Sanlam

Sanlam Corporate: Investments

Lifestage Report

Quarter 1 2020

Insurance | Financial Planning | Retirement | Investments | Wealth

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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 a member's income needs after retirement, this is done by investing their 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, the member's savings are automatically switched to a preservation phase. A preservation phase protects against specific risks inherent in purchasing an annuity that suits the member's retirement income needs.

Lifestage Solution

6 YEARS FROM RETIREMENT AGE

Accumulation phase

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

GROWTH

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

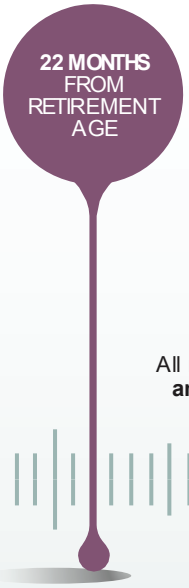
Sanlam Lifestage Accumulation Portfolio

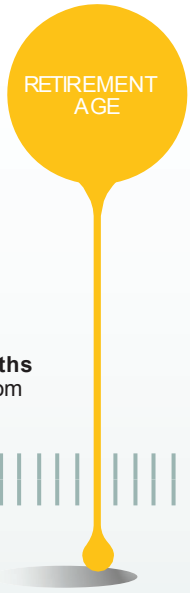
As members may employ a range of different income strategies at retirement, three Sanlam Lifestage Preservation Portfolios are available, each designed to align capital to an income strategy for an almost seamless transition into retirement. Should the member not make a choice of their preservation portfolio,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

Transition from the accumulation phase to the preservation phase takes place by means of 50 monthly switches, starting 6 years prior to retirement and is essential to reduce market timing risk. The aim of the switches is to transition 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 at no additional cost to the member.

Systematic automated monthly transition

All members with less than **6 years but more than 22 months** from Retirement Age





Preservation phase

All members with **22 months and less remaining** from Retirement Age

50 MONTHLY SWITCHES

Transition from the accumulation phase to the preservation phase takes place by means of **50 monthly switches**

PROTECTION

A preservation phase protects a member against the specific risks inherent in the purchase of an annuity

Sanlam Capital Protection Portfolio	Suitable for purchasing a guaranteed annuity
Sanlam Living Annuity Target Portfolio	Suitable for purchasing a investment-linked living annuity
Sanlam Inflation Annuity Target Portfolio	Suitable for purchasing a inflation-linked annuity

Investment Portfolios offered in Sanlam Lifestage

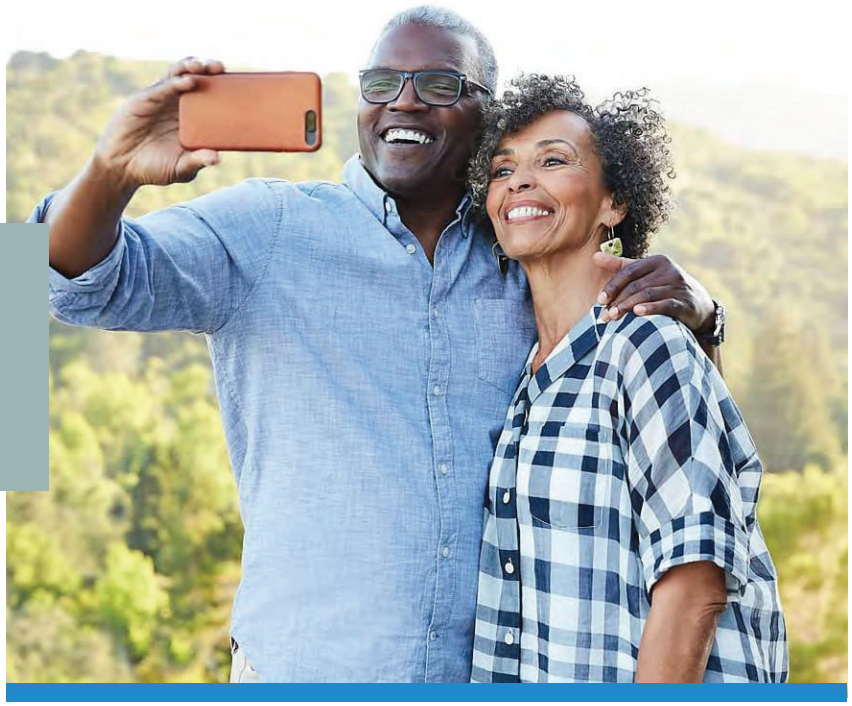
Accumulation Phase

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 aims to provide market - related growth.



Preservation Phase

Sanlam Capital Protection Portfolio

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

This is achieved through a smoothing of returns over time and offering capital protection on the capital invested together with the vested bonuses. Benefit payments include resignation, retirement, death, retrenchment and disability. A bonus is declared monthly in advance, which consists of vesting and non-vesting components.

The Capital Protection 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.

Sanlam Inflation Annuity Target Portfolio

The Sanlam Inflation Annuity Target 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. The portfolio 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 Corporate Inflation Annuity Tracker Portfolio, with the SALI Real as the benchmark. 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.

Sanlam Living Annuity Target Portfolio

The Sanlam Living Annuity Target 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

Global

- New York Fed Weekly Index and Bloomberg GDP tracker signal recession in March
- US announces US$2.2 trillion fiscal stimulus package which equals to 10% of GDP
- Fed introduces unlimited Quantitative Easing (QE), including new issue purchases
- EU fiscal stimulus of €875bn expected in April
- ECB expands QE by €750bn
- Japan to introduce fiscal stimulus package totaling some US$990bn, 20% of GDP
- China cuts RRR by 1% and cuts interest rate on excess reserves

Local

- SARB cuts rates by 100 basis points
- SARB announces bond buying programme but stresses it is not QE
- Moody's downgrades SA's sovereign debt to Ba1 (negative); Fitch follows with BB (negative) downgrade

Global economics

Global Equities

The free-fall in global equities accelerated over the first quarter of the year as the depth and speed of the global economic meltdown became more visible. The MSCI World Index declined by 21.1% in US$s but gained 0.8% in Rands, courtesy of a 21.7% depreciation in the Rand/US$ exchange rate. Emerging market equities fared slightly worse, declining by 23.6% in US$s and 2.4% in Rands. The New York Fed's weekly economic index fell to the lows of 2008, while the Bloomberg Global GDP tracker moved into negative territory for the first time since the Global Financial Crises (GFC).

US initial jobless claims also surged by 10 million people in the last two weeks of the month, signalling a jump in the unemployment rate to over 10%. If the Sahm rule is applied, this would signal that the US economy is already in recession. The Sahm rule compares the three-month moving average of the unemployment rate to its 12-month low. If the unemployment rate rises by 0.5% from its 12-month low, the US has entered into a recession. On this metric alone then, the US entered a recession in March.

The Organisation for Economic Co-operation and Development (OECD) in its update on the impact of the coronavirus, argued that the lockdown would directly affect one-third of GDP in major economies, with a loss of 2% in annual GDP forecast for each month that the lockdown remains in place

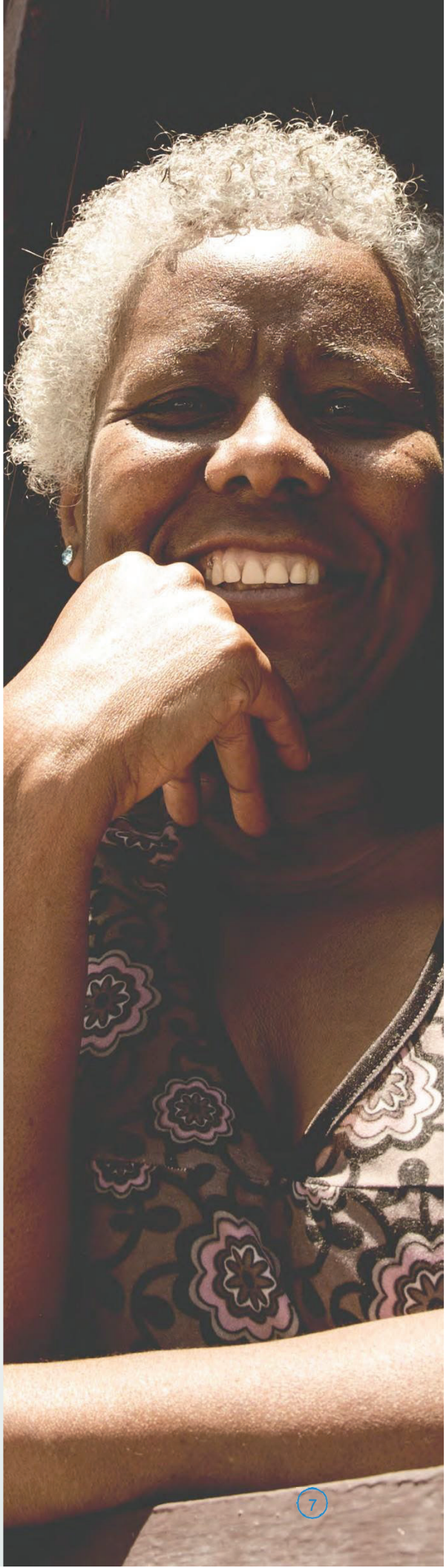
As a guide to industrial activity, coal consumption of six major power plants recorded a 20% year-on-year decline in March, the real estate sector, the single biggest driver of the economy in the past decade, saw sales in 30 select cities shrink by 40% year-on-year. The auto industry, another big growth driver, saw sales decrease by 45% year-on-year in the first three weeks of March. While cargo transportation by road was normalizing, passenger traffic, including rail, road, air and water was down 65% year-on-year in March.

The US President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a US$ 2.2 trillion stimulus package (10% of GDP) that will take the form of direct payments to households and small businesses. The direct cash payment to households (helicopter money) is expected to happen in two stages, with payments to be made on 6 April and 18 May, each worth around US$ 250billion. The precise amount will vary depending on income and family size but could average around US$1600 per individual.

China's policymakers adopted a package of measures aimed at reigniting domestic demand at their Politburo meeting on 27 March. Fiscal measures included: increasing the general budget deficit (estimated to rise to 3.5% of GDP in 2020 from 2.8% in 2019); issuing special central government bonds (estimated at Rmb 1trillion or 1% of GDP); raising the quota of special local government bonds (estimated at Rmb 3.5trillion, up from Rmb 2.15trillion in 2019); providing cheap funding to disrupted businesses via a re-lending programme, loan repayment delays, reductions in taxes, fees and social security contributions, as well as lower electricity tariffs. It is estimated that the fiscal stimulus could be around 10% of GDP

The European Union (EU), in turn, has placed the European Stability Mechanism (ESM) at the heart of its plans for a joint response to the economic impact of the coronavirus. Officials have discussed using the so-called Enhanced Conditions Credit Line (ECCL) for governments seeking extra sources of funding (Euro 240billion) in addition to the Euro 430billion committed via national fiscal measures. The ESM said it was too soon to expect a consensus among euro area governments on how the ESM's tools would be adapted. But it was expected that only limited conditions would be attached to the precautionary credit lines the ESM could deploy.

The European Central Bank (ECB) has also come to the party by announcing a Euro 750billion bonds purchase programme. Almost all constraints that applied to the ECB's previous asset-purchase programmes have been removed or significantly loosened. Crucially, a self-imposed limit to buy no more than a third of any country's eligible bonds will not apply to the extra Euro 750 billion of bonds it has committed to buy this year in response to the coronavirus crisis under its Pandemic Emergency Purchase Programme (PEPP).



Global Bonds

Global bonds came under selling pressure from a liquidity squeeze in the back-end of the quarter, forcing the US Fed to implement unlimited QE and the ECB to extend its QE programme by a further €750billion. These latest measures followed the Fed's earlier US$ 1.5trillion liquidity boost to the repo market, helping to mitigate systemic risks (payments and settlements) in the global financial system.

The surge in fiscal stimulus measures, either announced or expected from governments, no doubt also contributed to the sell-off in bonds since debt-to-GDP ratios are expected to increase substantially. The Barclays Capital Global Aggregate Index declined by 0.3% in US$s but gained 27.3% in Rands, given the sharp depreciation in the rand/US$ exchange rate.

Emerging market bonds were hit hard, declining by 8.7% in US$s as spreads widened to 543 basis points from 298 the previous quarter. The economic impact of COVID-19 on corporate profitability and default risks saw corporate bonds give up 5.4% in US$s, while high yield credit gave up 15.0% in US$s as spreads shot up over the month. Inflation-linked bonds were not spared either as inflation expectations declined on the expanding recession. The Barclays Capital Inflation linked Bond Index gave up 2.7% in US$s but gained 24.2% in rands.

Global Listed Property

As lockdowns spread across the globe, global listed property derated sharply as rental freezes and business failure risks weighed on sentiment. Uncertainty about the duration of lockdowns saw the EPRA/NAREIT Developed Property Market Index decline by a staggering 28.4% in US$s and some 8.5% in Rands. The price-to-book ratio tumbled from 1.5X to 1.07X, levels last seen in 2011 during the height of the Eurozone crisis. However, if the depth of the recession is on a par with the 2008 GFC, valuations could fall further to around 0.7X. With unemployment rising sharply across the globe, weaker consumption expenditure coupled with behavioural changes could result in rising vacancies and lower rental resets.

Local economics

Local Equities

Contagion from COVID-19 spilled over into the domestic equity market in the first quarter of the year, with the All Share Index declining by 21.4% in Rands and a woeful 38.5% in US$s. Accompanied by net foreign sales of equities totaling R32.9 billion, the domestic equity market underperformed its emerging market peers.

Unsurprisingly, defensive counters held up well with gold stocks gaining 4.6% over the quarter. But the big winner was Naspers that benefitted from China's lockdown, gaining 11.9% over the quarter. The biggest loser was Sasol, declining by a staggering 81.7% as the oil price collapsed from the Saudi-Russian price war. Other losers included the travel sector (-64.4%), industrial engineering (-64.4%) and domestic listed property (-48.2%), with the latter being hit by companies withdrawing distribution guidance and expectations that tenants such as Edgars and Foschini would withhold rental payments throughout the lockdown. It is hardly surprising then that domestic sectors such as retailers (-43.9%) and banks (-42.7%) were also hard hit by the lockdown.

While the impact of COVID-19 is difficult to quantify for the domestic economy given that South Africa was already in a technical recession at the time of the lockdown, growth estimates of between -3.0% and -4.0% are being pencilled in for the year. Part of the reason for the poor outlook is the limited ability of government to implement a fiscal stimulus package, given its already stretched finances.

In terms of tax breaks, companies will be able to claim back up to R1 500 a month per employee for those earning less than R6 500 (for those younger than 30), and R500 for those 30 years and older. These amounts will be paid back every month by SARS as part of the Employment Tax Incentive (ETI) programme, but is limited to only four months. The employer is entitled to reduce the total amount of its PAYE liability by setting off the ETI amount calculated in respect of that month. Where there is no PAYE to set off against the ETI amount, the employer will be entitled to a reimbursement of the total ETI amount available as at the end of each PAYE reconciliation period.

Businesses with an annual turnover of less that R50million will be permitted to keep back 20% of the pay-as-you-earn (PAYE) payments they make to SARS for the next four months. But will have to pay back this amount in equal instalments, with the first payment expected on 7 September 2020. In terms of provisional tax payments, instead of paying 50% of their expected tax bill six months into the tax year, and then settling the full amount at the end of the tax year, companies will now be allowed to pay only 15% after six months, and another 50% by the end of the tax year. By 30 September 2021 (or six months after the end of their financial year), the company will need to pay the outstanding balance. (This option is only for companies with an annual turnover of less than R50 million).

The South African Reserve Bank's (SARB's) Prudential Authority also announced measures to provide temporary capital relief to banks during the COVID-19 period. The revisions to its liquidity requirement rules will effectively free up R540 billion in additional funding for sectors of the economy in need. The reduction in the liquidity coverage ratio from 100% to 80% was expected to free up some R240 billion, while the reduction in the Pillar 2A capital buffer from 1% of risk-weighted assets to zero, would free up some R300 billion in additional funding. The Pillar 2A capital requirement is maintained for systemic risk and is to be held over and above the relevant minimum internationally agreed requirement specified in the Basel III capital framework. The Prudential Authority stressed, however, that these measures were not intended to allow banks to distribute earnings in the form of dividends, effect share buy-backs or to pay bonuses. Instead, the intention was to assist banks to continue to serve their clients under very difficult circumstances and to ensure that their capital positions remained healthy and compliant with the relevant internationally agreed capital requirements. The SARB, along with Treasury, was also considering a "Funding for Lending Scheme" that will see the State guarantee a portion of bank loans to high risk businesses.

Local Bonds

While a liquidity squeeze in global bond markets meant there was no place to hide for investors, barring in cash, the domestic bond market was also hit by a Moody's ratings downgrade in March. In order to address liquidity shortages in the bond market, the SARB announced its own version of QE, where the bank would buy debt across the entire curve. The SARB has, however, indicated that its bond buying operation is not QE, but merely ensuring adequate liquidity in the bond market.

Ratings agency, Moody's, downgraded South Africa's sovereign debt to Ba1 from Baa3, with a negative outlook being retained. The ratings downgrade was not unexpected given that the economy is mired in recession, the fiscal outlook has deteriorated significantly and investor sentiment is at multi-year lows. The timing of the Moody's decision could not, however, have come at a worse time given the spread of the COVID-19 virus both domestically and globally.

It is important to note that yields were rising well ahead of the ratings announcement on 27 March, suggesting that investors may have exited their positions in anticipation of the downgrade. Nonetheless, the Moody's decision now aligns the sovereign rating with that of Standard and Poor's and Fitch (which subsequently derated the country deeper into junk) and removes a whole lot of uncertainty from the bond and currency markets.

Economic performance summary to 31 March 2020

Asset Class Specific	1 Months	3 months	1 Year	3 Years	5 Years	10 Years
All Share Index (ALSI)	-12.1%	-21.4%	-18.4%	-2.1%	-0.1%	7.7%
Shareholder Weighted Index (SWIX)	-14.2%	-23.3%	-20.9%	-4.6%	-1.9%	7.6%
Capped SWIX	-16.7%	-26.6%	-24.5%	-7.4%	-3.8%	N/A
Property (SAPY)	-36.6%	-48.2%	-47.9%	-23.0%	-13.5%	2.8%
All Bond Index (ALBI)	-9.7%	-8.7%	-3.0%	5.3%	5.2%	7.4%
STEFI Composite	0.6%	1.7%	7.2%	7.3%	7.2%	6.5%
MSCI World Index*	-1.5%	0.8%	11.0%	12.1%	11.5%	16.5%
JP Morgan Global Agg*	13.6%	31.7%	32.9%	15.0%	11.4%	12.1%
RAND vs US$	13.5%	27.7%	23.8%	10.0%	8.0%	9.3%

*Index return in rands

SA Equity Sector Specific	1 Months	3 months	1 Year	3 Years	5 Years	10 Years
Financials	-29.4%	-39.5%	-38.8%	-12.2%	-8.0%	5.8%
Resources	-12.4%	-25.3%	-18.5%	8.4%	2.1%	0.1%
Industrials	-3.1%	-8.4%	-7.2%	-1.9%	0.5%	12.4%

SA Equity Size Specific	1 Months	3 months	1 Year	3 Years	5 Years	10 Years
Small Cap	-21.7%	-32.6%	-33.0%	-18.4%	-8.5%	4.5%
Medium Cap	-23.7%	-35.6%	-27.5%	-10.6%	-4.7%	6.4%
Large Cap	-10.4%	-19.2%	-16.2%	-0.4%	0.5%	7.8%

Portfolio Commentary

Quarter ending March 2019

Sanlam Lifestage Accumulation Portfolio

The Lifestage Accumulation Portfolio underperformed its benchmark over the quarter by 0.04%. This is mainly due to the free-fall in global markets over the first quarter of the year as the depth and speed of the global economic meltdown from COVID-19 became more visible.

Within manager selection other than the SA Equity and SA Property managers who added value, the other asset classes (namely SA Bonds, SA ILBs, SA Cash and all of the international managers) detracted from performance. On the asset allocation side the allocation to SA ILBs, SA Equity, SA Bonds and International Bonds detracted from performance while the other asset classes contributed positively.

Looking at the current positioning of the portfolio, the overweight positions are in International Africa Equity, International Emerging Equity assets and locally SA Cash, SA Bonds, SA Hedge Funds and SA Equity are the overweight positions. The underweight positions in the portfolio are SA Property, SA ILBs, International Equity and International Bonds.

Sanlam Living Annuity Target Portfolio

The Lifestage Living Annuity Target Portfolio outperformed its benchmark over the quarter by 0.04% even though the portfolio returned a disappointing -13.08%. Despite the outperformance, the negative return was mainly due to the free-fall in global markets over the first quarter of the year as the depth and speed of the global economic meltdown from COVID-19 became more visible.

Within the manager selection portion the best performers were the managers of the SA Equity blend, which added 0.93% of outperformance and those of the SA Property, which added 0.23%. The other managers to contribute positively to performance were the International Equity managers. On the asset allocation side, International Cash, International Equity, International Africa Equity and International Emerging Markets Equity were positive contributors. Locally the allocation to SA Property was the only one to contribute to the funds' performance.

Looking at the current positioning of the portfolio, the overweight's are SA Bonds, SA Equity, International Cash, International Africa Equity, International Emerging Markets Equity assets that make up all the overweight positions. The underweight positions in the portfolio are SA Cash, SA Property, SA ILBs, International Equity and International Bonds.

Sanlam Capital Protection Portfolio

The portfolio aims to deliver consistently smooth investment returns through monthly bonuses declared in advance. In addition the portfolio provides guarantees on invested capital.

The portfolio is underfunded as at March 2020 as a result of poor market performance. The portfolio continues to strike a balance between two often conflicting objectives: downside protection (through smoothing and guarantees) and investment growth.

Funding level as at 31 March 2020 is 95.2%%, the annual return is 7.5% and the long-term return is 8.4% over the past 5 years. The portfolio managed to outperform inflation in the past and deliver real returns to the investors despite the unpleasant economic environment. The bonuses are net of capital guarantee fee of 0.9% p.a., and gross of investment management fee.

Sanlam Inflation Annuity Target Portfolio

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.

Due to the COVID-19 pandemic resulting in the free fall of major asset classes, particularly bonds, this portfolio has performed poorly. The portfolio returns over the quarter have reached a low of about -10%. As at 31 March 2020, the portfolio has consistently outperformed its benchmark, thus preserving the purchasing power of individuals to purchase an inflation linked annuity upon retirement.

It is important to highlight that the aim of the portfolio is not deliver high return, rather to deliver returns that will allow the investor to be able to purchase an inflation linked annuity post retirement.

Performance summary

Sanlam Lifestage to 31 March 2020	1 Months	3 months	1 Year	3 Years	5 Years
Accumulation Phase					
Accumulation Portfolio	-12.1%	-17.0%	-12.6%	-0.6%	1.2%
Benchmark	-11.8%	-16.9%	-13.0%	-0.7%	1.4%
Preservation Phase					
Capital Protection Portfolio*	0.5%	1.8%	7.5%	7.6%	8.4%
CPI	0.3%	1.6%	4.1%	4.2%	5.0%
Inflation Annuity Target Portfolio	-9.3%	-9.4%	-7.4%	-1.3%	0.8%
Benchmark	-11.5%	-11.5%	-11.4%	-3.7%	-0.8%
Living Annuity Target Portfolio	-10.4%	-13.1%	-8.6%	1.1%	3.1%
Benchmark	-9.8%	-13.1%	-9.0%	0.9%	2.5%

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

Sanlam Lifestage

Mandate description

Sanlam Lifestage is the Fund's trustee approved default investment strategy and aims to meet each member's savings requirement by working towards a target date, which would be the Normal Retirement Age or the Planned Retirement Age (if different).

How Sanlam Lifestage works

The investment strategy consists of two phases and members are automatically switched from one phase to another as they near retirement. The two phases are:

- Accumulation phase
- Preservation phase

As retirement approaches, this target date strategy invests in an investment portfolio matching the member's postretirement needs or plans, but in the years prior to this greater emphasis is placed on achieving capital growth. Members with more than 6 years before reaching their Normal Retirement Age or Planned Retirement Age (if different) are fully invested in the Sanlam Lifestage Accumulation Portfolio which aims to achieve capital growth. Six years (72 months) before a member reaches his/her Normal Retirement Age or Planned Retirement Age (if different), the member is gradually switched from the Sanlam Lifestage Accumulation Portfolio to his/her selected Sanlam Lifestage preservation portfolio by means of 50 monthly switches.

Members with more than 6 years before reaching their Planned Retirement Age are fully invested in Sanlam Lifestage Accumulation Portfolio which aims to achieve capital growth.

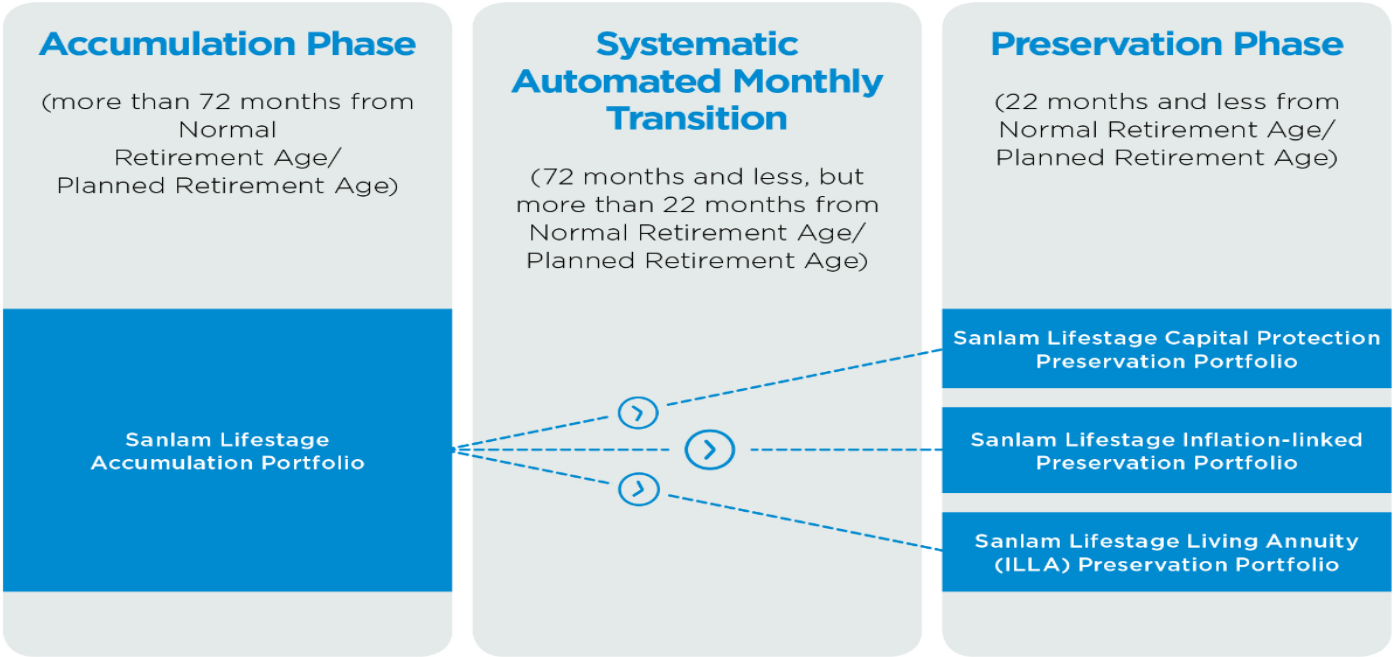
Six years (72 months) before a member reaches his/her Planned Retirement Age, the member is gradually switched from the Sanlam Lifestage Accumulation Portfolio to his/her selected Sanlam Lifestage preservation portfolio by means of 50 monthly switches.

Fund performance

Phase	1 month	3 months	1 year	3 years	5 years
Accumulation Portfolio	-12.1%	-17.0%	-12.6%	-0.6%	1.2%
Preservation Portfolios:					
Capital Protection	0.5%	1.8%	7.5%	7.6%	8.5%
Inflation Annuity	-9.3%	-9.4%	-7.4%	-1.3%	0.8%
Living Annuity	-10.4%	-13.1%	-8.6%	1.2%	3.1%

Please note:

Sanlam Lifestage investment reporting only commences from 1 August 2013, but the following longer term performance was achieved applicable to members previously invested in the Accumulation Phase of the Sanlam Umbrella Fund's discontinued Lifestage Programme, and whose investments were transitioned to Sanlam Lifestage during the month of July 2013.



Sanlam Lifestage Accumulation Portfolio

Period Ending	31-Mar-20
Fund Size	R 13,363 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

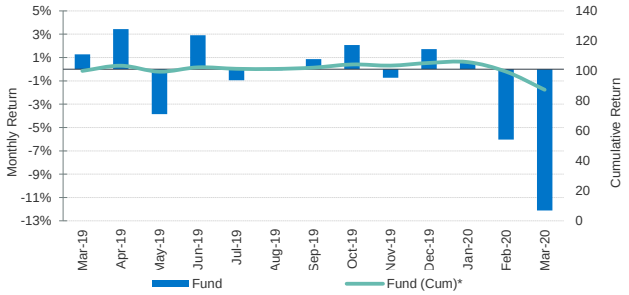
This portfolio has an aggressive risk profile

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	-12.1%	-11.8%
3 Months	-17.0%	-16.9%
6 Months	-14.4%	-14.9%
1 Year	-12.6%	-13.0%
3 Years	-0.6%	-0.7%
5 Years	1.2%	1.4%

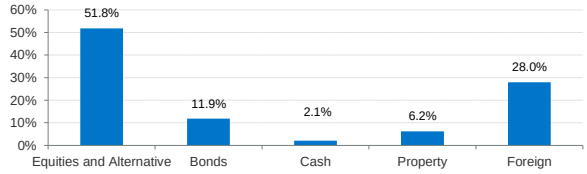
Top 10 holdings (% of Equities)

Share Name	% of Equities
Naspers	20.4%
British American Tobacco Plc	5.0%
Prosus	4.8%
Anglo American	4.1%
Firstrand Limited	3.4%
Standard Bank Group Limited	2.6%
Quilter Plc	2.1%
Anglogold Ashanti Limited	2.0%
Impala Platinum Holdings Limited	2.0%
BHP Group	1.9%

Benchmark

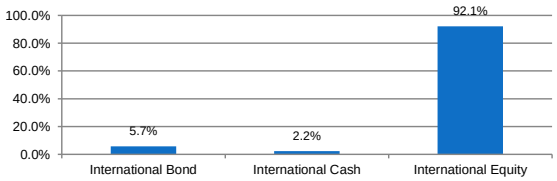
24.5%	SWIX (Shareholder Weighted Index)
24.5%	Capped SWIX (Shareholder Weighted Index)
10%	BEASSA Total Return All Bond Index
8.0%	FTSE/JSE SAPY Index
2.0%	Short Term Fixed Interest Index (STeFI)
6%	Barclays SA Inflation Linked Index
21%	MSCI World (Developed Markets) Equity Index
4%	Barclays Global 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.

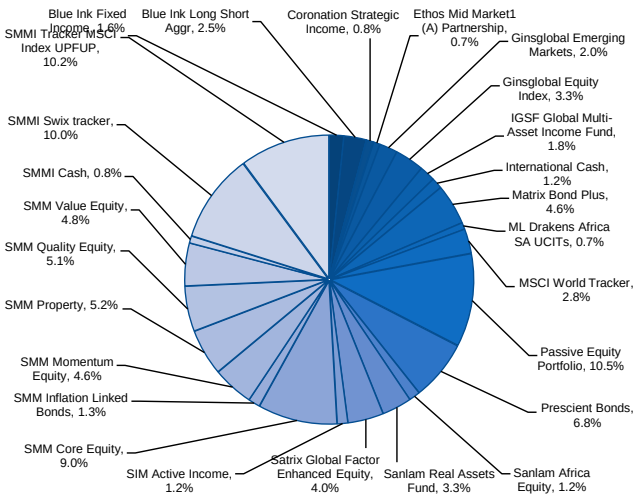
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	21.1%	20.1%
Resources	40.3%	38.9%
Industrials	38.6%	41.0%

Fund manager breakdown



Please refer to the "Local equity manager breakdown for SMMI portfolios" for a detailed outline of

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	-2.9%
Downside risk *	8.8%

of the portfolio relative to CPI

Sanlam Capital Protection Portfolio

Period Ending 31-Mar-20
Fund Size (Book Value) R 3,389 million
Inception Date Nov-86

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.

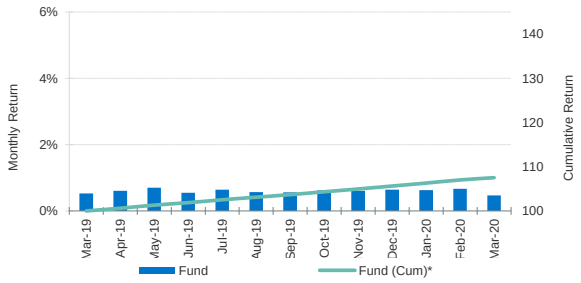
Risk profile

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	0.5%
3 Months	1.8%
6 Months	3.7%
1 Year	7.5%
3 Years	7.6%
5 Years	8.5%

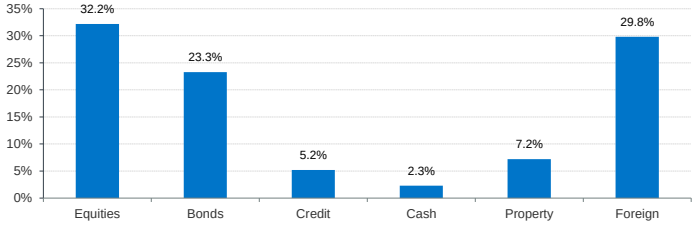
Top 10 equity holdings (% of Shares)

Share Name	% of Shares
Naspers	19.0%
British American Tobacco	5.7%
Prosus	5.1%
FirstRand	4.5%
Anglo American	4.0%
Standard Bank Group	3.7%
Consol Holdings	3.1%
MTN Group	2.3%
Thebe Inv Corp	2.1%
Sanlam	2.1%

Benchmark

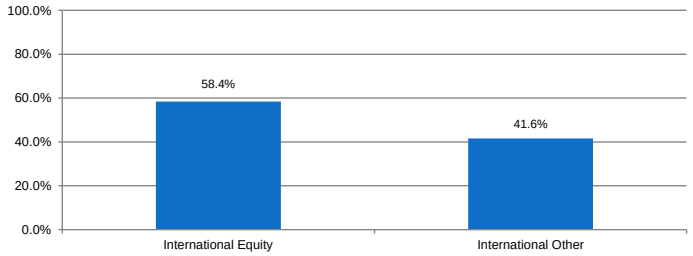
16.0% SWIX (Shareholder Weighted Index)
16.0% Capped SWIX (Shareholder Weighted Index)
19.0% BEASSA Total Return All Bond Index
5.5% 3 month JIBAR +1.25%
2.0% IGOVI
17.5% MSCI World Index (Dev. Markets)
5.0% Barclays Global Aggregate Index
2.5% US 3 month LIBOR+2.5% (net of fees)
2.5% US 3 month LIIBOR
7.5% 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	24.6%
Resources	15.0%
Industrials	60.4%

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 *	0.3%

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

Funding Level

Apr 2020: 87.55% funded

Sanlam Living Annuity Target Portfolio

Period Ending	31-Mar-20
Fund Size	R 53 million
Inception Date	Oct-13

Benchmark	17.5%	Capped SWIX (Shareholder Weighted Index)
	17.5%	SWIX Index
	20.0%	BEASSA Total Return Index
	10.0%	Short Term Fixed Interest Index (STeFI)
	6.0%	SAPY Property Index
	9.0%	Barclays SA Inflation Linked Index
	15.0%	MSCI World Equity Index
	2.0%	US 3 month Libor Rate
	3.0%	Barclays Global Aggregate 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

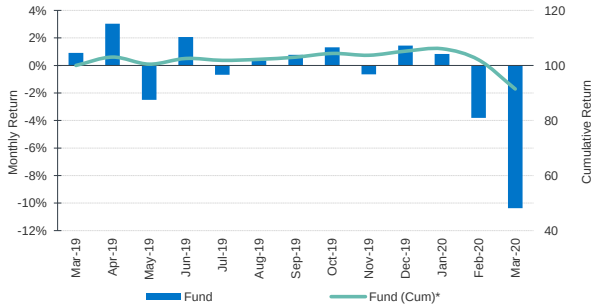
The portfolio has a moderate risk profile.

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

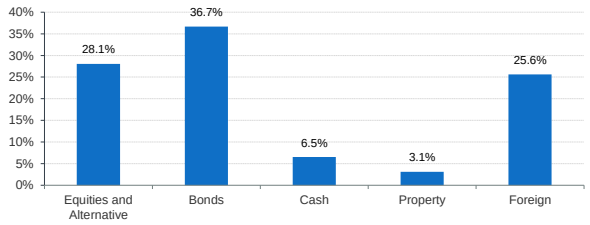
Fund performance (%)

	Fund	Benchmark
1 Month	-10.4%	-9.8%
3 Months	-13.1%	-13.1%
6 Months	-11.2%	-11.5%
1 Year	-8.6%	-9.0%
3 Years	1.2%	0.9%
5 Years	3.1%	2.5%

Top 10 equity holdings (% of Equities)

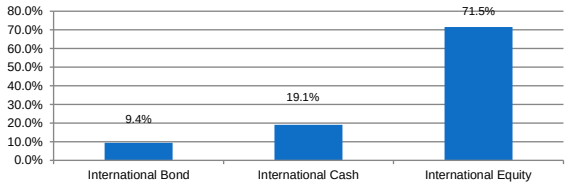
Share Name	% of Equities
Naspers	22.5%
British American Tobacco Plc	4.8%
Prosus	4.7%
Anglo American	4.1%
Firstrand Limited	3.3%
Standard Bank Group Limited	2.8%
Anglogold Ashanti Limited	2.0%
MTN Group Limited	1.9%
Impala Platinum Holdings Limited	1.9%
BHP Group	1.8%

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.

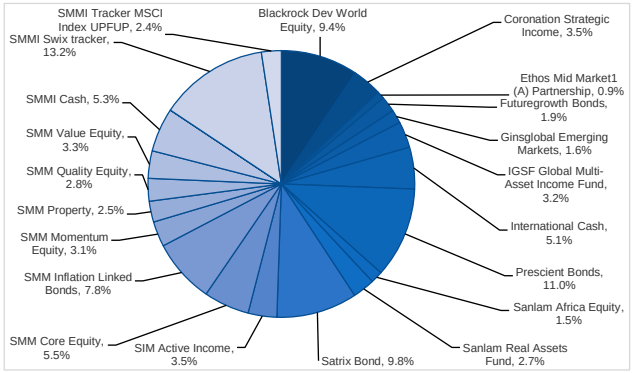
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	20.7%	20.1%
Resources	40.5%	38.9%
Industrials	38.8%	41.0%

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	38.9%
Average capital loss in one month	-2.0%
Downside risk *	7.0%

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

Sanlam Inflation Annuity Target Portfolio

Period Ending	31-Mar-20
Fund Size	R 5 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.

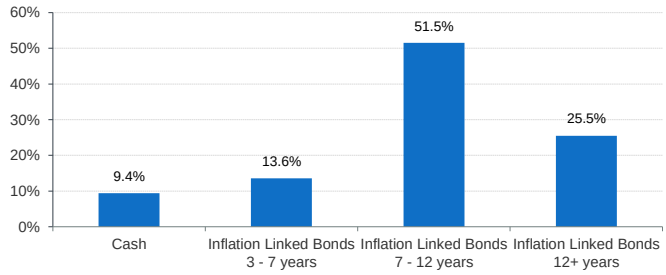
Risk profile

This fund has a conservative risk profile

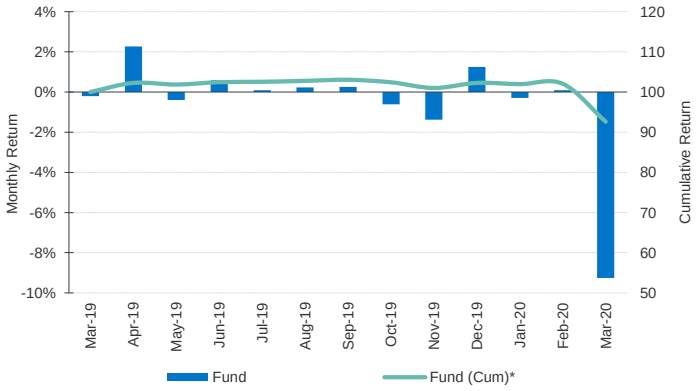
Fees

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	-1.5%
Downside risk *	6.3%

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

Fund performance (%)

	Fund	Benchmark
1 Month	-9.3%	-11.5%
3 Months	-9.4%	-11.5%
6 Months	-10.1%	-13.0%
1 Year	-7.4%	-11.4%
3 Years	-1.3%	-3.7%
5 Years	0.8%	-0.8%

Local equity manager breakdown for SMMI portfolios

	Lifestage Accumulation	SMM 70 Portfolio	SMM 50 Portoflio	SMM 30 Portfolio	ILLA Preservation
Domestic Equity					
Core Equity					
Fairtree Equity	1.6%	3.3%	2.3%	1.2%	1.0%
Truffe Equity	1.9%	3.9%	2.7%	1.5%	1.2%
ABAX Eqity	1.6%	3.3%	2.3%	1.2%	1.0%
Coronation Equity	2.3%	4.7%	3.3%	1.8%	1.4%
Sentio Equity	0.0%	0.0%	0.0%	0.0%	0.0%
Quality Equity					
First Avenue	0.8%	1.5%	1.0%	0.7%	0.4%
Steyn Equity	0.7%	1.3%	0.9%	0.6%	0.4%
Bataleur Equity	0.7%	1.3%	0.9%	0.6%	0.4%
Satrix Quality Index	0.4%	0.7%	0.5%	0.3%	0.2%
Momentum Equity					
Kaizen Thematic Equity	0.8%	1.7%	1.1%	0.7%	0.6%
Satrix Momentum	2.4%	4.7%	3.1%	1.9%	1.6%
Capricorn Equity	0.0%	0.0%	0.0%	0.0%	0.0%
Value Equity					
ABSA Select Equity	1.0%	1.8%	1.3%	0.8%	0.7%
Investec Value	0.7%	1.3%	0.9%	0.6%	0.5%
SIM General Equity	1.5%	2.8%	2.0%	1.2%	1.0%
Satrix Stable Dividend	1.5%	2.9%	2.0%	1.2%	1.1%
Total	**17.8%**	**35.3%**	**24.2%**	**14.2%**	**11.3%**

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