Sanlam

Sanlam Employee Benefits

Lifestage Report
Quarter 4 2018

Insurance | Financial Planning | Retirement | Investments | Wealth

Contents

Overview of the Sanlam Lifestage solution

Sanlam Lifestage aims to meet a member's retirement savings requirement in a single seamless investment solution.

The product is designed to adapt to the time remaining for the member to retire, and to invest member's funds according to their risk appetite. Our solution is specially designed to meet member's income needs after retirement, this is done by investing member's funds in a preservation portfolio that is suitable for the member's annuity choice during retirement.

In terms of the Lifestage approach, a member's savings are initially invested in a portfolio that places emphasis on long-term capital growth with some tolerance for short-term market volatility. As retirement approaches, member's savings are automatically switched to a preservation phase. A preservation phase protects a member against the specific risks inherent in the purchase of the particular annuity that the member is targeting to obtain an income in retirement.

Lifestage Solution

6 YEARS FROM RETIREMENT AGE

Accumulation phase

All members **more than 6 years** from Retirement Age

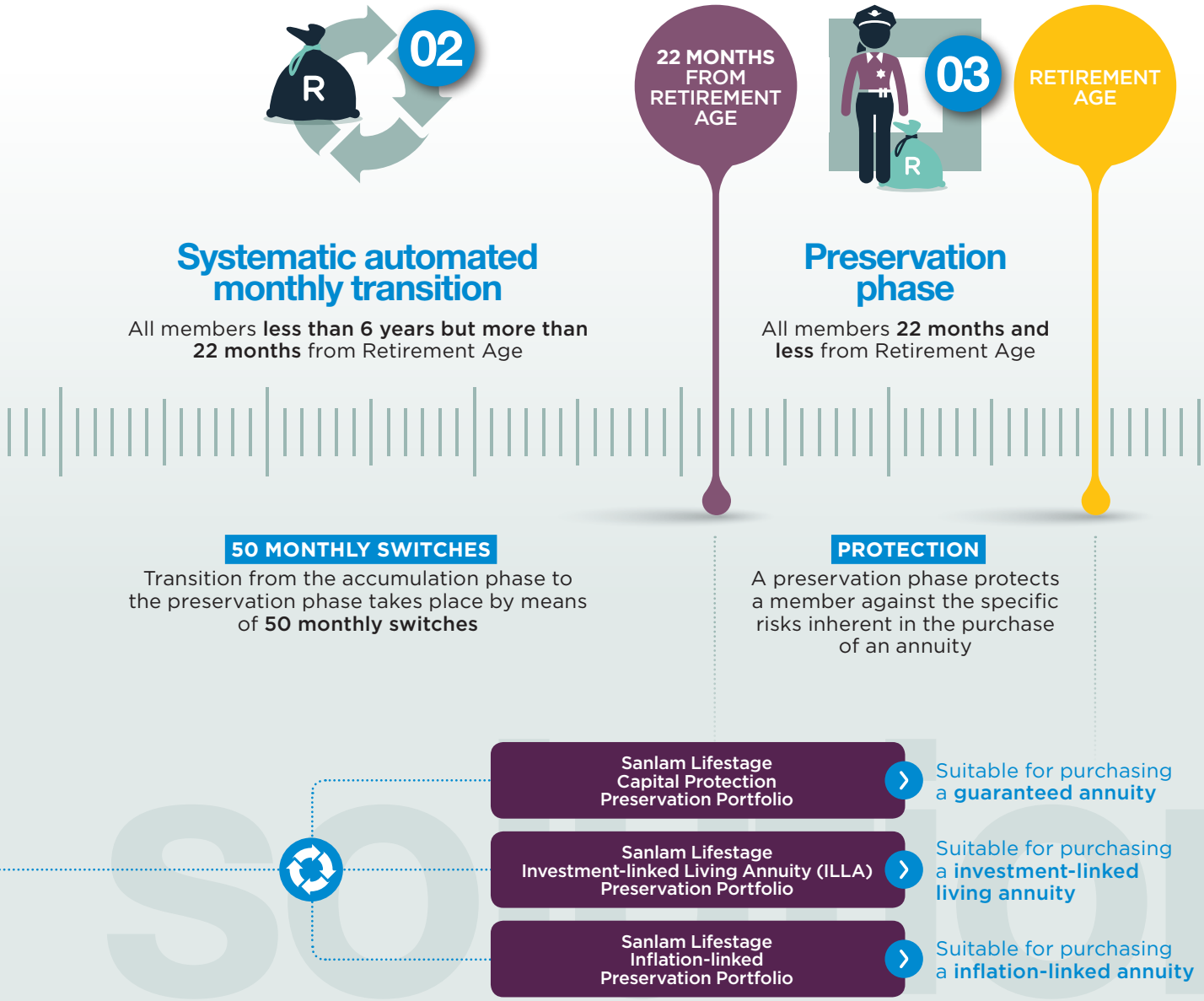
GROWTH

The Accumulation Portfolio aims to provide market-related capital growth to members (more than six years from retirement) who need to grow their retirement savings

Sanlam Lifestage Accumulation Portfolio

As members may employ a range of different income strategies at retirement, three Sanlam Lifestage Preservation Portfolios are available, each designed to align capital to an income strategy for an almost seamless transition into retirement. Should the member not make a choice of their preservation portfolio, their funds will automatically be invested in the default preservation portfolio, the Sanlam Capital Protection Preservation Portfolio.

Transition from the accumulation phase to the preservation phase takes place by means of 50 monthly switches, starting 6 years prior to retirement. This is essential to reduce market timing risk. The transitioning switches that shift exposure from the Sanlam Lifestage Accumulation Portfolio to the Sanlam Lifestage Preservation Portfolios are calculated and implemented monthly based on the actual age of the member. A member may plan to retire earlier than the normal retirement age determined by their employer, if this is allowed by their retirement fund. In such cases, planned retirement dates instead of normal retirement ages can be used to determine the timing of the transitioning process. This is done at no additional cost to the member.



Investment Portfolios offered in Sanlam Lifestage

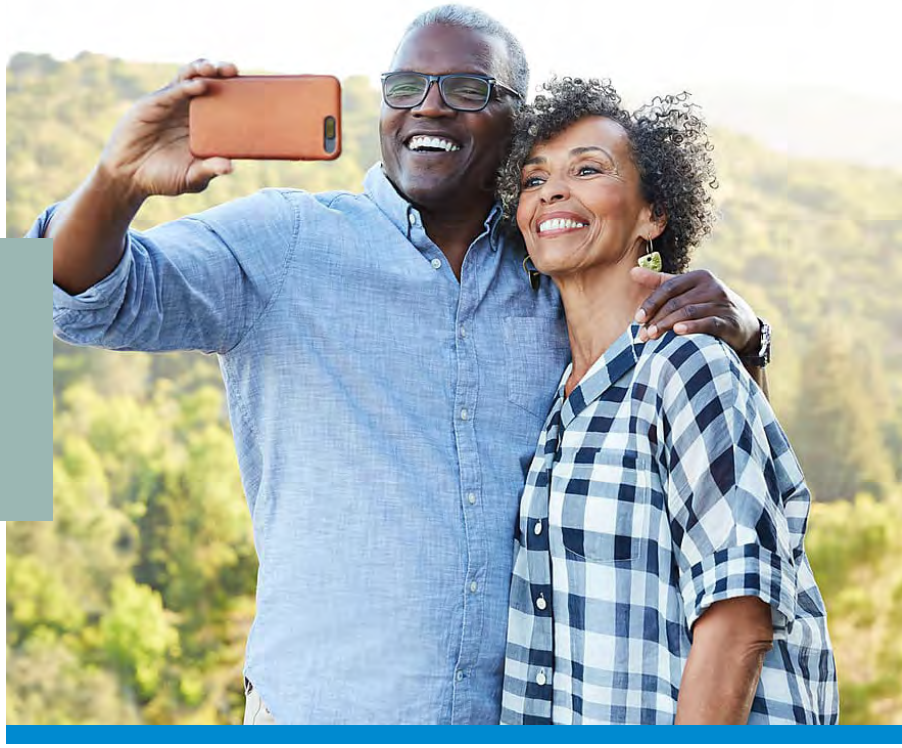
Accumulation Phase

Sanlam Lifestage Accumulation Portfolio

The Sanlam Lifestage Accumulation Portfolio aims to provide market-related capital growth to members who are more than six years from retirement and who need to grow their retirement savings.

The portfolio is a multi-managed portfolio which allocates its assets across equities, bonds, property and cash. A core-satellite investment strategy is generally employed whereby the core is a low-cost index-tracking strategy, around which the satellite managers aim for active returns through the out-performance of their respective benchmarks.

The fund is an **aggressive** portfolio displaying high levels of volatility over the short-term and is aiming to provide market-related growth.



Preservation Phase

Capital Protection Preservation Portfolio

The Sanlam Lifestage Capital Protection Preservation Portfolio invests fully in the Sanlam Stable Bonus Portfolio. The portfolio aims to protect the invested capital. The Stable Bonus Portfolio provides investors with exposure to the investment markets, while protecting them against adverse market movements.

This is achieved by smoothing the returns over time and offering capital protection on the capital invested together with the vested bonuses in case of resignation, retirement, death, retrenchment or disability. A bonus is declared monthly in advance, which consists of a vesting and non-vesting component. Bonuses cannot be negative.

The Capital Protection Preservation Portfolio is appropriate for a member wishing to purchase a guaranteed annuity at retirement, or who is uncertain on which annuitisation strategy they wish to employ at retirement

The portfolio has a **conservative** risk profile.

Inflation-linked Preservation Portfolio

The Sanlam Lifestage Inflation-linked Preservation Portfolio aims to provide members nearing retirement with the ability to buy a post-retirement income that will grow in line with inflation after retirement. As such, the value of the investment portfolio may fluctuate when interest rates rise or fall, as it aims to match the movement in purchasing prices of inflation-linked annuities rather than protect or maximise growth of capital in the short-term.

The portfolio invests in a long-duration bond portfolio, the Sanlam Employee Benefit Inflation Annuity Tracker Portfolio, where the benchmark for this portfolio is the SALI Real. The SALI Real Index has been developed by Sanlam to track the cost of purchasing an inflation-linked annuity.

The portfolio has a **conservative** risk profile.

Investment-linked Living Annuity (ILLA) Preservation Portfolio

The Sanlam Lifestage Investment-linked Living Annuity (ILLA) Preservation Portfolio aims to provide moderate market growth. The portfolio allocates its assets across equities, bonds, property and cash.

A core-satellite investment strategy is generally employed where the core is a low-cost index-tracking strategy, around which the satellite managers aim for active returns through the outperformance of their respective benchmarks.

This portfolio is suitable for members who want to invest in an investment-linked living annuity at retirement.

This portfolio has a **moderate** risk profile.

Macroeconomic commentary

Highlights

- US FOMC raises rates 25 basis points but dot-plot unchanged
- US imposes 10% tariffs on USD200bn of Chinese imports; China retaliates
- USMCA to replace NAFTA
- US and Japan to reopen trade talks on goods
- China stimulus only to become visible in Q1 2019
- Italy on collision course with EU over budget
- SA Mining Charter gazetted
- SA MPC leaves rates unchanged
- Ramaphosa announces stimulus plan
- Moody's to release SA ratings assessment after MTBPS

Global economics

Global Equities

Global equities came under selling pressure in the final quarter of 2018 as fears of a global slowdown gained traction, the Fed raised rates a further 25 basis points and a partial shutdown of the US government weighed on sentiment. Mixed Fed sentiment, rumours that Trump was considering firing Federal Reserve chairman Jerome Powell, and Britain's failure to vote on its Brexit deal, were further headwinds for beleaguered equities. US GDP growth and core personal consumption expenditure (PCE) inflation were also revised lower, suggesting that the Fed could pause its raising of interest rates towards the middle of 2019.

While much has been said about the US-China trade relationship, a more immediate concern is that the Democrat-controlled House fails to ratify Trump's USMCA trade agreement, the new NAFTA agreement (the US, Canada and Mexico signed a trade deal to replace NAFTA at the G20 summit in Argentina, known as the United States-Mexico-Canada Agreement or USMCA).

Furthermore, the 90-day US freeze on the imposition of additional tariffs on Chinese imports will allow the monetary and fiscal stimulus measures time to take root through lower borrowing costs, currency depreciation, tax cuts and tariff reductions as the benefits of infrastructure spending fade. The resumption of US-China trade talks scheduled for January at the vice-ministerial level also raises hopes of at least a partial break-through in trade talks.

With the risk of a "no-deal" Brexit rising as the Conservatives fail to support Theresa May's exit-plan and the EU refusing to re-open negotiations, a second referendum has been mooted as a means of breaking the deadlock. The risk of a recession under a no-deal Brexit is however elevated and is likely to spill over into the wider region.

Given these risks, it is not surprising then that global equity markets have derated to the extent they have, with markets now priced for a contraction in earnings in 2019. This appears to be at odds with global PMI indices, which are still expanding, albeit at a slower pace. While these indices, along with both consumer and business confidence indices do point to a slowdown in growth, they do not suggest a recession is imminent. In light of the attractive valuations, we retain overweight positions in both developed and emerging market equities, broadly favouring developed market equities in the first half of 2019 and emerging market equities in the second half of the year.

Global Bonds

Global corporate bonds underperformed both their developed and emerging market sovereign counterparts in the final quarter of 2018, as spreads increased amid concerns of slowing economic growth and rising default risks. Global bonds benefitted from the risk-off environment in the final quarter of 2018, gaining some 1.2% in USDs and 2.8% in rands, as yields declined from 2.4% to 2.2%. Expectations of lower inflation drove yields lower with 10-year break-even inflation declining to 1.7% from 2.1% the quarter before. Due to a widening in spreads, emerging market bonds yielded small negative returns, declining some 0.7% in USDs but gaining 1% in rands. Global inflation linkers also declined, with the Barclays Inflation Linked Bond Index falling some 0.8% in USDs but gaining 0.8% in rands. Given the generally benign inflation outlook, real yields increased slightly to -0.47% from -0.51%, suggesting liability-matching demand for inflation linkers eased over the quarter. With the lower oil price and stronger trade weighted USD expected to keep inflation contained, at least in the first half of 2019, nominal bond yields are expected to trend lower, lending some support to risk assets as the likelihood of a Fed pause on rates increases.

Local economics

Local Equities

Domestic equities tracked their emerging market counterparts lower in the fourth quarter of 2018, declining some 4.9% in rands and 6.4% in USDs. The losses were attributed to broad based selling in both resources and industrials, with the Resi-10 down some 5% and the Indi-25 some 6.8%. Gold and platinum stocks were the star performers, rallying some 38.1% and 18.4% respectively. Richemont, Naspers and British American Tobacco were the largest drag on the index, ably assisted by Medi-Clinic and Aspen. Net foreign sales of domestic equities totalling R38.8 billion, up from R32.5 billion the previous quarter, also contributed to the market sell-off. Although market sentiment improved in December as South Africa exited its technical recession (recording growth of some 2.2% QQSAA), and domestic PMIs gained, these were insufficient to offset the negative returns for the quarter.

PMI indices nonetheless point to a modest increase in growth over the next few quarters although the Standard Bank and Absa PMI's both remain below the 50 break-even level. A further headwind includes the February National Budget and uncertainty about how state-owned companies will be reformed and restrucured in order to limit the burden on the taxpayer. Given the poor fiscal metrics, tax increases are likely to cloud the growth outlook in 2019.

Local Bonds

Since break-even inflation is well ahead of our 2019 inflation estimate but lower than our 2020 inflation projection, the outlook for nominal bonds is still positive, at least through the first half of the year. While the December petrol price cut was priced into the bond market in late November-early December, the January petrol price cut of a further R1.23/l was not fully priced into the bond market as traders and analysts were on leave over the festive season.

Inflation-linked bonds underperformed their nominal counterparts in the final quarter of 2018, with the benefits of the inflation carry failing to offset the capital losses arising from a back-up in real yields. Real yields increased from 3.1% to 3.28%, also well above our fair value estimate of 2.5%.

While the risk of a Moody's ratings downgrade in 2019 is ever-present given South Africa's deteriorating fiscal dynamics, weak economic growth and declining per capita income, we anticipate that Moody's will hold off its ratings assessment until later in the year (October/November).

Local Property

The headwinds facing the SA listed property sector, including the FSCA's investigation of insider trading and share price manipulation by the Resilient Group of companies, along with concerns about Edcon's survival, continued to weigh on the SAPY Index in the final quarter of 2018. The property sector declined some 4.0% in rands as the sector derated relative to the 10-year bond yield. The property-to-bond yield relative ratio increased from 0.92X to 0.98X, well ahead of the historical mean. With bond yields expected to ease further in the first half of the year, return expectations for listed property are in the high teens for the year ahead. Similarly, a 14.8% discount to net asset value is also supportive of the listed property sector.

However, as part of Edcon's recapitalization, landlords were asked for a two-year 41% rent holiday in return for a 5% stake in the business. While it is uncertain whether landlords agreed to the rent holiday for fear of other retailers demanding a similar deal, Edcon has indicated that its recapitalization plan has been accepted by the Board and that lenders have extended waivers to allow time to restructure the business. Since stakeholders are subject to non-disclosure agreements, possibly to avoid potential conflicts of interest or accusations of collusion, uncertainty will remain. What is evident though is that Edcon is unlikely to close its doors any time soon. However, given the risk that other retailers will demand rental holidays, we remain cautious of the sector. Furthermore, while a no-deal Brexit is a further headwind for UK properties listed locally, a neutral weighting is retained in the sector, given attractive valuations.

Local Cash

SA cash yielded 1.8% in rands in the fourth quarter of 2018, underperforming nominal bonds but outperforming inflation-linkers and domestic listed property. Following the MPC's decision to raise interest rates by some 25 basis points at the November MPC meeting, the money market moderated its path of future expected rate hikes by some 25 basis points, with the long end of the FRA curve now pricing in a cumulative 75 basis points of increases over the coming two years. The market's view is now more closely aligned with that of the Reserve Bank's Quarterly Projection Model which calls for one rate hike in 2019 and a further 50 basis points worth of increases in 2020. In contrast, the FRA market is expecting 50 basis points of increases in 2019 and a further 25 basis point increase in 2020.

Although the MPC's statement was slightly more dovish than the previous statement, with both headline and core inflation being revised slightly lower for 2019, the outlook remains unchanged for 2020. Inflation is expected to average some 5.5% in 2019 and some 5.4% in 2020, while core inflation is expected to average some 5.3% and 5.5% respectively. Economic growth projections for 2019 and 2020 are left unchanged at 1.9% and 2.0% respectively. The justification for raising interest rates in November instead of in January is, in all likelihood, due to inflation expectations remaining at the upper end of the 3% to 6% target range, rather than within the mid-point of the range (4.5%).

Since petrol prices were cut sharply in December and again in January, our base case view is that inflation will come in materially lower than the SARB's projections for 2019 (at around 4.8%) but set to increase by more than predicted in 2020 (to some 6.2%). As a consequence, our base case view is for a front-loading of rate hikes in 2019 as the market upwardly revises its expectations for inflation in 2020.

Performance summary to December 2018

Asset Class Specific	3 Months	1 Year	3 Years	5 Years	10 Years
Shareholder Weighted Index (SWIX)	-4.0%	-11.7%	3.7%	5.9%	13.0%
Capped SWIX	-3.8%	-10.9%	2.9%	5.3%	N/A
All Share Index (ALSI)	-4.9%	-8.5%	4.3%	5.8%	12.6%
All Bond Index (ALBI)	2.7%	7.7%	11.1%	7.7%	7.7%
Property (SAPY)	-4.0%	-25.3%	-1.2%	5.7%	12.1%
Cash	1.8%	7.3%	7.4%	6.9%	6.7%
MSCI World Index (Rand)	-12.0%	6.1%	3.7%	11.4%	14.6%
JP Morgan Global Agg	2.8%	14.8%	-0.2%	7.8%	7.1%

SA Equity Sector Specific	3 Months	1 Year	3 Years	5 Years	10 Years
Industrial	-1.7%	-15.6%	5.6%	2.5%	10.6%
Financials	-2.1%	-8.8%	5.1%	8.9%	15.0%
Resources	-4.5%	15.5%	22.3%	-0.4%	3.9%

SA Equity Size Specific	3 Months	1 Year	3 Years	5 Years	10 Years
Small Cap	-7.3%	-14.6%	2.1%	4.3%	12.5%
Medium Cap	2.7%	-9.7%	7.1%	6.3%	13.9%
Large Cap	-6.1%	-8.2%	N/A	N/A	N/A

Portfolio Commentary

Quarter ending December 2018

Sanlam Lifestage Accumulation and ILLA Preservation Portfolios

The Lifestage Accumulation fund and Lifestage ILLA Preservation fund have underperformed their benchmarks over the quarter by -0.51% and -0.62% respectively, with both Manager Selection and Asset Allocation returning negative figures for the quarter. This performance is largely due to the disappointing 2018 market performance with many asset classes yielding negative returns.

Within Manager Selection other than the SA Equity managers the only other detractor of performance came from International Equity and Offshore Africa Equity, while the rest was positive. On the Asset Allocation front the biggest detractors were from International Bonds, and International Equity as global markets had a big selloff in the quarter where the MSCI World Index was down -11.99% in Rands and -13.42% in Dollar terms.

The Sanlam Lifestage Accumulation Portfolio is currently positioned with an overweight to SA Hedge Funds and International Equity, whilst being underweight International Bonds and SA Equity.

The Sanlam ILLA Preservation Portfolio is currently positioned with an overweight to International Equity, Offshore Africa Equity and Offshore Emerging Market, whilst being underweight International Bonds and SA ILBs.

Sanlam Lifestage Capital Protection Preservation Portfolio

The portfolio delivered a net real return of 2.0% over the year ending December 2018. The 5 year return is still stable at a CPI + 5% net of all fees. The funding level is currently at 94%, this is largely a function of negative underlying returns over the year 2018 and the guarantee of positive stable bonuses.

Sanlam Lifestage Inflation Linked Preservation Portfolio

The portfolio has been consistently outperforming the benchmark over the periods observed. This is the result of the asset-liability matching technique implemented by Sanlam. Essentially this means the portfolio has preserved the purchasing power of investors to purchase an index-linked annuity upon retirement.

Performance summary

Sanlam Lifestage	3 Months	1 Year	3 Years	5 Years
Accumulation Phase				
Accumulation Portfolio	-4.3%	-5.6%	4.2%	6.3%
Benchmark	-3.8%	-5.6%	4.4%	7.3%
Preservation Phase				
Capital Protection Preservation	1.7%	7.7%	8.2%	10.8%
Long-term performance target CPI +3.5%*	1.3%	8.0%	8.8%	8.8%
Inflation-Linked Preservation Portfolio	0.6%	0.0%	2.6%	4.8%
Benchmark	-0.4%	-2.0%	1.6%	4.2%
ILLA Preservation Portfolio	-2.5%	-1.5%	5.6%	7.1%
Benchmark	-1.9%	-2.2%	5.2%	7.0%

** The Capital Protection Preservation Portfolio does not have an explicit benchmark.*

Sanlam Lifestage Accumulation Portfolio

Period Ending	31-Dec-18
Fund Size	R 11 403 million
Inception Date	Jul-13

Fund objective

The fund is an aggressive portfolio displaying high levels of volatility over the short term and is aiming to provide market related growth.
Scrip lending may be performed on the passive equity component.

Risk profile

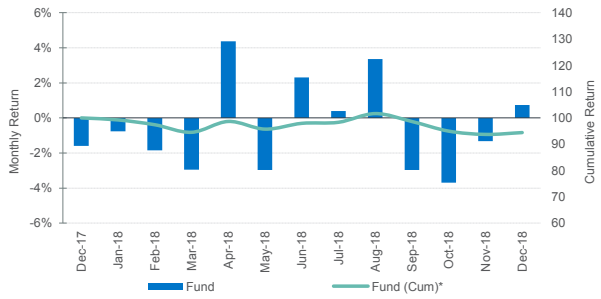
This portfolio has an moderate-aggressive risk profile

Fees

1.00% per annum for the first R50m
0.90% per annum on the portion of assets between R50m - R100m
0.775% per annum on the portion of assets between R100m – R300m
0.70% per annum on the portion of assets between R300m – R500m
0.65% per annum on the portion above R500m

All Sub-funds invested in this portfolio are charged the highest investment management fee applicable to the first tranche of assets, and Sub-funds with greater than R50 million assets are separately rebated any savings due to the sliding investment management fee scale on a monthly basis. The underlying investment managers may be incentivised on a performance fee basis.

Monthly and cumulative returns



*Based on 1 year returns

Fund performance (%)

	Fund	Benchmark
1 Month	0.7%	1.2%
3 Months	-4.3%	-3.8%
6 Months	-3.6%	-3.6%
1 Year	-5.6%	-5.6%
3 Years	4.2%	4.4%
5 Years	6.3%	7.3%

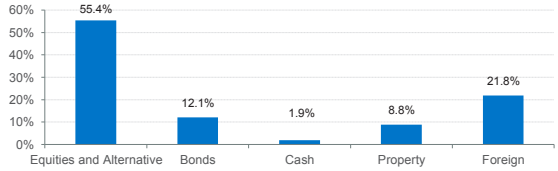
Top 10 holdings (% of Equities)

Share Name	% of Equities
Naspers	17.3%
Sasol Limited	4.1%
Standard Bank Group Limited	4.0%
Firstrand Limited	3.7%
Anglo American	3.4%
British American Tobacco Plc	2.8%
BHP Group	2.4%
Sanlam	2.3%
Old Mutual Limited	1.9%
MTN Group Limited	1.8%

Benchmark

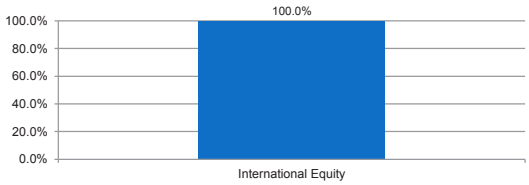
27.5%	SWIX (Shareholder Weighted Index)
27.5%	Capped SWIX (Shareholder Weighted Index)
10%	BEASSA Total Return All Bond Index
7.5%	FTSE/JSE SAPY Index
2.5%	Short Term Fixed Interest Index (STeFI)
5%	Barclays BESA Gov. Inflation-linked Index
15%	MSCI World (Developed Markets) Equity Index
5%	Barclays Global Aggregate Index

Asset class breakdown



The benchmark reflects the fund's long-term strategic asset allocations. Fund asset allocations may be allowed to vary from the benchmark, depending on market conditions.

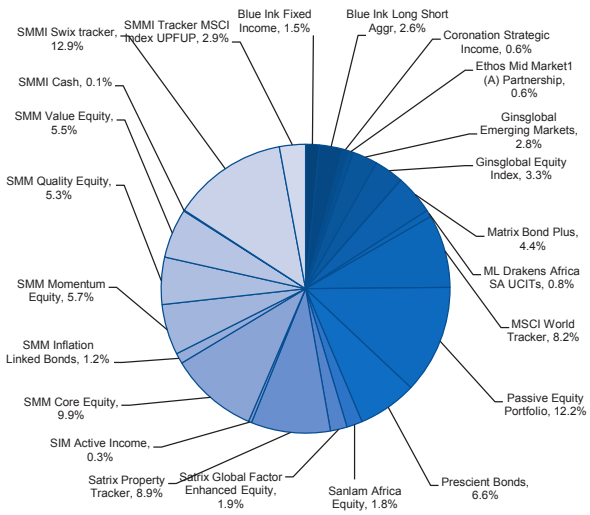
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	17.8%	17.8%
Resources	32.6%	25.9%
Industrials	49.6%	56.3%

Fund manager breakdown



Please refer to the "Local equity manager breakdown for SMMI portfolios" for a detailed outline of the underlying equity managers within this portfolio.

Risk analysis
(based on the last 3 years' monthly returns)

% of negative months over the last 3 years	41.7%
Average capital loss in one month	-1.9%
Downside risk *	4.5%

of the portfolio relative to CPI

Note: Performance figures are gross of investment management fees, but are net of any performance fees (if applicable). For portfolios in the Smoothed Bonus Range ,the returns are gross of investment management fees, but are net of any guarantee premiums. Performance figures for periods greater than 12 months are annualised. All data shown is at the month-end, unless specifically indicated differently. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may increase or decrease and are not guaranteed. You may not get back the amount you invest. The product information sheets are prepared for the SANLAM UMBRELLA FUND by its investment consultants. The product information sheets are prepared in good faith and the information, data and opinions contained in the product information sheets are based on source information considered reliable. However, no guarantee, explicit or otherwise are provided that the information and data contained therein are correct and comprehensive. The SANLAM UMBRELLA FUND and the investment consultants cannot be held liable for any loss, expense and/or damage following from the use of the product information sheets.

Sanlam Lifestage Capital Protection Preservation Portfolio

Period Ending	31-Dec-18
Fund Size (Book Value)	2190 million
Inception Date	Aug-13

Fund objective

The Portfolio offers investors stable, smoothed returns with a partial guarantee on benefit payments. A bonus, which consists of a vesting and non-vesting component is declared monthly in advance. Bonuses cannot be negative. The portfolio offers 100% capital guarantee and partially vesting bonuses.

Risk profile

The portfolio has a conservative risk profile

Fees

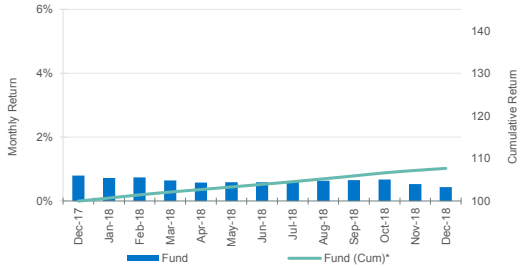
Sanlam's cost in relation to the investment plan is recouped by recovering the following fees:

Investment Management Fees:
0.425% per annum

Guarantee Premium:
A guarantee premium of 0.90% per annum

Annual Performance Linked Fee:
The investment manager may be incentivised with performance fees (capped at 0.30% p.a.)

Monthly and cumulative bonuses



*Based on 1 year returns

Fund bonuses (%)

	Fund (gross of fees)
1 Month	0.4%
3 Months	1.7%
6 Months	3.6%
1 Year	7.7%
3 Years	8.2%
5 Years	10.8%

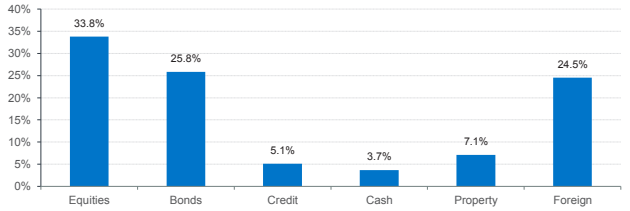
Top 10 equity holdings (% of Equities)

Share Name	% of Equities
Naspers N	16.2%
FirstRand / RMBH	5.4%
Stanbank	4.8%
Sasol	4.8%
British American Tobacco	3.9%
Anglos	3.5%
MTN Group	3.4%
ABSAG ABG	3.0%
Consol Holdings	2.7%
OMutual (OMU)	2.5%

Benchmark

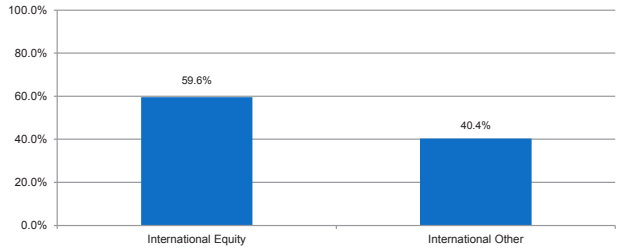
16.0%	SWIX (Shareholder Weighted Index)
16.0%	Capped SWIX (Shareholder Weighted Index)
25.5%	BEASSA Total Return All Bond Index
1.0%	STeFI + 2%
2.0%	IGOVI
17.5%	MSCI World Index (Dev. Markets)
5.0%	Barclays Global Aggregate Index
2.5%	US 3 month London InterBank Offered Rate (LIBOR) +2.5% (net of fees)
8.0%	STeFI Index
6.5%	BEASSA 7-12 years TRI plus 1.0% p.a.

Asset class breakdown



The benchmark reflects the fund's long-term strategic asset allocations. Fund asset allocations may be allowed to vary from the benchmark, depending on market conditions.

Foreign split



Equity sectoral exposure (%)

	Fund
Financials	25.3%
Resources	14.2%
Industrials	60.5%

The Non - Vested bonuses as a proportion of the total Sanlam Stable Bonus Portfolio holdings:

Sanlam Umbrella Pension Fund	8.30%
Sanlam Umbrella Provident Fund	9.47%

** Only impacts Sanlam Lifestage members opting for this preservation strategy in the last 6 years before retirement.*

Risk analysis

(based on the last 3 years' monthly returns)

% of negative months over the last 3 years	0.0%
Average capital loss in one month	0.0%
Downside risk *	0.5%

* Downside risk is measured as the standard deviation of the underperformance of the portfolio relative to CPI

Funding Level

January 2019: 94.45% funded

Sanlam Lifestage Living Annuity Preservation Portfolio

Period Ending	31-Dec-18
Fund Size	R 49 million
Inception Date	Oct-13

Benchmark	17.5%	Capped SWIX (Shareholder Weighted Index)
	17.5%	SWIX Index
	20.0%	BEASSA Total Return Index
	7.5%	Short Term Fixed Interest Index (STeFI)
	10.0%	MSCI World Equity Index
	5.0%	Barclays Global Aggregate Index
	5.0%	SAPY Property Index
	17.5%	Barclays BESA Gov. Inflation-linked Index

Fund objective

The relatively high equity allocation of the Fund should occasionally result in high volatility but also a high rate of growth compared to funds with a moderate risk profile.

Risk profile

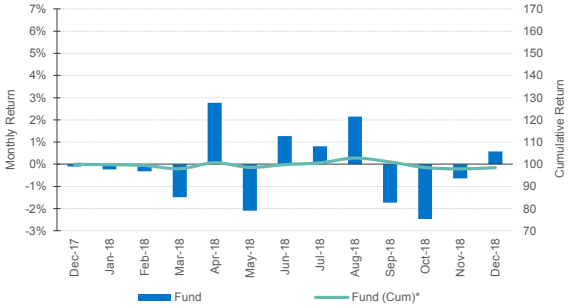
The portfolio has a moderate risk profile.

Fees

Investment Management Fees:
0.80% per annum.

The underlying investment managers may be incentivised on a performance fee basis.

Monthly and cumulative returns



*Based on 1 year returns

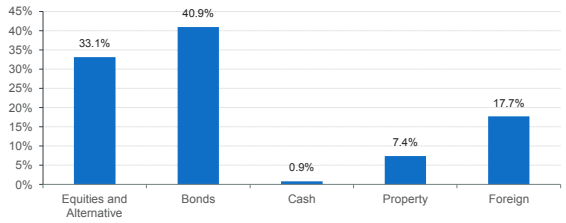
Fund performance (%)

	Fund	Benchmark
1 Month	0.6%	1.1%
3 Months	-2.5%	-1.9%
6 Months	-1.4%	-1.4%
1 Year	-1.6%	-2.2%
3 Years	5.6%	5.2%
5 Years	7.1%	7.0%

Top 10 equity holdings (% of Equities)

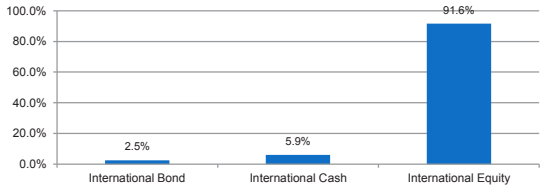
Share Name	% of Equities
Naspers	20.0%
Sasol Limited	4.4%
Standard Bank Group Limited	4.3%
Firstrand Limited	3.9%
Anglo American	3.5%
British American Tobacco Plc	2.7%
Sanlam	2.5%
BHP Group	2.3%
MTN Group Limited	2.3%
Old Mutual Limited	2.0%

Asset class breakdown



The benchmark reflects the fund's long-term strategic asset allocations. Fund asset allocations may be allowed to vary from the benchmark, depending on market conditions.

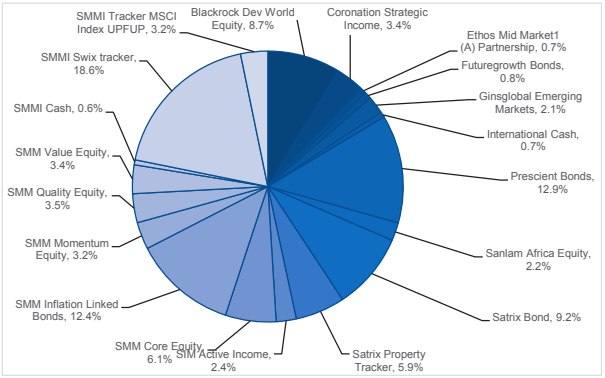
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	18.1%	17.8%
Resources	29.7%	25.9%
Industrials	52.2%	56.3%

Fund manager breakdown



Please refer to the "Local equity manager breakdown for SMMI portfolios" for a detailed outline of the underlying equity managers within this portfolio.

Risk analysis

(based on the last 3 years' monthly returns)

% of negative months over the last 3 years	41.7%
Average capital loss in one month	-0.9%
Downside risk *	2.9%

* Downside risk is measured as the standard deviation of the underperformance of the portfolio relative to CPI

Sanlam Lifestage Inflation-linked Preservation Portfolio

Period Ending	31-Dec-18
Fund Size	R 2.3 million
Inception Date	May-13

Benchmark Sanlam Asset Liabilty Index Real (inflation linked)

Fund objective

The portfolio aims to closely match movements in its benchmark index, the SALI Real. This index tracks the changes in the cost of an inflation linked annuity caused by changes in real interest rates. The portfolio therefore aims to preserve a member's ability to purchase an inflation linked annuity.

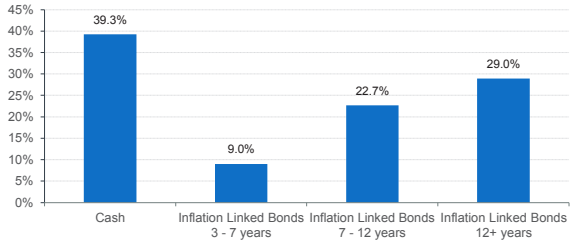
Risk profile

This fund has a conservative risk profile

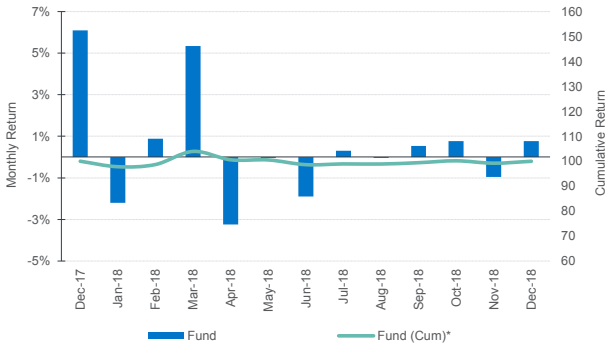
Fees

Investment Management Fees:
0.70% per annum.

Asset class breakdown



Monthly and cumulative returns



*Based on 1 year returns

Risk analysis
(based on the last 3 years' monthly returns)

% of negative months over the last 3 years	47.2%
Average capital loss in one month	-1.1%
Downside risk *	3.8%

* Downside risk is measured as the standard deviation of the underperformance of the portfolio relative to CPI

Fund performance (%)

	Fund	Benchmark
1 Month	0.8%	0.7%
3 Months	0.6%	-0.4%
6 Months	1.4%	-0.2%
1 Year	0.0%	-2.0%
3 Years	2.6%	1.6%
5 Years	4.8%	4.2%

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