

Performance update

Sanlam Lifestage Accumulation shows its worth during 2017

2017 proved to be a white knuckle ride full of twists and turns for investors. While everyone was watching the precarious position of our state-owned enterprises, it was Steinhoff International that made headlines during December as possibly the largest collapse in corporate South Africa. Our country's credit ratings were on a knife edge but Moody decided on a stay of execution. One of the longest serving African presidents was deposed in a bloodless coup in Zimbabwe and Cyril Ramaphosa was chosen to lead the ANC in a tight contest.

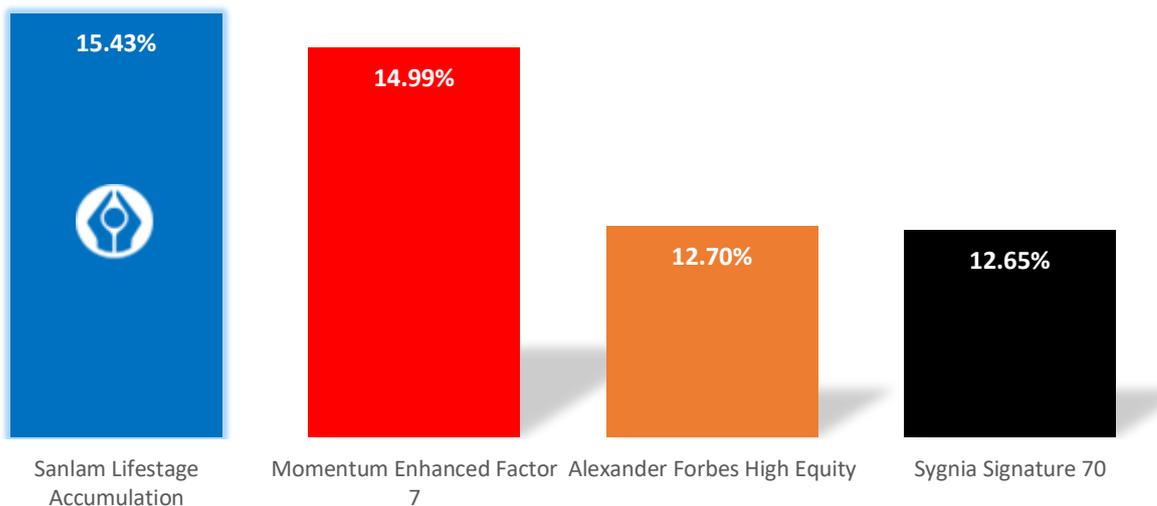
It is in unpredictable markets like these that a well-diversified strategy such as our Sanlam Lifestage Accumulation portfolio shows its mettle. We have previously communicated the changes that we have made to the portfolio's investment strategy since 2016 and it is pleasing to see how these have paid off during the last year.

Certain competitors spend a large amount of time bad mouthing active investment management in the media to support their passively managed portfolios. At Sanlam we have moved away from the binary view that our lifestage portfolio should be either actively or passively invested and find that blending active and passive management for different asset classes in our portfolio to be optimal. The result from 2017 speaks for itself.

Comparison versus actively managed portfolios

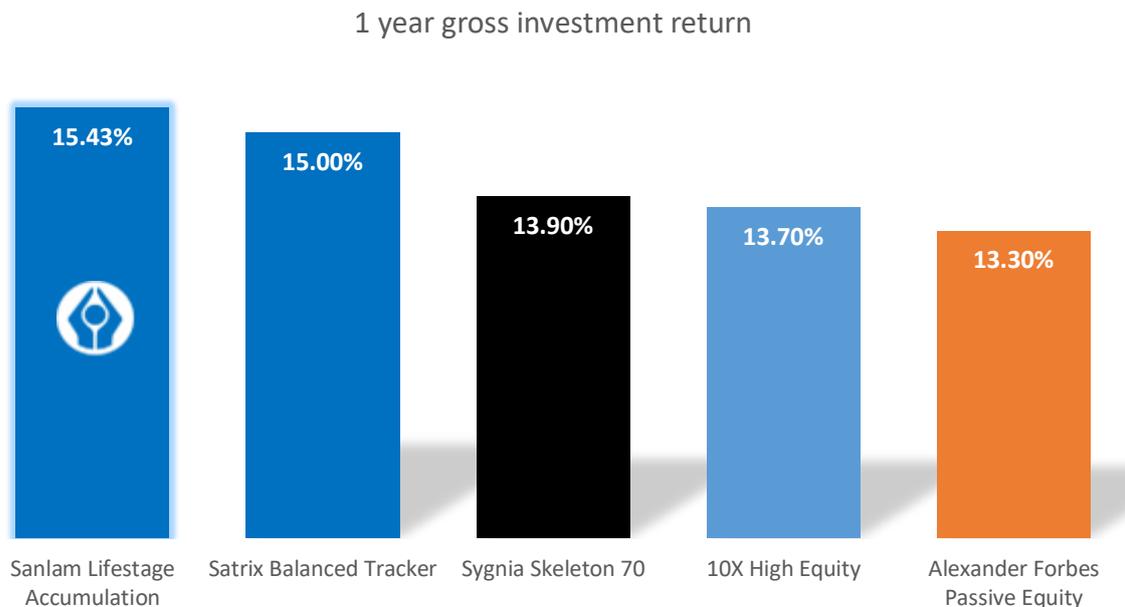
The chart below compares our Lifestage Accumulation portfolio against our main competitor's lifestage accumulation portfolios. It makes for good reading – if you are a Sanlam lifestage investor!

1 year gross investment return



Comparison versus passively managed portfolios

The next chart below shows the comparison versus passively managed portfolios. These purely passive portfolios would have been fully invested in Steinhoff International based on its weighting in the equity index.



Whether comparing against actively managed or passively managed portfolios, the Sanlam lifestage Accumulation portfolio comes out tops for 2017!

Benchmark changes

While the above performance is pleasing, we cannot sit back and relax. At Sanlam we are continuously looking for ways to improve performance and reduce risk for our clients. While we recognise that there are concerns with continuing with the current SWIX benchmark for local equities (especially regarding the exposure to Naspers), we do not believe it is prudent to more than half the portfolio's benchmark exposure to Naspers in a single change. With our local equity exposure split between a passively and an actively managed pools, we have decided to change the equity benchmark for our actively managed pool from SWIX to Capped SWIX from January 2018. The passively managed local equity pool will remain benchmarked against SWIX, Sanlam will reconsider the local passive equity benchmark during the second half of 2018.

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