



Sanlam Employee Benefits

# Sanlam Umbrella Fund investment report to the Joint Forum

March 2020

Insurance

Financial Planning

Retirement

Investments

Wealth

**Contents**

As of 31/03/2020

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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.

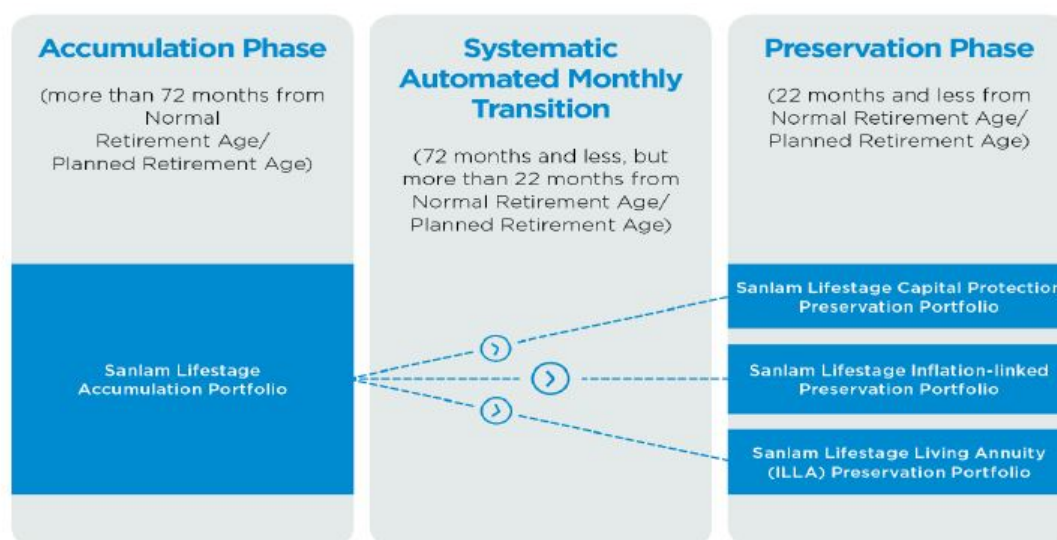
The performance of the portfolios selected will directly affect member's eventual retirement benefit. The trustees regularly monitor the investment strategy and the investment choices on offer to ensure their appropriateness. A key part of this process is monitoring the performance of the portfolios 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	-17.0%	-12.6%	-0.6%	1.2%	—
Sanlam Lifestage Capital Protection Portfolio*	1.8%	7.5%	7.6%	8.4%	11.0%
Sanlam Lifestage Infl-Linked Pres Port	-9.4%	-7.4%	-1.3%	0.8%	—
Sanlam (ILLA) Preservation Portfolio	-13.1%	-8.6%	1.1%	3.1%	—

### 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).

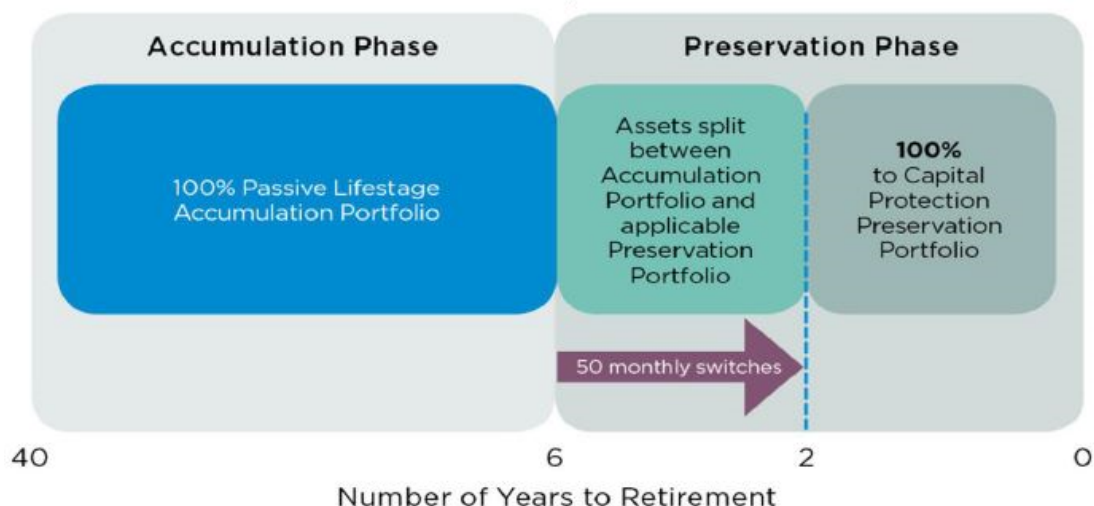
The trustees review the investment strategy of the Volatility Protection Strategy continually, and will make periodic changes to the underlying investments in line with the objectives of the strategy. The Volatility Protection Strategy has historically invested contributions in the Sanlam Monthly Bonus 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	-17.4%	-13.8%	-0.9%	1.4%	6.1%
Sanlam Monthly Bonus Portfolio	1.6%	6.8%	7.0%	7.9%	10.2%

## The Fund's default investment strategies

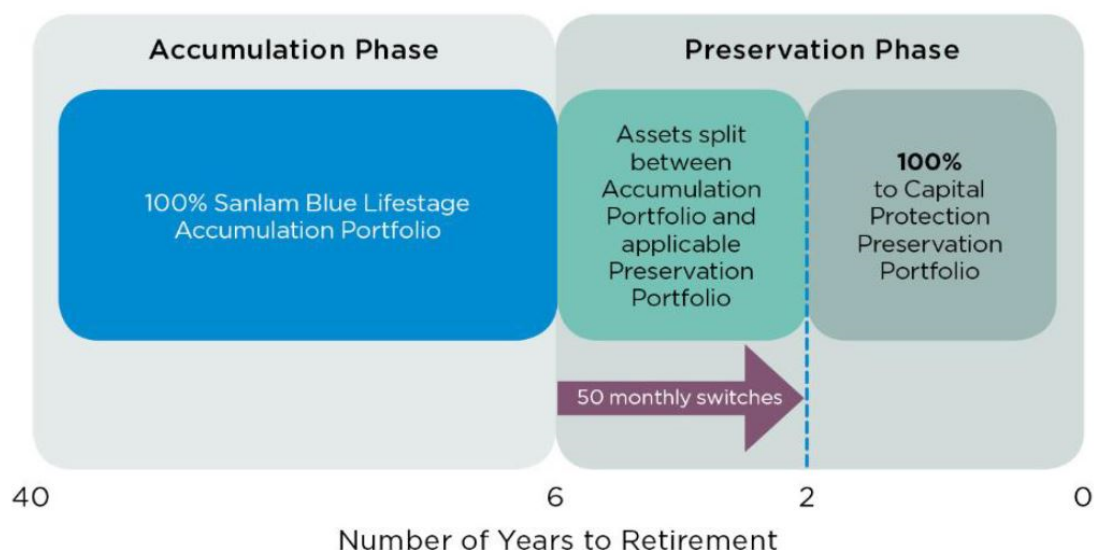
### Passive Lifestage Strategy



### Summary of Returns

	MRQ	1 Year	3 Years	5 Years	7 Years
Satrix Enhanced Balanced Tracker	-17.4%	-13.8%	-0.9%	1.4%	6.1%
Sanlam Lifestage Capital Protection	1.8%	7.5%	7.6%	8.4%	11.0%

### Sanlam Blue Lifestage Strategy



### Summary of Returns

	MRQ	1 Year	3 Years	5 Years	7 Years
SIM Balanced	-15.4%	-10.2%	-0.1%	2.1%	6.2%
Sanlam Lifestage Capital Protection Portfolio*	1.8%	7.5%	7.6%	8.4%	11.0%

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	-17.8%	-13.5%	-0.9%	0.9%	5.3%
SMM 50	-13.5%	-8.8%	1.2%	2.7%	5.8%
SMM 30	-10.5%	-5.7%	3.4%	4.6%	6.7%
SMM Moderate Absolute Fund	-9.4%	-2.5%	4.2%	4.8%	7.6%
SMM NUR Balanced	-12.0%	-8.3%	1.1%	3.1%	—
Sanlam The Most Aggressive Portfolio	-19.0%	-14.9%	—	—	—
Sanlam Accumulation Portfolio*	-17.0%	-12.6%	-0.6%	1.2%	—
SMM Select Balanced Fund	-16.8%	-10.5%	—	—	—

### SIM Single Manager Range

Product Name	MRQ	1 Year	3 Years	5 Years	7 Years
SIM Balanced	-15.4%	-10.2%	-0.1%	2.1%	6.2%
SIM Moderate Absolute Return	-5.1%	1.0%	5.5%	6.7%	8.6%
Sanlam Cash	2.0%	8.2%	8.2%	8.0%	7.5%
SIM Temperance Balanced Fund	-17.2%	-11.4%	1.3%	2.2%	6.2%

### External Single Manager Range

Product Name	MRQ	1 Year	3 Years	5 Years	7 Years
Allan Gray Life Global Balanced	-12.6%	-12.0%	-0.3%	3.8%	6.7%
Coronation Global Houseview	-14.4%	-10.0%	0.7%	2.7%	6.9%
Sanlam Foord Balanced Fund	-8.5%	-3.8%	1.5%	2.6%	6.1%
Ninety One Balanced	-12.1%	-7.5%	2.2%	3.3%	7.9%
Sanlam Prudential Balanced Fund	-18.0%	-15.4%	-0.5%	2.5%	6.9%
PSG Balanced	-25.3%	-27.5%	-8.4%	-2.1%	3.3%

### Index Tracking Range

Product Name	MRQ	1 Year	3 Years	5 Years	7 Years
Satrix Enhanced Balanced Tracker	-17.4%	-13.8%	-0.9%	1.4%	6.1%

### Smoothed Bonus Range

Product Name	MRQ	1 Year	3 Years	5 Years	7 Years
Sanlam Monthly Bonus Portfolio	1.6%	6.8%	7.0%	7.9%	10.2%
Sanlam Stable Bonus Portfolio	1.8%	7.5%	7.6%	8.4%	11.0%
Sanlam Prog Smooth Bonus Portfolio	1.8%	7.9%	—	—	—

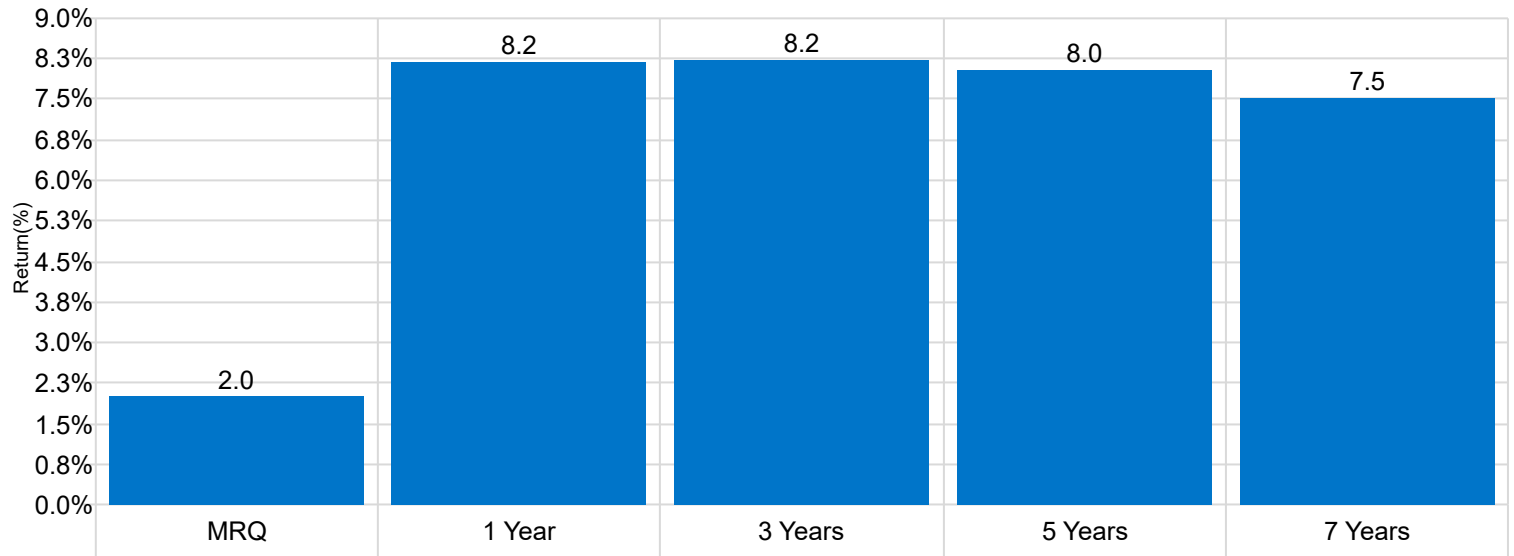
**Fund Analysis (Domestic Money Market)**

As of 31/03/2020

● Sanlam Cash

**Historical Performance**

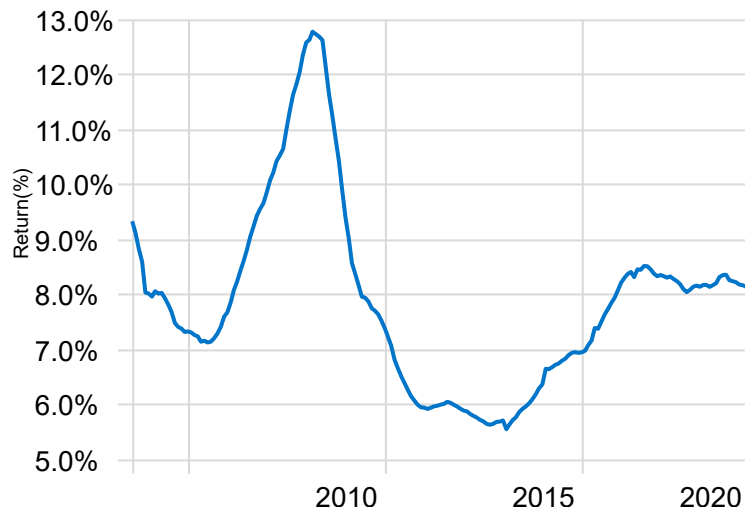
As of Date: 31/03/2020



**1-Year Rolling Returns**

Time Period: Since Common Inception (01/08/2003) to 31/03/2020

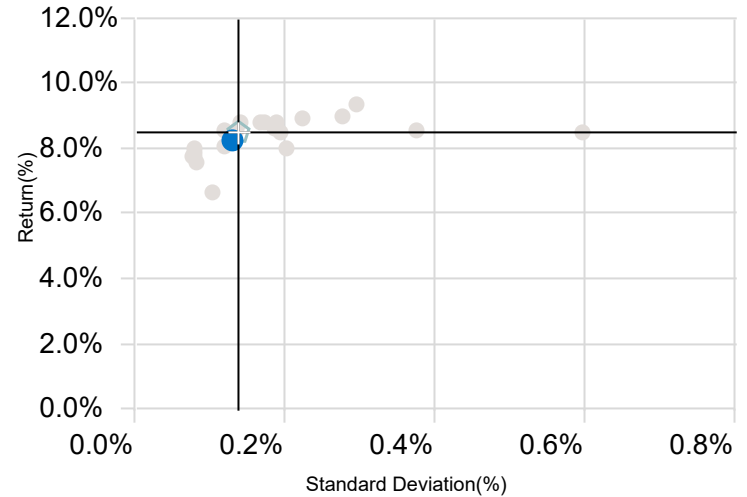
Rolling Window: 1 Year 1 Month shift



**3-Year Risk-Return Analysis**

Time Period: 01/04/2017 to 31/03/2020

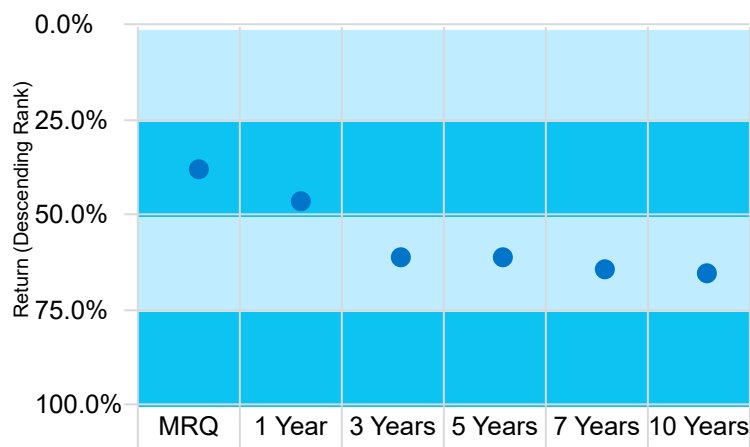
Peer Group (1-100%): Money Market (includes Enhanced Cash)



**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 31/03/2020

◀ SMM 30

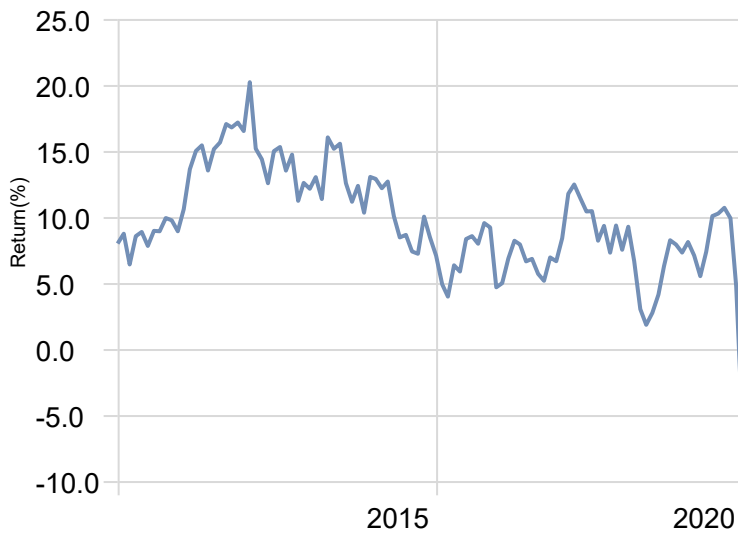
Historical Performance

As of Date: 31/03/2020



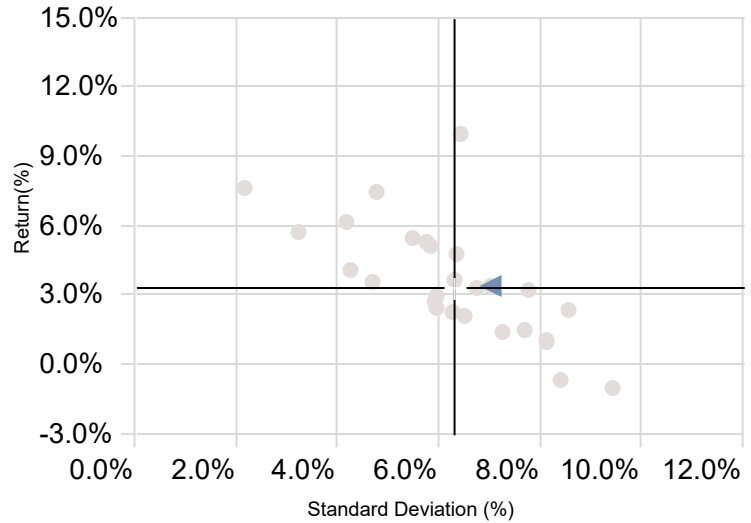
1-Year Rolling Returns

Time Period: Since Common Inception (01/08/2010) to 31/03/2020



3-Year Risk-Return Analysis

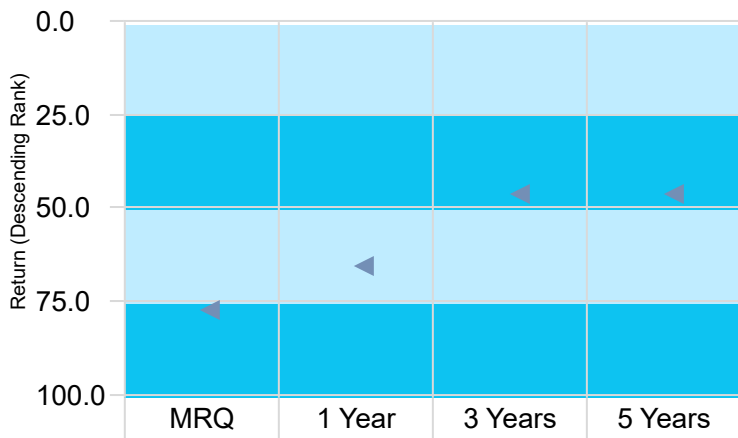
Time Period: 01/04/2017 to 31/03/2020



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





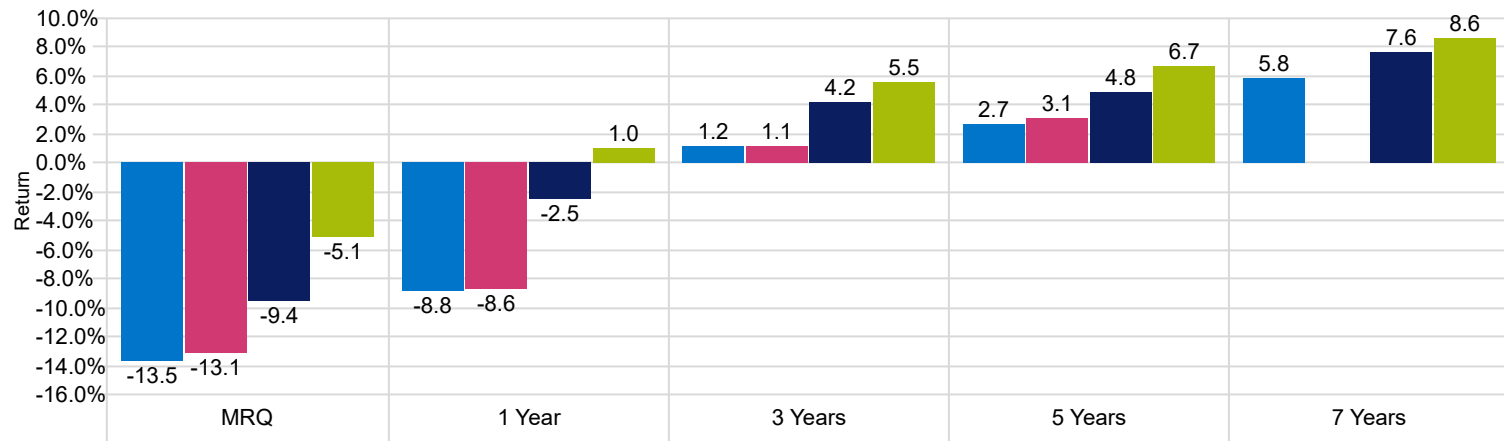
Fund Analysis (Moderate Global Multi-Asset Class)

As of 31/03/2020

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

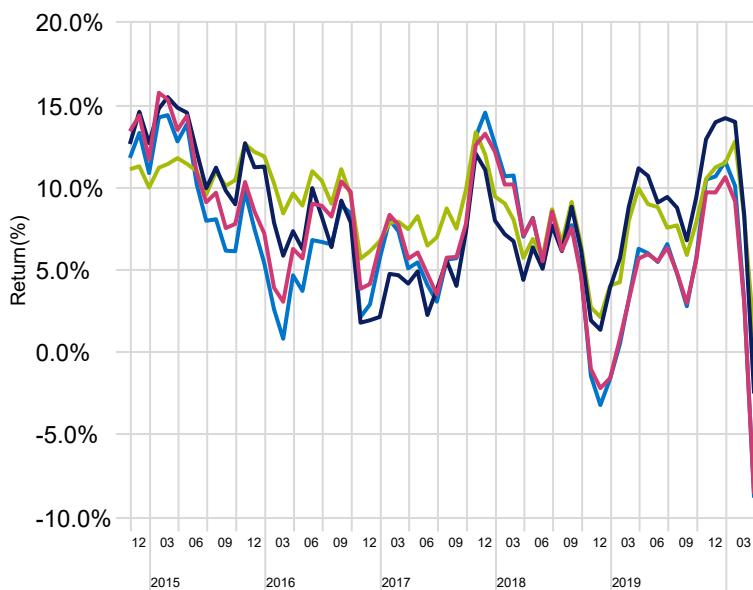
Historical Performance

As of Date: 31/03/2020



1-Year Rolling Returns

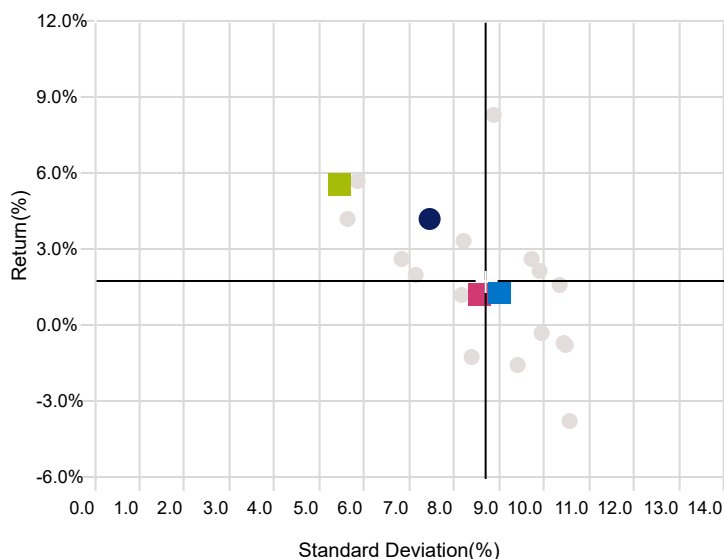
Time Period: Since Common Inception (01/11/2013) to 31/03/2020



3-Year Risk-Return Analysis

Time Period: 01/04/2017 to 31/03/2020

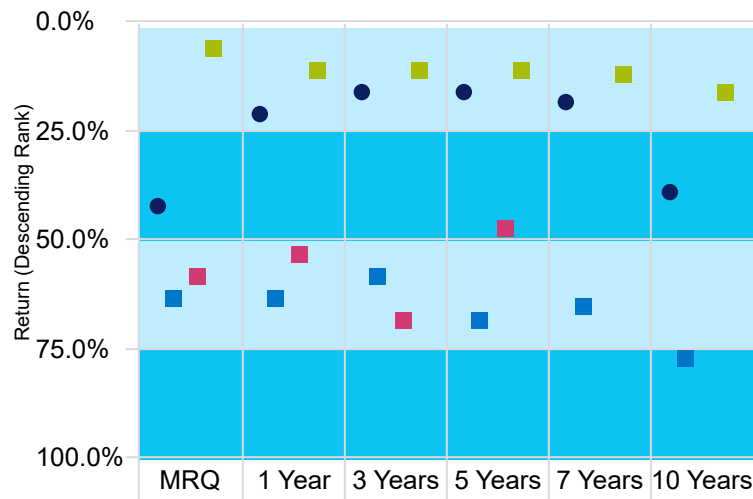
Peer Group: Moderate Global Multi-Asset Class



Performance Relative to Peer Group (descending rank)

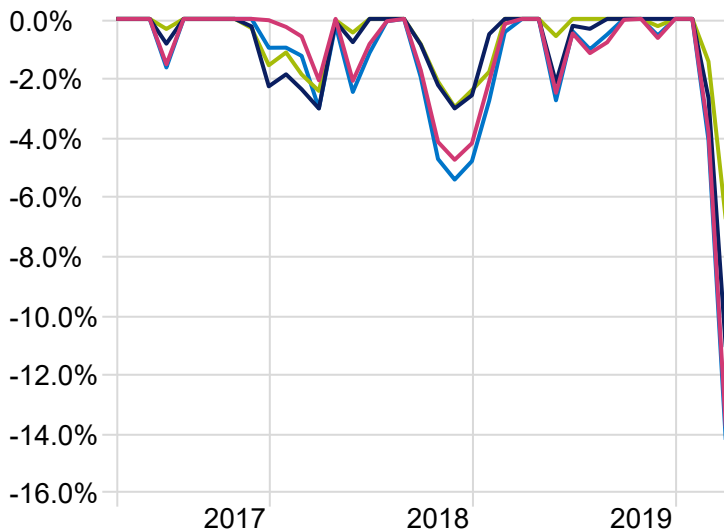
Peer Group: Moderate Global Multi-Asset Class

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



3-Year Maximum Drawdown

Time Period: 01/04/2017 to 31/03/2020



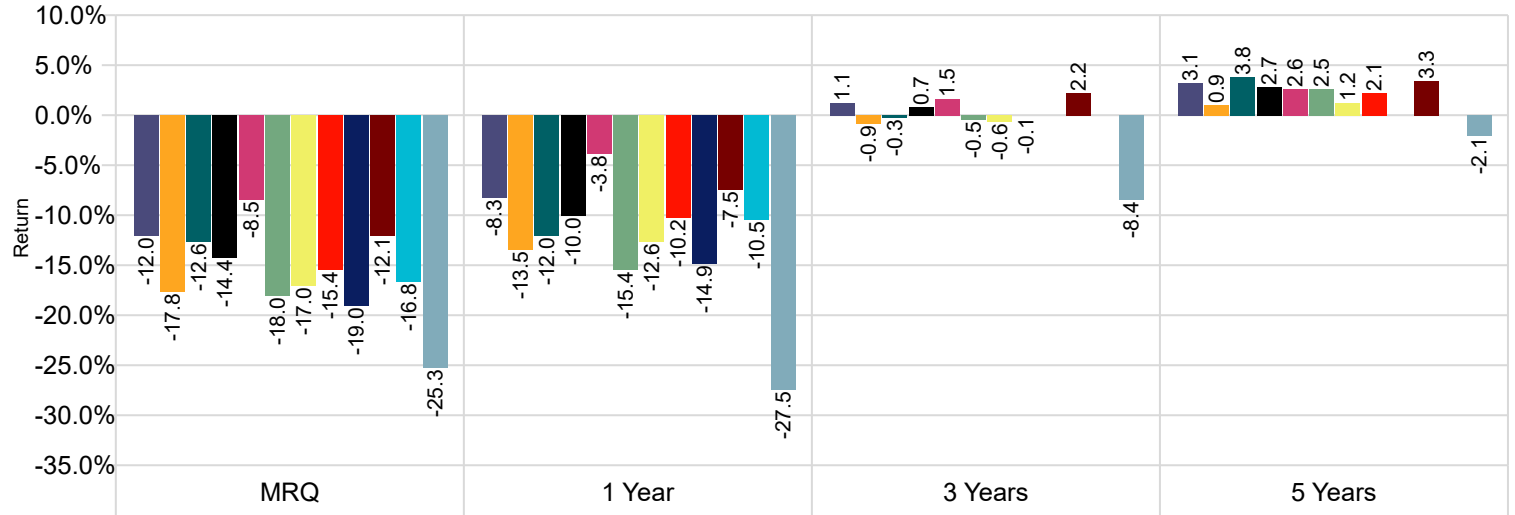
**Fund Analysis (Aggressive Global Multi-Asset Class)**

As of 31/03/2020

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

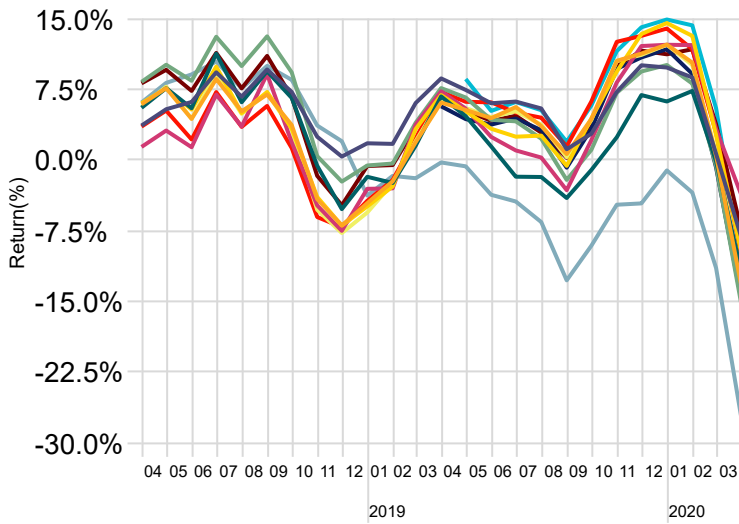
**Historical Performance**

As of Date: 31/03/2020



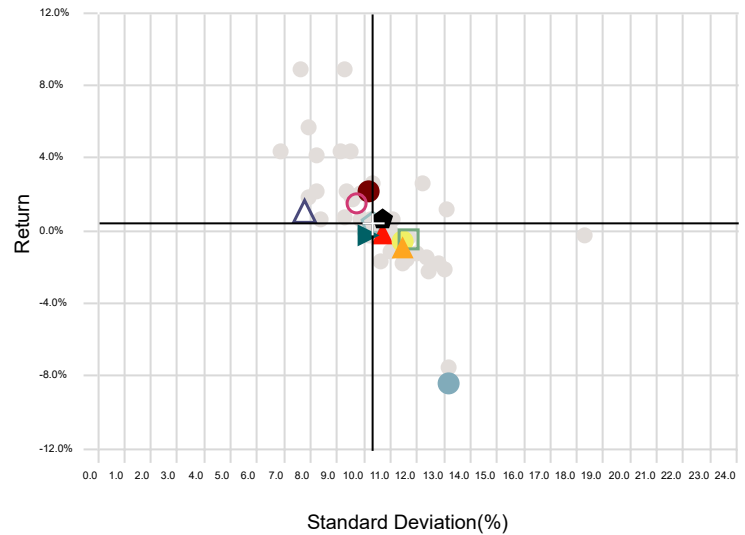
**1-Year Rolling Returns**

Time Period: 01/04/2017 to 31/03/2020



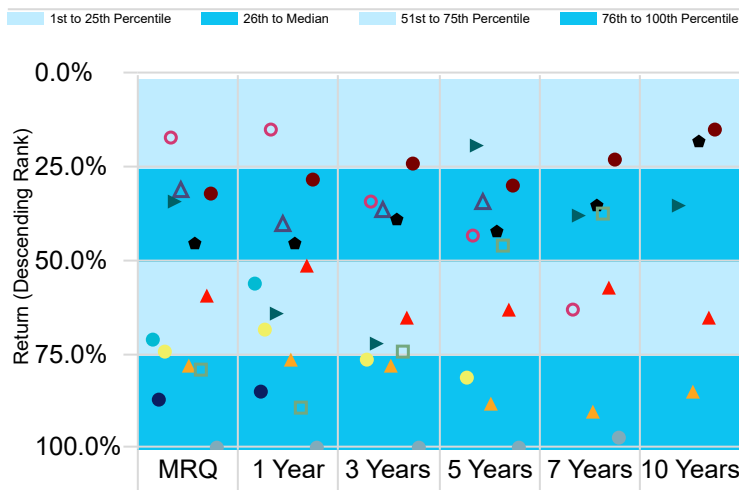
**3-Year Risk-Return Analysis**

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



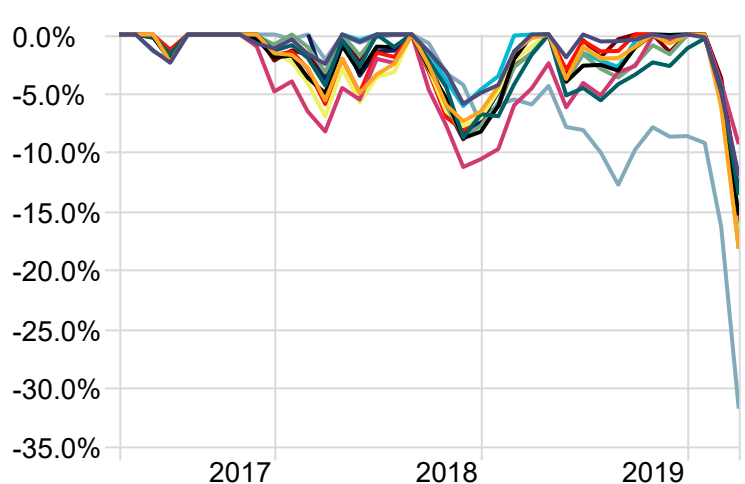
**Performance Relative to Peer Group (descending rank)**

Peer Group: Aggressive Global Multi-Asset Class



**3-Year Maximum Drawdown**

Time Period: 01/04/2017 to 31/03/2020



## Fee Breakdown as at 31 December 2019

Sanlam Umbrella Fund: Total Investment Costs					as at December 2019				
	Guarantee Premium	Total Expense Ratio (incl. Guarantee Premium)	Trading Costs	Total Investment Costs	Performance fees (incl. in TER)				
<b>Sanlam Lifestage</b>									
Sanlam Lifestage Accumulation Portfolio	-	1.140%	0.130%	1.270%	0.123%				
Sanlam Lifestage Capital Protection Preservation Portfolio	0.900%	1.398%	0.060%	1.458%	0.010%				
Sanlam Lifestage Inflation-Linked Preservation Portfolio	-	0.700%	0.010%	0.710%	n/a				
Sanlam Lifestage Living Annuity (ILLA) Preservation Portfolio	-	0.876%	0.100%	0.976%	0.058%				
<b>Volatility Protection Strategy</b>									
Sanlam Monthly Bonus Fund	1.600%	2.107%	0.060%	2.167%	0.010%				
Satrix Enhanced Balanced Tracker Fund	-	0.420%	0.120%	0.540%	n/a				
Volatility Protection Strategy Total <sup>7</sup>	1.200%	1.685%	0.075%	1.760%	0.008%				
<b>Passive Lifestage Strategy</b>									
Passive Lifestage Accumulation Portfolio	-	0.420%	0.120%	0.540%	n/a				
Lifestage Capital Protection Preservation Portfolio	0.900%	1.398%	0.060%	1.458%	0.010%				
<b>Sanlam Blue Lifestage Strategy</b>									
Sanlam Blue Lifestage Accumulation Portfolio	-	0.830%	0.170%	1.000%	n/a				
Lifestage Capital Protection Preservation Portfolio	0.900%	1.398%	0.060%	1.458%	0.010%				
<b>Single Managed</b>									
SIM Balanced Fund	-	0.830%	0.170%	1.000%	n/a				
SIM Cash Fund	-	0.200%	0.010%	0.210%	n/a				
SIM Moderate Absolute Fund	-	0.720%	0.050%	0.770%	n/a				
SIM Temperance Balanced Fund	-	0.870%	0.090%	0.960%	n/a				
<b>Multi Managed</b>									
SMM 30	-	0.782%	0.100%	0.882%	0.042%				
SMM 50	-	0.871%	0.150%	1.021%	0.102%				
SMM 70	-	0.897%	0.200%	1.097%	0.056%				
SMM Moderate Absolute Fund	-	0.834%	0.170%	1.004%	0.000%				
SMM NUR Balanced Fund	-	1.094%	0.170%	1.264%	0.000%				
The Most Aggressive Portfolio	-	0.975%	0.150%	1.125%	0.000%				
Sanlam Accumulation Portfolio	-	1.140%	0.130%	1.270%	0.123%				
SMM Select Balanced Fund	-	1.005%	0.190%	1.195%	0.000%				
<b>Smoothed Bonus Funds</b>									
Sanlam Monthly Bonus Fund	1.600%	2.107%	0.060%	2.167%	0.010%				
Sanlam Stable Bonus Portfolio	0.900%	1.398%	0.060%	1.458%	0.010%				
Sanlam Progressive Smooth Bonus Fund	0.700%	1.780%	0.200%	1.980%	0.000%				
<b>Passive Managed</b>									
Satrix Enhanced Balanced Tracker Fund	-	0.420%	0.120%	0.540%	n/a				
Sanlam Umbrella Fund: Total Investment Costs					as at December 2019				
	Investment Administration Fee	Total Expense Ratio (incl. Investment Administration Fee)	Trading Costs	Total Investment Costs	Performance fees (incl. in TER)				
<b>External Single Managed Portfolios</b>									
Allan Gray Global Balanced**	0.173%	0.998%	0.086%	1.084%	-				
Sanlam Allan Gray Global Balanced* <sup>5</sup>	-	1.120%	0.050%	1.170%	-				
Coronation Houseview <sup>6</sup>	0.173%	1.203%	0.130%	1.333%	n/a				
Sanlam Coronation Houseview*	-	0.850%	0.140%	0.990%	n/a				
Sanlam Foord Balanced Fund	-	0.790%	0.030%	0.820%	0.000%				
Investec Balanced Fund** <sup>5</sup>	0.173%	0.843%	0.220%	1.063%	n/a				
Sanlam Prudential Balanced Fund	-	1.090%	0.140%	1.230%	n/a				
PSG Balanced Fund	0.173%	0.998%	0.240%	1.238%	n/a				
ACA Wealth Creation <sup>9</sup>	0.173%	0.743%	0.070%	0.813%	-0.010%				

## NOTES:

- The values above are estimated over a rolling 3 year period and annualized unless otherwise stated.
- Figures as at December 2019
- The highest fee tier (i.e. lowest asset size) is assumed in the TERs.
- Portfolios that are less than 6 months old, may not have underlying data available to calculate a reliable estimate.
- Where applicable asset consulting fees must still be added.
- TER Includes an investment administration charge of 0.173% (including VAT) for portfolios not wrapped in a Sanlam policy.
- Estimated assuming 75% in Monthly Bonus Fund and 25% in Satrix Enhanced Balanced Tracker Fund.
- The Orbis fees are included in the total TER and will no longer be disclosed separately under performance fees.
- Calculated over a 1 year period.

\*Applicable to Clients invested before March 2015

\*\*Averaged as Pension and Provident Fund figures differ slightly