intermediary, will be charged on the investment transaction. If no upfront manager charge is indicated, a sliding scale will apply.
4. The Total Expense Ratio (TER) of a portfolio is a measure of the portfolio's assets that were relinquished as operating costs expressed as a percentage of the daily average value of the portfolio calculated over a period of usually a financial year. Typical expenses which are deducted from a portfolio include service charges, taxes, trustee fees and audit fees. The TERs can be located on the Fact Sheets and the Portfolio Charges document (including the Performance Fee Frequently Asked Questions), which is available on www.stanlib.com ("Investment for Individuals" section).
5. Refer to the Portfolio Charges document on www.stanlib.com for the charges applicable to other classes.
6. Should, by agreement, the total upfront manager charge be discounted, the manager portion and the intermediary portion will be discounted proportionately.

Income distribution

The portfolio will distribute semi-annually. Distributions will be declared on the last working day of June and December. Payment will be made on or before the last business day of July and January.

Recommended minimum investment period

Minimum of five years

Statutory disclosure and general terms and 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. Where different classes of participatory interests apply to certain Portfolios, they would be subject to different fees and charges. 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 exposure limit to a single security in this Portfolio can be greater than is permitted for other Portfolios in terms of the Collective Investment Schemes Control Act, 2002 ("the Act"). Details are available from the Manager. A Fund of Funds Portfolio only invests in other collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund Portfolio only invests in the participatory interests of a single Portfolio of a collective investment scheme apart from assets in liquid form. 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 portfolios are valued on a daily basis at 15h30, except for some Fund of Funds Portfolios and Feeder Fund Portfolios, 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 the Performance Fee Frequently Asked Questions) is available on www.stanlbi.com ("Investment for Individuals" section). The Manager is a member of the Association of Collective Investments. Contact details of Trustees: Absa Bank Ltd, 6th Floor, Absa Towers North (6E1), 180 Commissioner Street, Johannesburg, 2001. Telephone No. (011) 350-4000.

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