



Sanlam Employee Benefits

**Sanlam Umbrella Fund investment
report to the Joint Forum**

March 2019

Insurance

Financial Planning

Retirement

Investments

Wealth

Contents

As of 31/03/2019

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Investment Strategy

The trustees take responsibility to ensure that the fund offers an appropriate range of investment choice options. Under the Sanlam Umbrella Fund, employers can choose to participate in a pension fund or a provident fund and can choose from a number of investment structures.

- The **Standard Option**: all members' are invested in the employer selected default investment strategy, i.e. no member investment choice is available. A choice of four default strategies are available.
- The **Optimal Option**: members are invested in the Sanlam Blue Lifestage Strategy. Conservative members have the option to opt out and invest in the Sanlam Monthly Bonus Fund. Qualifying members have access to more than 1 000 retail collective investment schemes available on Sanlam's Glacier Retirement Fund Solution. Members can also choose to invest the equity component in their own share portfolio.
- The **Comprehensive Option**: members are invested in the employer selected default (a choice of four default strategies are available). Members can choose a tailored investment strategy that suits their personal needs, selecting from the 4 trustee approved default investment strategies, a range of institutionally priced investment portfolios, including passive, smoothed bonus, multi-managed, absolute return and single manager balanced funds. Qualifying members have access to more than 1 000 retail collective investment schemes available on Sanlam's Glacier Retirement Fund Solution. Members can also choose to invest the equity component in their own share portfolio.

The Trustees have approved four default investment strategies to choose from for the Standard & Comprehensive Options, which are selected at participating employer level depending upon the investment objectives of the employer's members.

- **Sanlam Lifestage** aims over the long term to maximize retiring members' post-retirement income within acceptable risk levels as they approach retirement. The accumulation phase is a multi-managed strategy combining the best of both a passive and active management style. Also unique to Sanlam Lifestage is its ability to match the member's pre-retirement investment strategy to what the member intends on doing post their retirement date
- **Volatility Protection Strategy** is suitable for members who wish to achieve inflation-beating real returns over the medium to long term, but who are concerned about protecting against significant short term investment losses.
- **Passive Lifestage Strategy** is suitable for members who aim to contain investment management costs by choosing a passive investment management strategy tracking market indices.
- **Sanlam Blue Lifestage Strategy** invests in a "Best of Sanlam" lifestage model and aims over the long term to provide strong inflation-beating returns whilst offering capital protection as members approach retirement. This is also the only default investment strategy available on the Optimal Option.

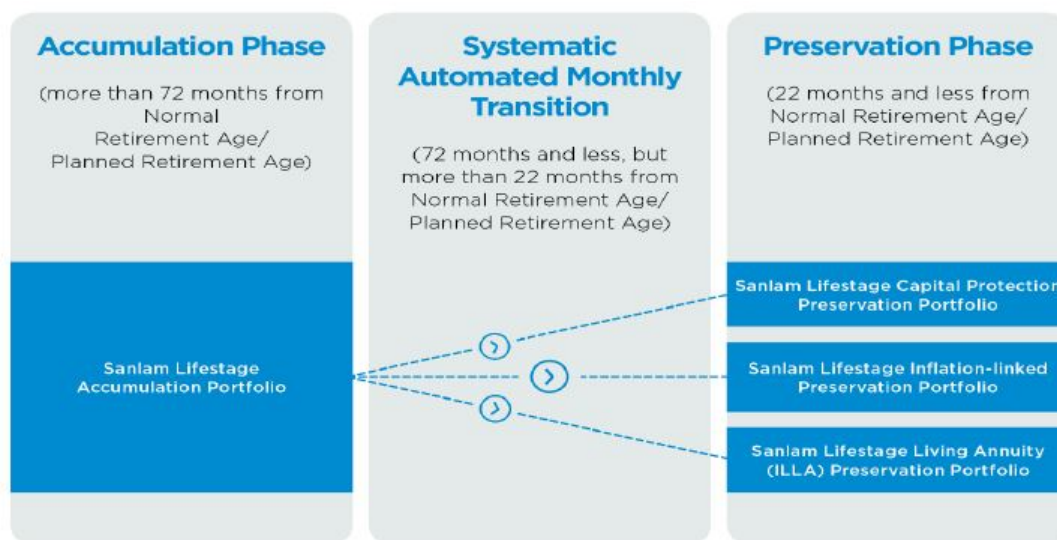
The performance of the portfolios selected will directly affect member's eventual retirement benefit. The trustees regularly monitor the investment strategy and the investment choices on offer to ensure their appropriateness. A key part of this process is monitoring the performance of the portfolios selected and comparing it to the agreed investment benchmarks. The trustees appointed Simeka Consultants & Actuaries as investment consultants to assist them to monitor and manage the Funds' investments.

The role of the Joint Forum

Each participating employer is required to establish and maintain a Joint Forum. This is a representative forum with equal representation by member and employer representatives where retirement fund benefits are considered and agreed upon. This forum therefore ensures member participation in the decision making and monitoring processes. One of the most important roles of the Joint Forum is to consider the appropriateness and performance of the default strategy as selected. Note that the employer technically remains the contracting party who acts on the decisions taken at the Joint Forum.

The Fund's default investment strategies

Sanlam Lifestage Strategy



Summary of Returns

| | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|--|------|--------|---------|---------|---------|
| Sanlam Lifestage Accumulation Portfolio | 6.6% | 6.5% | 5.2% | 7.0% | — |
| Sanlam Lifestage Capital Protection Portfolio* | 1.3% | 6.9% | 8.0% | 9.9% | 12.0% |
| Sanlam Lifestage Infl-Linked Pres Port | 1.2% | -2.6% | 2.3% | 4.5% | — |
| Sanlam (ILLA) Preservation Portfolio | 5.2% | 5.7% | 6.1% | 7.6% | — |

Volatility Protection Strategy

The trustees have agreed the following objectives for the Volatility Protection Strategy:

- An investment return of CPI + 3% net of fees over any 3 year rolling period (i.e. long term, inflation-beating returns);
- Aim to prevent capital loss not greater than 10% in any 12 month rolling period or 5% in any one month (i.e. protection against significant short term losses);
- “Volatility Protection” does not necessarily imply a 100% capital guarantee (however still structured to protect assets against significant losses).

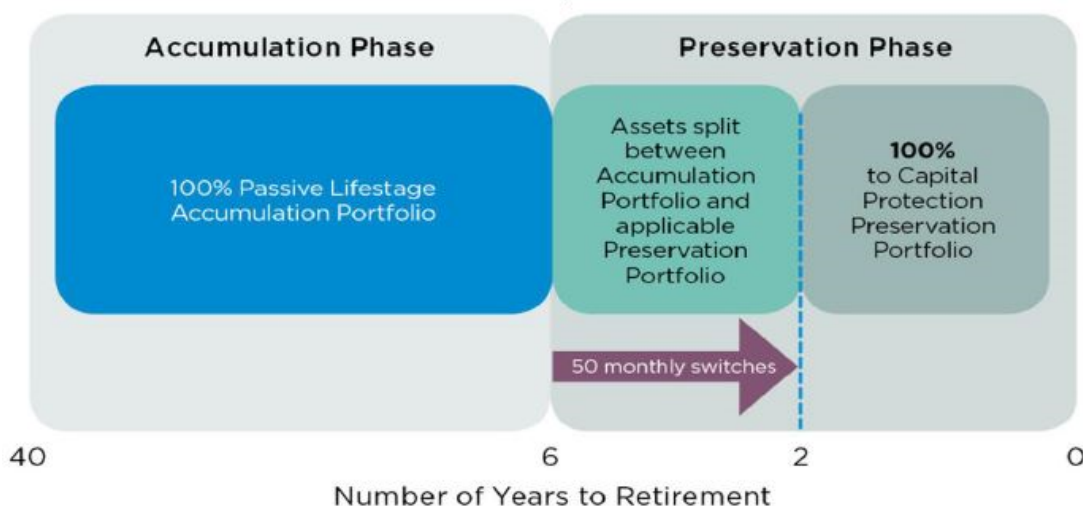
The trustees review the investment strategy of the Volatility Protection Strategy continually, and will make periodic changes to the underlying investments in line with the objectives of the strategy. The Volatility Protection Strategy has historically invested contributions in the Sanlam Monthly Bonus Fund, but in early 2017 has commenced the process of investing new cash flows in the Satrix (SWIX) Balanced Tracker Fund with the intention that over time the Volatility Protection Strategy will be invested 75% in the Sanlam Monthly Bonus Fund and 25% in the Satrix (SWIX) Balanced Tracker Fund.

Summary of Returns

| | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|----------------------------------|------|--------|---------|---------|---------|
| Satrix Enhanced Balanced Tracker | 4.9% | 5.8% | 5.3% | 8.0% | 11.4% |
| Sanlam Monthly Bonus Portfolio | 1.2% | 6.2% | 7.4% | 9.6% | 11.0% |

The Fund's default investment strategies

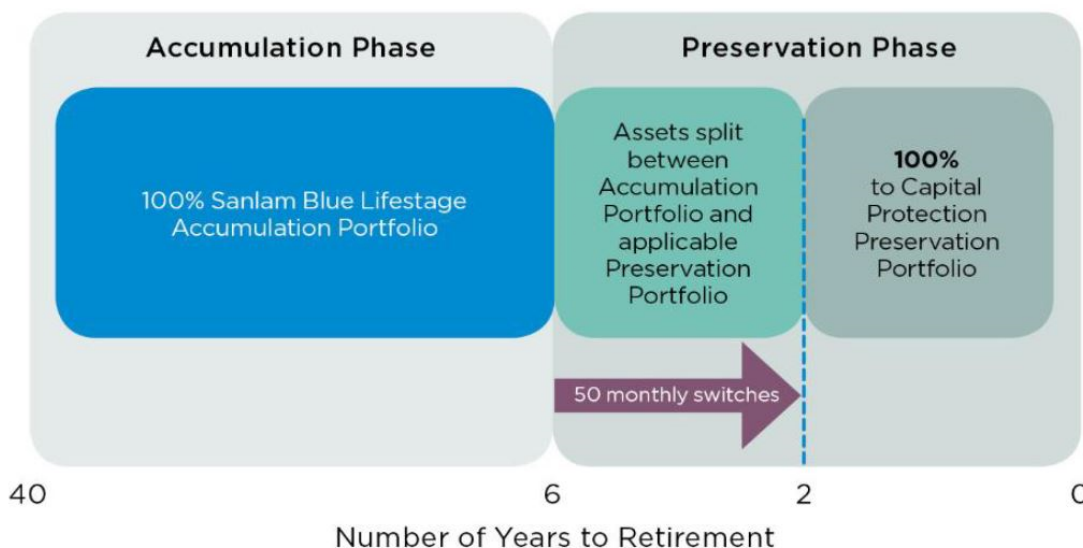
Passive Lifestage Strategy



Summary of Returns

| | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|--|------|--------|---------|---------|---------|
| Satrix Enhanced Balanced Tracker | 4.9% | 5.8% | 5.3% | 8.0% | 11.4% |
| Sanlam Lifestage Capital Protection Portfolio* | 1.3% | 6.9% | 8.0% | 9.9% | 12.0% |

Sanlam Blue Lifestage Strategy



Summary of Returns

| | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|--|------|--------|---------|---------|---------|
| SIM Balanced | 7.3% | 7.2% | 5.5% | 6.8% | 10.5% |
| Sanlam Lifestage Capital Protection Portfolio* | 1.3% | 6.9% | 8.0% | 9.9% | 12.0% |

Please note:

- Investment returns for the Lifestage Programme are quoted gross of investment management fees but net of performance fees.
- For the Smooth Bonus range, the bonuses declared are gross of investment management fees, but net of guarantee charges and performance fees.
- Investment returns for periods greater than 12 months are annualized.

Summary of Returns

Multi-Manager Range

| Product Name | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|--------------------------------------|------|--------|---------|---------|---------|
| SMM 70 | 6.7% | 6.1% | 5.4% | 6.6% | 10.3% |
| SMM 50 | 5.8% | 6.3% | 6.1% | 7.1% | 9.9% |
| SMM 30 | 5.1% | 8.3% | 7.7% | 8.3% | 10.1% |
| SMM Moderate Absolute Fund | 6.1% | 11.2% | 6.5% | 8.3% | 10.2% |
| SMM NUR Balanced | 5.3% | 8.6% | 6.2% | 5.7% | — |
| Sanlam The Most Aggressive Portfolio | 6.3% | 5.7% | — | — | — |
| Sanlam Accumulation Portfolio* | 6.6% | 6.5% | 5.2% | 7.0% | — |
| SMM Select Balanced Fund | 6.9% | — | — | — | — |

SIM Single Manager Range

| Product Name | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|------------------------------|------|--------|---------|---------|---------|
| SIM Balanced | 7.3% | 7.2% | 5.5% | 6.8% | 10.5% |
| SIM Moderate Absolute Return | 4.7% | 10.0% | 7.7% | 8.9% | 10.5% |
| Sanlam Cash | 2.0% | 8.1% | 8.3% | 7.7% | 7.2% |
| SIM Temperance Balanced Fund | 5.6% | 7.7% | 7.6% | 7.6% | 10.5% |

External Single Manager Range

| Product Name | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|---------------------------------|------|--------|---------|---------|---------|
| Allan Gray Life Global Balanced | 5.4% | 6.7% | 5.9% | 8.4% | 11.7% |
| Coronation Global Houseview | 8.9% | 6.9% | 6.2% | 7.7% | 12.1% |
| Sanlam Foord Balanced Fund | 6.7% | 7.3% | 3.2% | 6.1% | — |
| Investec Balanced | 5.8% | 6.6% | 5.8% | 9.0% | 12.3% |
| Sanlam Prudential Balanced Fund | 6.7% | 7.6% | 6.9% | 9.2% | — |
| PSG Balanced* | 1.8% | 0.5% | 6.5% | 8.5% | 11.7% |

Index Tracking Range

| Product Name | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|----------------------------------|------|--------|---------|---------|---------|
| Satrix Enhanced Balanced Tracker | 4.9% | 5.8% | 5.3% | 8.0% | 11.4% |

Smoothed Bonus Range

| Product Name | MRQ | 1 Year | 3 Years | 5 Years | 7 Years |
|------------------------------------|------|--------|---------|---------|---------|
| Sanlam Monthly Bonus Portfolio | 1.2% | 6.2% | 7.4% | 9.6% | 11.0% |
| Sanlam Stable Bonus Portfolio | 1.3% | 6.9% | 8.0% | 9.9% | 12.0% |
| Sanlam Prog Smooth Bonus Portfolio | 1.2% | 5.0% | — | — | — |

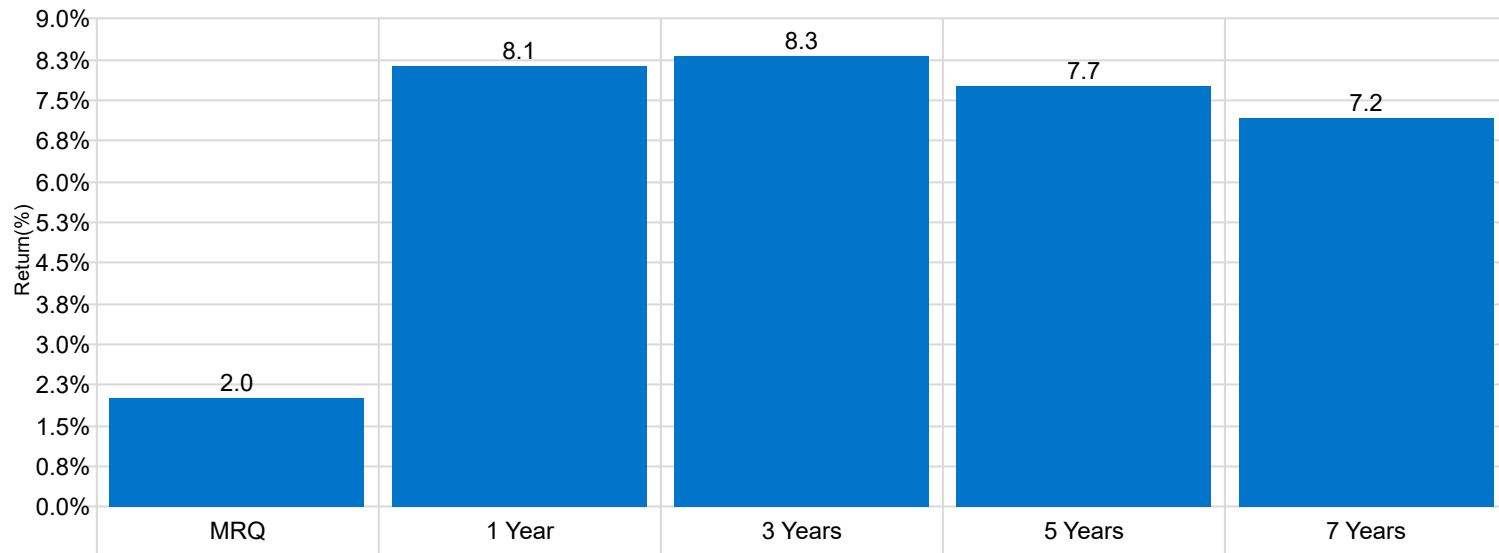
Fund Analysis (Domestic Money Market)

As of 31/03/2019

● Sanlam Cash

Historical Performance

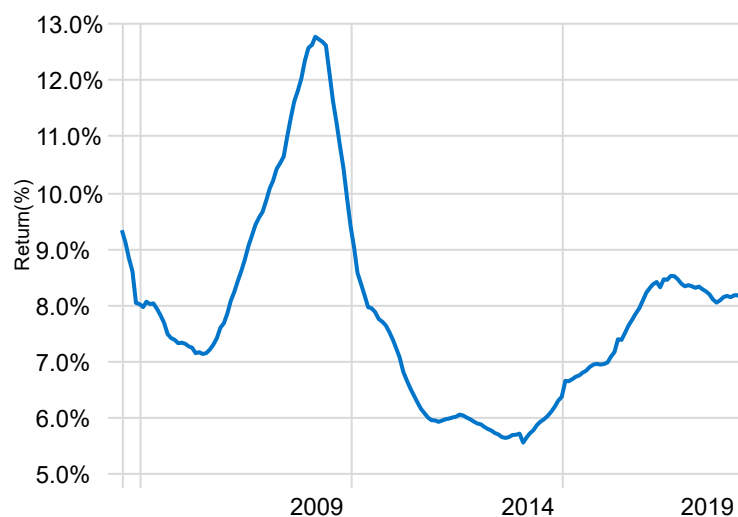
As of Date: 31/03/2019



1-Year Rolling Returns

Time Period: Since Common Inception (01/08/2003) to 31/03/2019

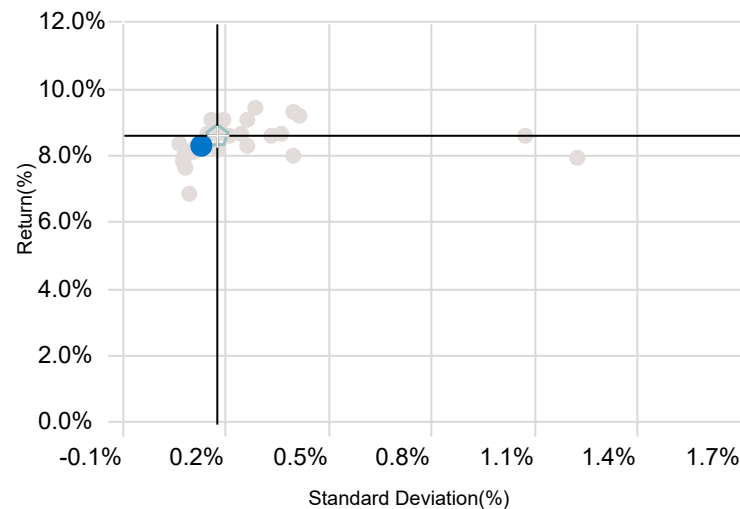
Rolling Window: 1 Year 1 Month shift



3-Year Risk-Return Analysis

Time Period: 01/04/2016 to 31/03/2019

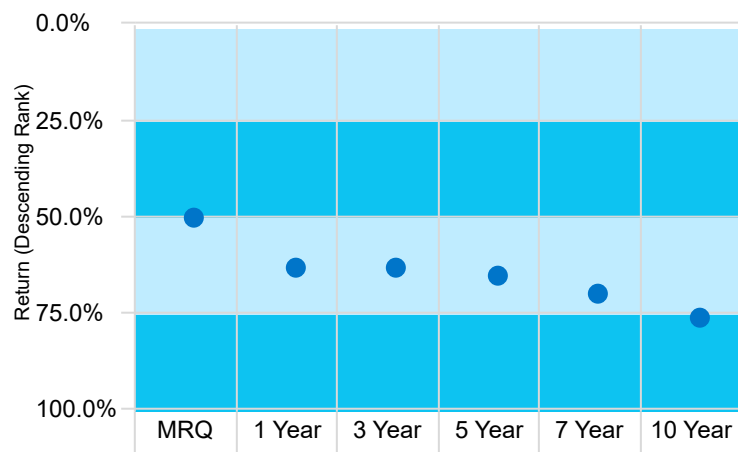
Peer Group (1-100%): Money Market (includes Enhanced Cash)



Performance Relative to Peer Group (descending rank)

Peer Group: Money Market (includes Enhanced Cash)

1st to 25th Percentile 26th to Median 51st to 75th Percentile 76th to 100th Percentile



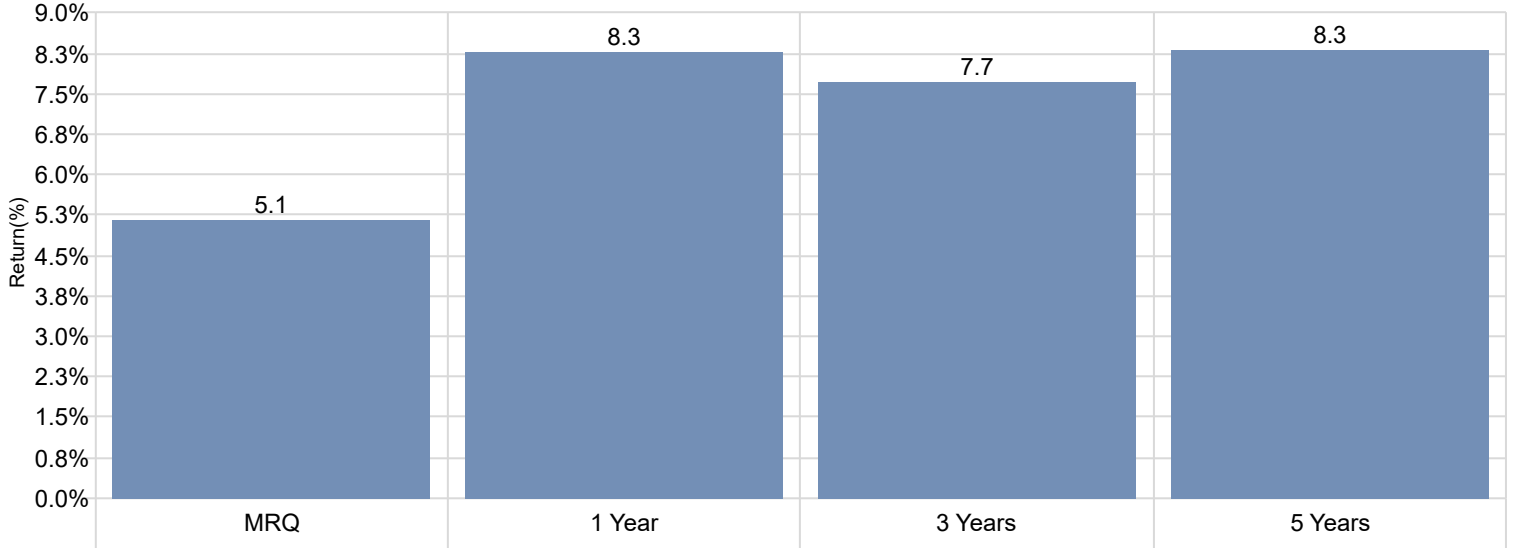
Fund Analysis (Conservative Global Multi-Asset Class)

As of 31/03/2019

SMM 30

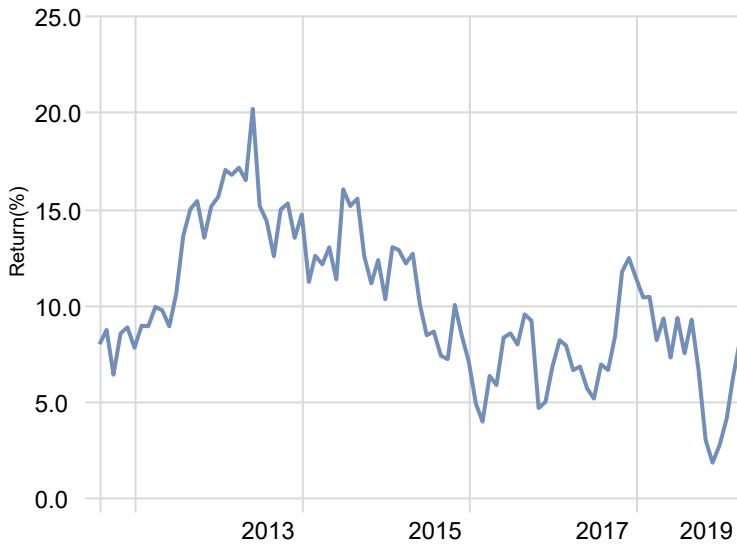
Historical Performance

As of Date: 31/03/2019



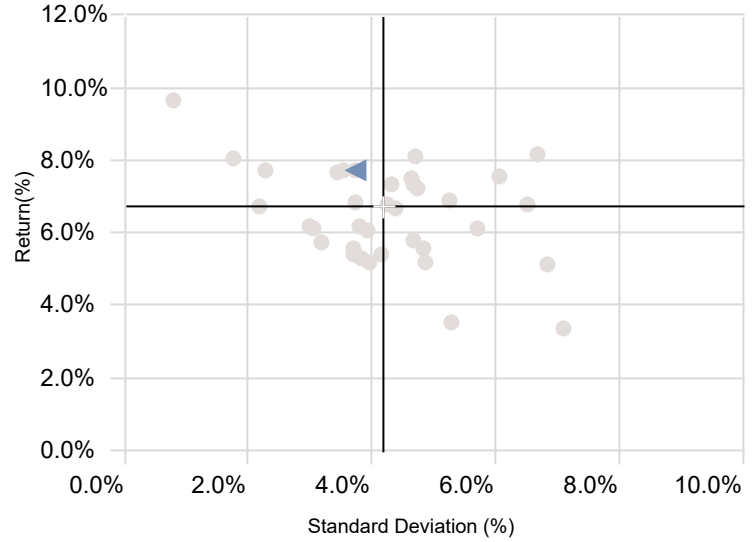
1-Year Rolling Returns

Time Period: Since Common Inception (01/08/2010) to 31/03/2019



3-Year Risk-Return Analysis

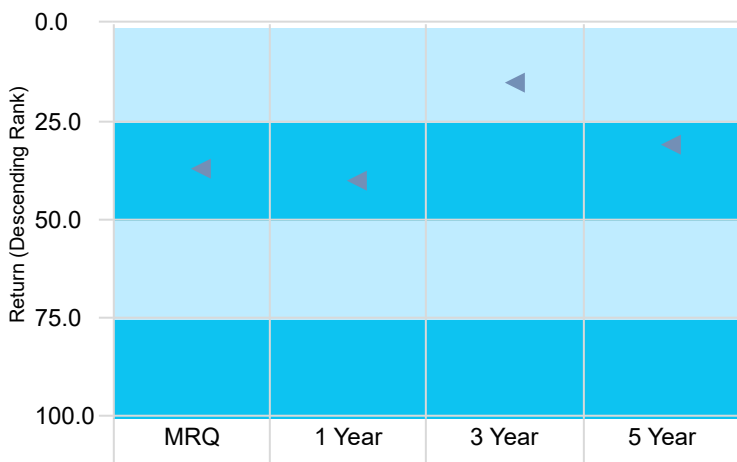
Time Period: 01/04/2016 to 31/03/2019



Performance Relative to Peer Group (descending rank)

Peer Group: Conservative Global Multi-Asset Class

1st to 25th Percentile 26th to Median 51st to 75th Percentile 76th to 100th Percentile



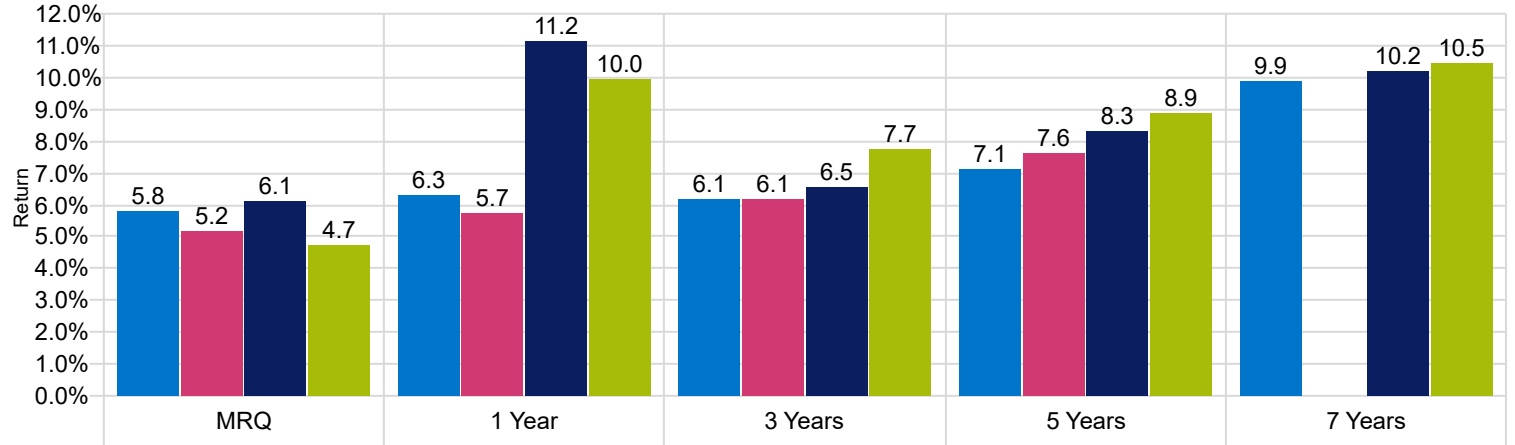
Fund Analysis (Moderate Global Multi-Asset Class)

As of 31/03/2019

- SMM 50
- Sanlam (ILLA) Preservation Portfolio
- SMM Moderate Absolute Fund
- SIM Moderate Absolute Return

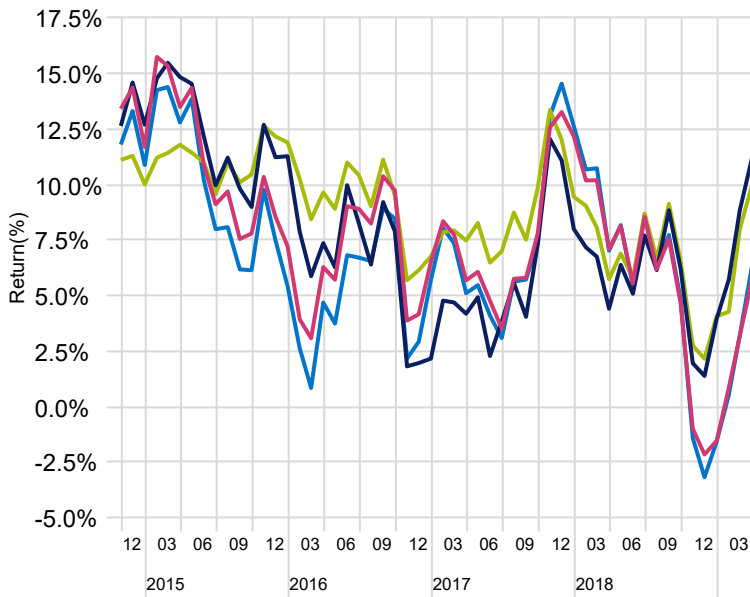
Historical Performance

As of Date: 31/03/2019



1-Year Rolling Returns

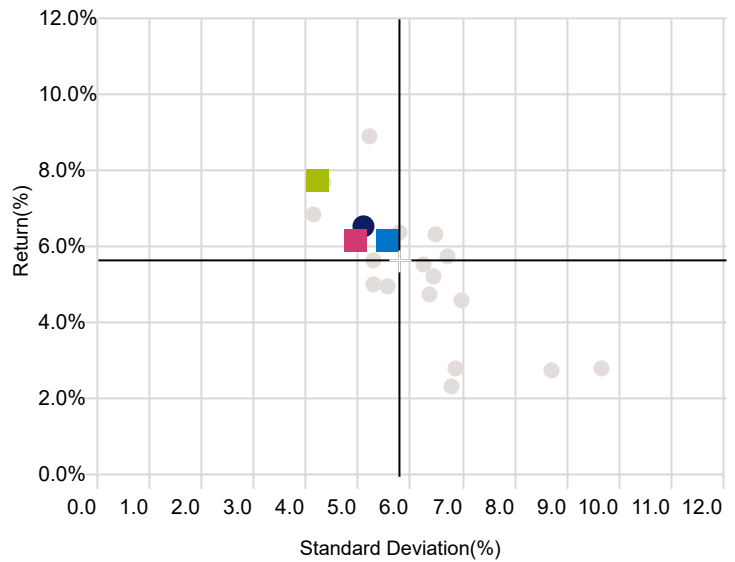
Time Period: Since Common Inception (01/11/2013) to 31/03/2019



3-Year Risk-Return Analysis

Time Period: 01/04/2016 to 31/03/2019

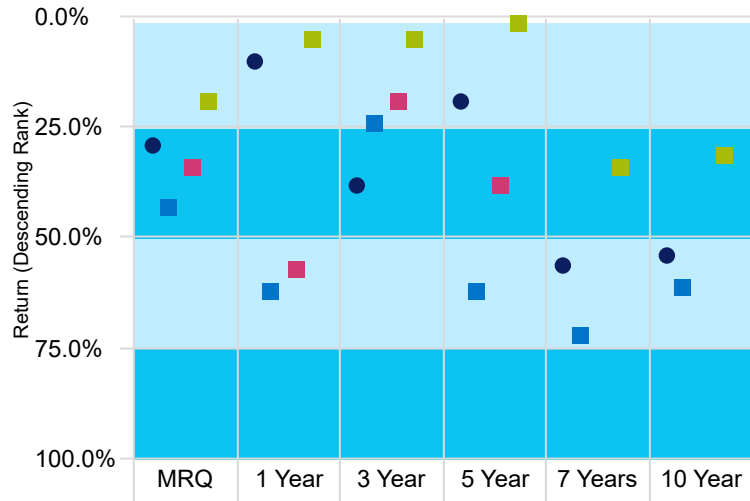
Peer Group: Moderate Global Multi-Asset Class



Performance Relative to Peer Group (descending rank)

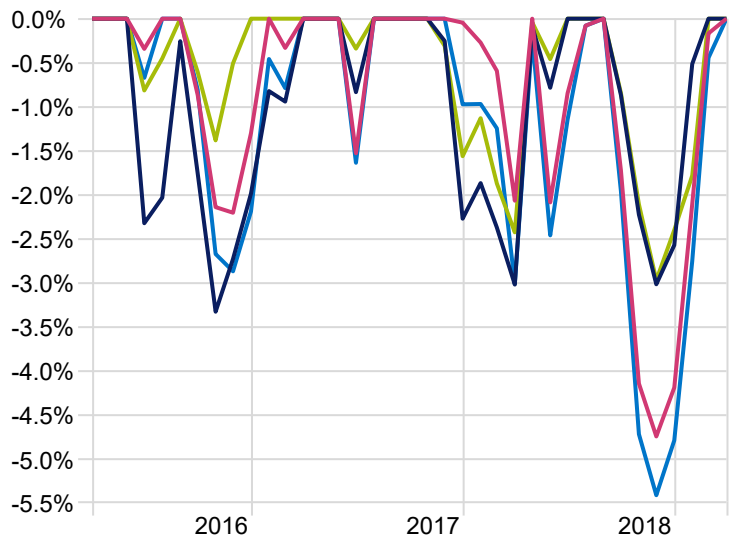
Peer Group: Moderate Global Multi-Asset Class

1st to 25th Percentile (light blue), 26th to Median (medium blue), 51st to 75th Percentile (lightest blue), 76th to 100th Percentile (darkest blue)



3-Year Maximum Drawdown

Time Period: 01/04/2016 to 31/03/2019



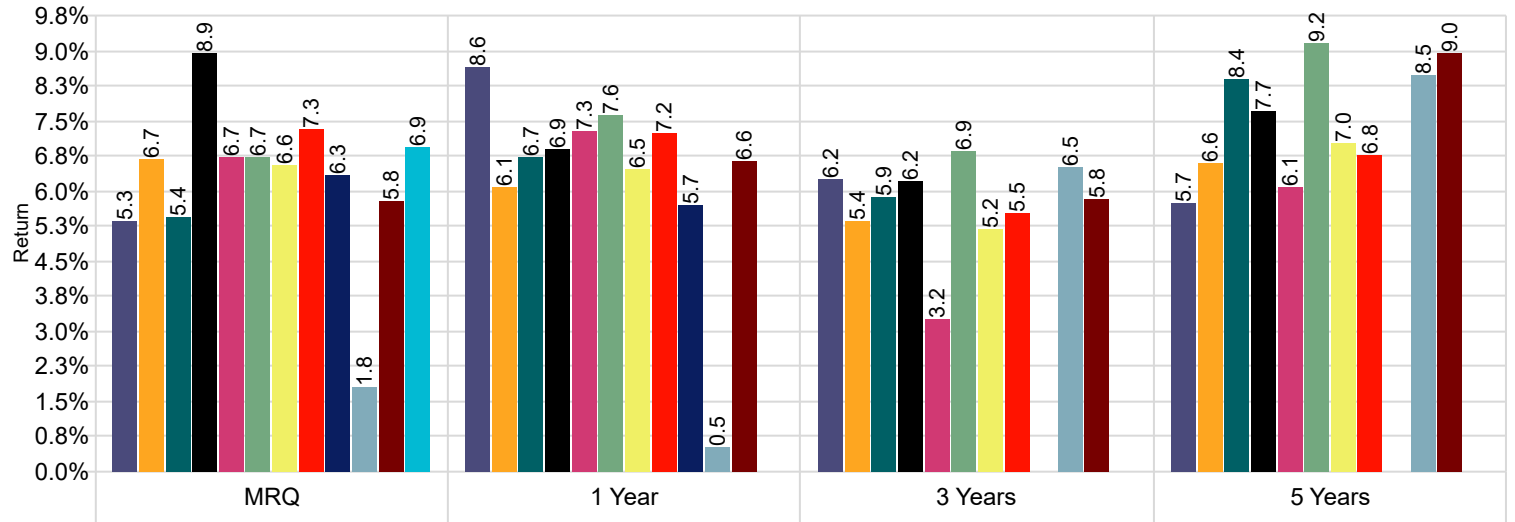
Fund Analysis (Aggressive Global Multi-Asset Class)

As of 31/03/2019

- ▲ SMM NUR Balanced
- ◆ Coronation Global Houseview
- Sanlam Lifestage Accumulation Portfolio
- PSG Balanced*
- ▲ SMM 70
- Sanlam Foord Balanced Fund
- ▲ SIM Balanced
- Investec Balanced
- ▲ Allan Gray Life Global Balanced
- Sanlam Prudential Balanced Fund
- Sanlam The Most Aggressive Portfolio
- SMM Select Balanced Fund

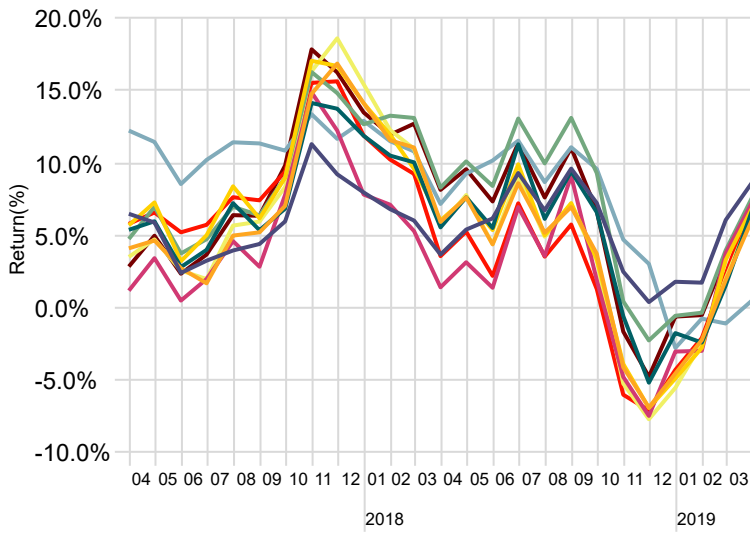
Historical Performance

As of Date: 31/03/2019



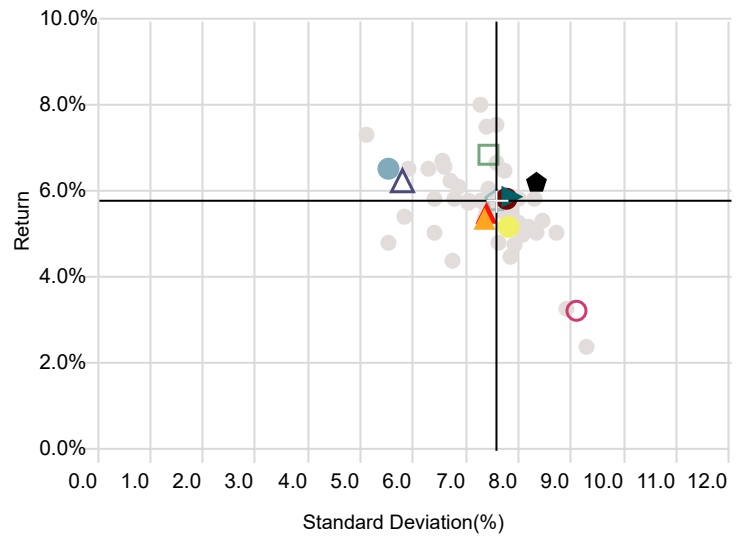
1-Year Rolling Returns

Time Period: 01/04/2016 to 31/03/2019



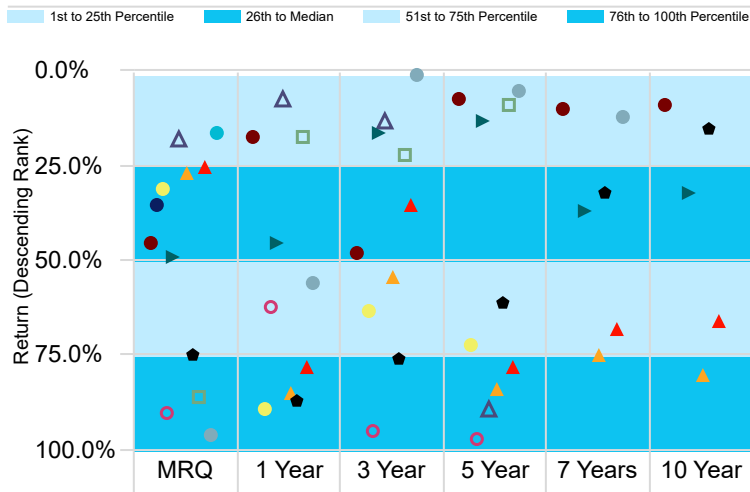
3-Year Risk-Return Analysis

Peer Group (1-100%): Aggressive Global Multi-Asset Class



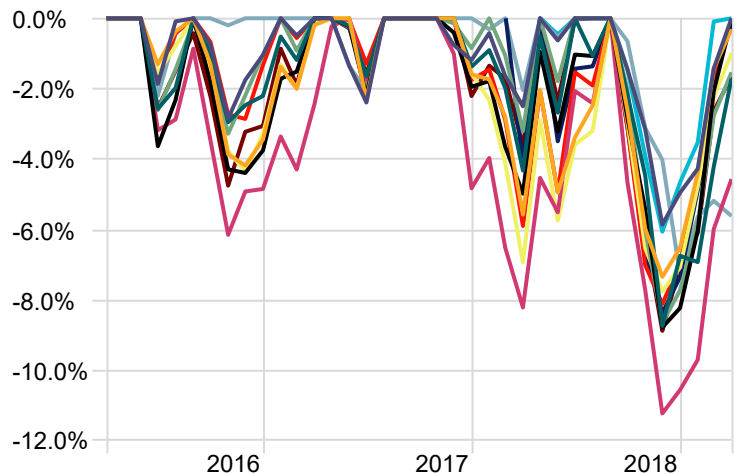
Performance Relative to Peer Group (descending rank)

Peer Group: Aggressive Global Multi-Asset Class



3-Year Maximum Drawdown

Time Period: 01/04/2016 to 31/03/2019



Fee Breakdown as at 31 December 2018

As of 31/03/2019

| Portfolio | Guarantee Premium/ Investment Admin Fee | Performance Fees | TER | TC | TIC |
|---|---|---------------------|--------|--------|--------|
| Sanlam Lifestage Accumulation portfolio | - | 0.100% | 1.110% | 0.140% | 1.250% |
| Sanlam Lifestage Capital Protection Preservation portfolio | 0.900% | 0.030% | 1.473% | 0.060% | 1.533% |
| Sanlam Lifestage Inflation-Linked Preservation portfolio | - | n/a | 0.700% | 0.000% | 0.700% |
| Sanlam Lifestage Living Annuity (ILLA) Preservation portfolio | - | 0.070% | 0.879% | 0.110% | 0.989% |
| SMM 30 Portfolio | - | 0.070% | 0.787% | 0.110% | 0.897% |
| SMM 50 Portfolio | - | 0.100% | 0.859% | 0.160% | 1.019% |
| SMM 70 Portfolio | - | 0.040% | 0.902% | 0.210% | 1.112% |
| SMM Moderate Absolute Fund | - | 0.050% | 0.850% | 0.230% | 1.080% |
| SMM NUR Balanced Fund | - | 0.000% | 1.187% | 0.240% | 1.427% |
| Sanlam The Most Aggressive Portfolio | - | 0.000% | 0.967% | 0.160% | 1.127% |
| Sanlam Accumulation Portfolio | - | 0.100% | 1.110% | 0.140% | 1.250% |
| SIM Balanced Fund | - | n/a | 0.810% | 0.220% | 1.030% |
| SIM Moderate Absolute Fund | - | n/a | 0.750% | 0.050% | 0.800% |
| SIM Cash Fund | - | n/a | 0.200% | 0.010% | 0.210% |
| SIM Temperance Balanced Fund | - | n/a | 1.070% | 0.140% | 1.210% |
| Satrix Enhanced Balanced Tracker Fund | - | n/a | 0.430% | 0.130% | 0.560% |
| Sanlam Monthly Bonus Fund | 1.600% | 0.030% | 2.173% | 0.060% | 2.233% |
| Sanlam Stable Bonus Portfolio | 0.900% | 0.030% | 1.473% | 0.060% | 1.533% |
| Sanlam Progressive Smooth Bonus Fund | 0.700% | 0.000% | 1.320% | 0.210% | 1.530% |
| Sanlam Foord Balanced | - | -0.210% | 0.663% | 0.040% | 0.703% |
| Sanlam Prudential Balanced | - | n/a | 0.950% | 0.120% | 1.070% |
| Sanlam Allan Gray Global Balanced | - | 0.510% | 1.375% | 0.150% | 1.525% |
| Sanlam Coronation Houseview | - | n/a | 0.890% | 0.130% | 1.020% |
| Investec Balanced | 0.173% | n/a | 0.816% | 0.252% | 1.068% |
| PSG Balanced | 0.173% | 0.000% | 0.998% | 0.240% | 1.238% |
| SMM Select Balanced | - | 0.000% | 1.015% | 0.150% | 1.165% |

Simeka Disclosure

Simeka Consultants & Actuaries is a wholly owned subsidiary of Sanlam. The above detailed information is in no way intended to serve as advice and is information provided to you by request of the management committee with the aim of keeping parties to the document fully informed about retirement fund options. By accepting this document you agree to keep its contents confidential. This document is confidential and is not for circulation or publication.

The content of this report and information provided may be of a general nature. It is therefore recommended that the client obtain appropriate legal, tax, investment or other professional advice such that an appropriate investment strategy can be formulated.

It is important to note that the information such as investment returns and performance are as of a specific date and may have change from the time of publication.