



Sanlam Employee Benefits Investments
Lifestage: a seamless transition

Insurance

Financial Planning

Retirement

Investments

Wealth



What is a lifestage approach?

Saving for retirement involves some of the biggest decisions most retirement fund members will make in their lifetime. Yet few realise the impact their decisions will have on their ability to retire with sufficient income in the future.

Typically, most retirement fund members do not take the time to make well-informed decisions at the appropriate stages. By the time they realise the importance of investing their savings sensibly for retirement, it is often too late.



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, a member's savings are automatically switched to a preservation portfolio. A preservation portfolio protects a member against the specific risks inherent in the purchase of the particular annuity the member is targeting to obtain an income in retirement.

Key facts about Sanlam Lifestage

- Sanlam Lifestage aims to provide members with a holistic investment offering that remains suitable throughout a member's retirement savings journey, initially providing a growth-focused accumulation portfolio.
- It supports members in their retirement planning by aligning a member's investments to their post-retirement income strategy in more conservative preservation portfolios.
- Sanlam Lifestage complies with Regulation 28 of the Pension Funds Act.



1

The fund member enjoys a seamless investment transition from employment to retirement.

2

Members do not need to make any investment choices.

3

All the investment portfolios are positioned to optimise a member's retirement outcomes.

Benefits to the member



How does Sanlam lifestage work?

All members more than six years from Normal Retirement Age or Planned Retirement Age are invested in the Sanlam Lifestage Accumulation Portfolio which aims to achieve capital growth.

Starting at 6 years from retirement, the member is gradually switched from the Sanlam Lifestage Accumulation Portfolio to his or her selected preservation portfolio by means of 50 monthly switches. The process is completed 22 months before retirement, at which time the member is fully invested in their nominated preservation portfolio.

A member may select the preservation portfolio best suited to his or her retirement needs.





> **Accumulation phase:**

All members more than 6 years from Retirement Age.

> **Systematic automated monthly transition:**

All members 6 years and less but more than 22 months from Retirement Age.

> **Preservation phase:**

All members 22 months and less from Retirement Age.

Sanlam Lifestage Accumulation Portfolio

Sanlam Lifestage Capital Protection Preservation Portfolio

Suitable for purchasing a **guaranteed annuity**

Sanlam Lifestage Investment-Linked Annuity Preservation Portfolio

Suitable for purchasing a **investment-linked living annuity**

Sanlam Lifestage Inflation-linked Preservation Portfolio

Suitable for purchasing a **inflation-linked annuity**

Investment portfolios offered in Sanlam Lifestage

This is a summary of the portfolios offered in the Sanlam Lifestage. For more detailed information, please consult the individual fact sheets.





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 equity, bond, property and cash sub-portfolios. In the case of each domestic sub-portfolio a core-satellite investment strategy is employed. 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 Sanlam Lifestage Accumulation Portfolio's asset allocation and benchmarks per asset class are as follows

Asset Class	Benchmark	Strategic Asset Allocation
RSA Equities	50% FTSE/JSE SWIX Total Return Index 50% FTSE/JSE Capped SWIX Total Return Index	49.0%
RSA Property	FTSE/JSE SA Listed Property Total Return Index	8.0%
RSA Fixed Interest	BEASSA All Bond Total Return Index	10.0%
RSA Inflation-linked bonds	Barclays SA Government Inflation-linked Bond Index	6.0%
RSA Cash	STeFI Composite Index	2.0%
Foreign Equity	MSCI World Total Return Index (ZAR)	21.0%
Foreign Fixed Interest	Barclays Global Bond Index	4.0%

The actual weightings between the different asset classes, including the allocation between local and foreign assets, are not fixed and can vary depending on the tactical asset allocation positions taken by the investment manager.

The portfolio has an aggressive risk profile.

Sanlam Lifestage Capital Protection Preservation Portfolio



The Sanlam Lifestage Capital Protection Preservation Portfolio invests in the Sanlam Stable Bonus Portfolio. The portfolio aims to protect the invested capital. The Stable Bonus Portfolio provides investors with exposure to the financial markets, while protecting them against adverse market movements. This is achieved by smoothing the returns over time and offering capital protection on the net contributions 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 underlying portfolio of the Sanlam Lifestage Capital Protection Preservation Portfolio has a diversified exposure to domestic equity, bonds, and property as well as international assets.

The Sanlam Lifestage Capital Protection Preservation Portfolio's asset allocation and benchmarks per asset class are as follows

Asset Class	Benchmark	Strategic asset allocation
RSA Equities	FTSE/JSE SWIX Total Return Index	32.0%
RSA Property	BEASSA 7-12 years Total Return Index plus 1.0% p.a.	6.5%
RSA Fixed Interest	BEASSA All Bond Total Return Index	25.5%
RSA Inflation-linked bonds	Government Issued Bonds (IGOV)	2.0%
RSA Hedge Funds	STeFI plus 2,0% p.a.	1.0%
RSA Cash	STeFI	8.0%
Foreign Equity	MSCI World Index (Developed Markets)	17.5%
Foreign Fixed Interest	Barclays Global Aggregate Index	5.0%
Foreign Alternative Investments	US 3 month London InterBank Offered Rate (LIBOR) +2.5% (net of fees)	2.5%

Sub-category limit	
Volatile assets (i.e. RSA equity, RSA property, Foreign equity):	Up to a maximum of 59%

Although our benchmark allocation to foreign assets is currently set at 25% of the portfolio, the asset manager may increase the portfolio's foreign exposure to 30% over the short-term. Foreign exposure in excess of 30% of the portfolio requires consent from our Asset Liability Committee (ALCO).

The portfolio has a conservative risk profile.

Sanlam Lifestage Living Annuity Preservation Portfolio



The Sanlam Lifestage Living Annuity Preservation Portfolio aims to provide moderate market growth. This portfolio is suitable for members who want to invest in an investment-linked living annuity at retirement.

The Sanlam Lifestage Living Annuity Preservation Portfolio allocates its assets across equity, bond, property and cash sub-portfolios.

In the case of each domestic sub-portfolio a core-satellite investment strategy is employed. The core-satellite is a low-cost index-tracking strategy, around which the satellite managers aim for active returns through the outperformance of their respective benchmarks.

The Sanlam Lifestage Living Annuity Preservation Portfolio's asset allocation and benchmarks per asset class are as follows

Asset Class	Benchmark	Strategic Asset Allocation
RSA Equities	50% FTSE/JSE SWIX Total Return Index 50% FTSE/JSE Capped SWIX Total Return Index	35.0%
RSA Property	FTSE/JSE SA Listed Property Total Return Index	6.0%
RSA Fixed Interest	BEASSA All Bond Total Return Index	20.0%
RSA Inflation-linked bonds	Barclays SA Government Inflation-linked Bond Index	9.0%
RSA Cash	STeFI Composite Index	10.0%
Foreign Equity	MSCI World Total Return Index (ZAR)	15.0%
Foreign Fixed Interest	Barclays Global Bond Index	3.0%
Foreign Cash	JP Morgan 1D US Cash Rate	2.0%

The actual weightings between the different asset classes, including the allocation between local and offshore assets, are not fixed and can vary depending on the tactical asset allocation positions taken by the investment manager. The actual asset allocation of the portfolio may therefore also differ from the strategic asset allocation.

The portfolio has a moderate risk profile.

Sanlam Lifestage 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 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 Sanlam Lifestage Inflation-linked Preservation 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 has been developed by Sanlam to track the cost of purchasing an inflation-linked annuity.

The portfolio has a conservative risk profile.



Selecting a Sanlam Lifestage preservation portfolio

Six years before retirement, members are required to select one of the Sanlam Lifestage preservation portfolios. This decision is an important one, as it impacts the member's ability to generate post-retirement income. For this reason we believe it is vital that members consult a licensed financial adviser who is able to provide guidance and assistance in making this important decision.

Because we recognise the importance of this decision, members are informed in writing of the need to obtain financial advice and select a Sanlam Lifestage preservation portfolio seven years before retirement. We require the member's final decision on their selected preservation portfolio at least six years and one month before retirement.



Default Sanlam Lifestage preservation portfolio

The Sanlam Lifestage Capital Protection Preservation Portfolio is the default preservation strategy. The investment exposure of all members who do not submit a written response before the deadline will be switched to the Sanlam Lifestage Capital Protection Preservation Portfolio.

This portfolio was selected as the default strategy given its objective to protect the invested capital by smoothing investment returns, and protecting capital from market volatility. The portfolio is also suitable for members who have not decided whether to invest in an insured annuity or investment-linked living annuity at retirement.



Transition from the accumulation phase to the preservation phase takes place by means of 50 monthly switches 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 members' actual ages. This is done at no additional cost to the member.

Transition

Exit and retirement

Members are allowed to switch out of Sanlam Lifestage at any time as per standard policy conditions.

At retirement, members may withdraw their investment balance to invest how and where they wish, subject to the Rules of the Fund.

Members within six years of retirement age are allowed to switch between the three available preservation portfolios. Members must switch their full fund value and cannot switch in tranches.

Members 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. Members who opt for a planned retirement age are required to inform Sanlam in writing.



fees

Asset Management Fees

Sanlam Lifestage Accumulation Portfolio

The Accumulation Portfolio uses a sliding scale dependent on assets invested.

Size of assets invested by fund	Annual fee
First R50m	1.000%
Next R50m	0.900%
Next R200m	0.775%
Next R200m	0.700%
Above R500m	0.650%

Sanlam Lifestage Preservation Portfolios

Portfolio	Annual fee
Sanlam Lifestage Capital Protection Portfolio	0.425%*
Sanlam Lifestage Living Annuity Preservation Portfolio	0.800%
Sanlam Lifestage Inflation-linked Preservation Portfolio	0.700%

** A guarantee fee of 0.9% p.a. for the Sanlam Lifestage Capital Protection Portfolio also applies in addition to the fee listed above, which is applied on the book value of the assets invested in the portfolio.*

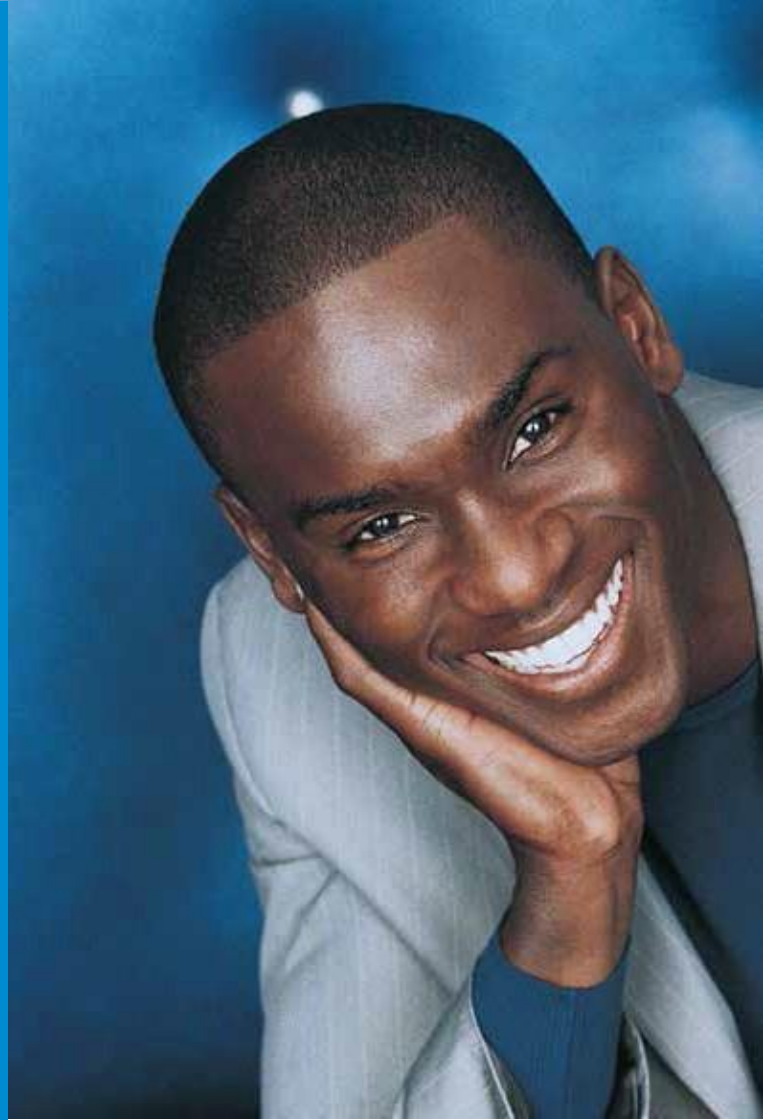
The above fees include servicing fees related to transitioning between the accumulation and preservation phases, but do not include any other fees or costs related to the operation of the retirement fund.

All funds invested in Sanlam Lifestage Accumulation Portfolio are charged the highest investment management fee applicable to the first tranche of assets, and funds with greater than R50 million assets are separately rebated any savings due to the sliding investment management fee scale on a monthly basis.

Performance fees

In addition to the service fee, Sanlam, including Sanlam Multi Manager International, may mandate any asset manager on a performance fee basis. This may result in additional fees, but only when underlying asset managers appointed by Sanlam or Sanlam Multi Manager International outperform their performance benchmarks.

These performance fees are not included in the asset management fee mentioned above.









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