Sanlam

Sanlam Corporate: Investments

Lifestage Report

Quarter 2 2020

Insurance | Financial Planning | Retirement | Investments | Wealth

Contents

Overview of the Sanlam Lifestage solution

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

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

50 MONTHLY SWITCHES

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

22 MONTHS FROM RETIREMENT AGE

RETIREMENT AGE

Preservation phase

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

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

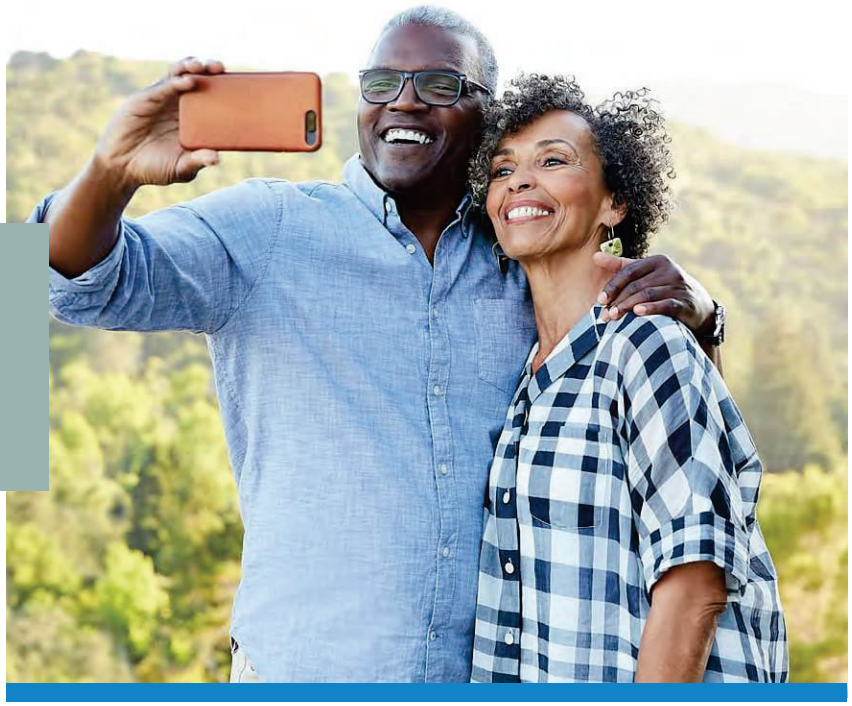
Accumulation Phase

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, private markets 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 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

- IMF revises 2020 global growth forecast lower to -4.9% from -3.0%
- IMF warns of disconnect between rising equity markets and the real economy
- US-China geopolitical tensions rise on Hong Kong National Security Law
- Global fiscal and monetary stimulus tops US$ 17 trillion
- Polls show Biden will win in US elections
- Will the Fed adopt yield curve targeting to anchor rates at zero percent?
- Fiscal deficits to average 14% of GDP in 2020

Local

- Tito Mboweni paints a dark fiscal picture for SA in Supplementary Budget
- SA GDP contracts 2% (QQSAA) in quarter one but the worst is still to
- Consumers to pay for Nersa's mistake; Eskom tariffs to rise 15% in 2021?

Global economics

Global Equities

Global equities rebounded strongly in the second quarter, partially offsetting some of the losses arising from the Covid-19 outbreak in quarter one. The MSCI World Index gained 19.4% in US dollars, still not enough to erase the 21.1% loss recorded the previous quarter. Similarly, emerging market equities returned some 18.1% in US dollars, also well short of the 23.6% contraction the previous quarter. The catalysts for the sharp gains included further evidence of a V-shaped global economic recovery as economies began to unlock and furloughed workers returned to work.

Fiscal and monetary stimulus measures totalling a cumulative US$17 trillion were also a major contributor to the risk-on trade, offsetting downward revisions to global growth by the International Monetary Fund (IMF), reports of a second wave of infections and warnings from the World Economic Forum of the lasting economic, environmental, societal and technological effects brought about by Covid-19.

A fiscal cliff is nonetheless expected to be averted with some of these programmes being rolled over or supplanted with other measures. In addition, betting markets are expecting a Biden win in the upcoming US elections, with the Democrats also expected to win the Senate and the House. While a Biden win is likely to result in an abatement of trade tensions with China, expected tax increases under a Democrat-led government could negatively affect the earnings outlook for S&P500 companies. A full repeal of Trump's tax cuts could reduce S&P500 earnings by up to 12%.

The IMF's June World Economic Outlook Report revised global growth lower to -4.9% from -3.0% in the April 2020 forecast with consumption growth, in particular, being downgraded for most economies. This reflected the larger-than-anticipated disruption to domestic activity from social distancing and lockdowns, as well as a rise in precautionary savings. Moreover, investment was expected to be subdued as firms deferred capital expenditure amid high levels of uncertainty.

Although policy support from fiscal and monetary stimulus measures partially offset the deterioration in private domestic demand, global activity was expected to trough in the second quarter of 2020, before recovering thereafter. In 2021 growth was projected to strengthen to 5.4%, 0.4% lower than the April forecast. Consumption was projected to strengthen gradually next year, while investment was also expected to firm up, but to remain subdued. Global GDP for 2021 as a whole was forecast to just exceed the 2019 level.

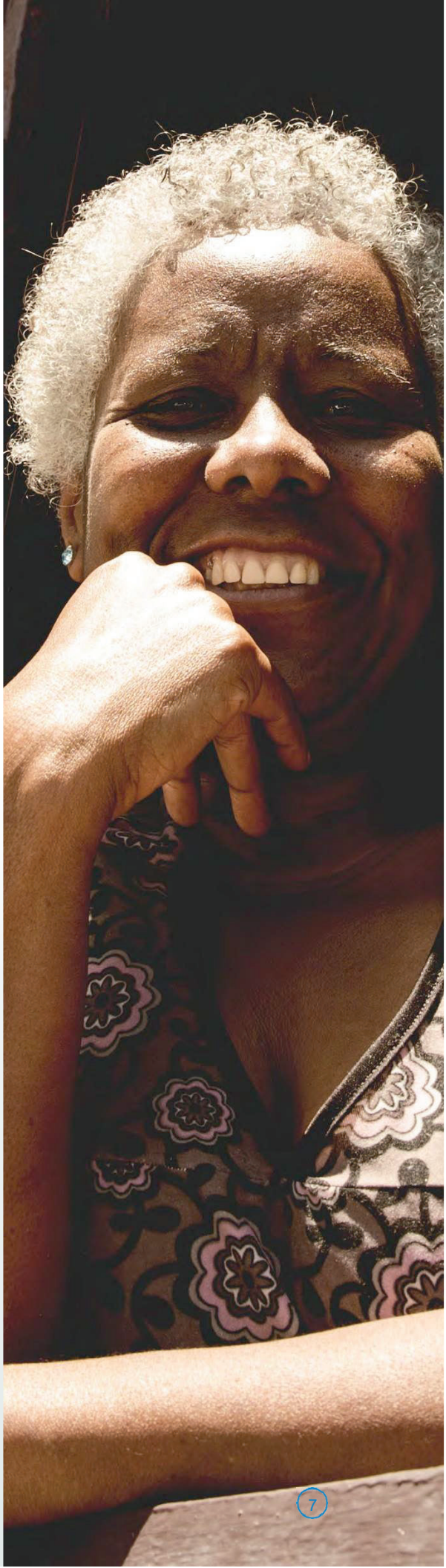
The World Economic Forum's Covid-19 Risks Outlook report revealed that economic fallout posed the most likely threat to the global economy in the near future, dominating four of the top five risks overall. With job losses felt the world over, a prolonged recession has 68.6% of survey participants worried. More than 50% identified bankruptcies and industry consolidation, the failure of industries to recover and a disruption of supply chains as crucial worries.

The third most worrisome fallout for companies was an increase in cyberattacks and data fraud, as well as the breakdown of IT infrastructure and networks. Companies were also concerned with geopolitical disruptions to businesses, with more than 40% of respondents rating tighter restrictions on the movement of people and goods among the most worrisome effects from Covid-19.

Given the risks mentioned above and the warning from the IMF of the disconnect between equity prices and the real economy, bottom-up consensus equity valuations also suggest caution over the coming months, whereas over the longer term, the outlook still remains positive for equities. At quarter-end, the trailing price-to-earnings ratio (p/e) for the MSCI World Index was on the expensive side at 21.6X earnings, ahead of the 10-year mean (18.5X) and the long-term mean (21.0X). With earnings over the next year expected to contract by some 6%, the forward p/e ratio was even higher at 23.0X earnings.

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).

In the case of emerging markets, the implied earnings outlook is for a contraction of 0.5% in earnings, whereas the bottom-up estimate is for a positive 1.1% growth in earnings. Since there is no material disconnect between implied earnings and consensus 12-month earnings, there is no red flag.



Global Bonds

Global bonds brought up the rear in the second quarter as an expected surge in fiscal deficits and a step-wise jump in debt-to-GDP ratios from government fiscal stimulus programmes, weighed on the sector. While the average global fiscal deficit is expected to rise to 14% of GDP in 2020, global public debt is expected to reach an all-time high of 101% of GDP, a 19% increase from last year. In most advanced economies, fiscal deficits are projected to widen to 16.5% of GDP, while government debt is set to exceed 130% of GDP. In emerging economies, fiscal deficits are projected to widen to 10.5% of GDP, with government debt expected to average 63% of GDP, a 10% increase from last year. Despite the surge in debt, the Barclays Capital Global Aggregate Bond Index still managed to gain some 3.3% in US dollars and 0.5% in rands as investors betted on central banks continuing to use quantitative easing to engineer negative or near-zero long term interest rates.

Emerging markets have also embarked on quantitative easing, although the form of the intervention between countries differs. In countries where policy rates are almost zero bound, quantitative easing (QE) has taken the form of bond purchases in the secondary market in order to flatten the curve, or to provide liquidity to the bond market, as is the case in South Africa. In other instances, QE has taken the form of bond purchases in the primary market, effectively supporting public finances through the monetization of debt. This has not deterred investors with the JP Morgan Emerging Markets Bond Index yielding some 9.1% in US dollars as spreads narrowed sharply on investors' search for yield. .

Global Listed Property

Global listed property gained a respectful 10.3% in US dollars in quarter two but was still 21% lower over the year-to-date period. The sector rerated with the price-to-book ratio increasing to 1.17X from 1.07X the previous quarter. Despite initial concerns about high unemployment and weak consumption expenditure, the release of US unemployment data for June showed the rate declining further to 11.1% from 13.3% the month before, and sharply lower than the 14.8% unemployment rate recorded in April. While many furloughed workers have returned to work, unemployment is likely to remain high at around 10% given that some job losses will become permanent, particularly in the services sector.

Although retail sales rebounded off their April lows in May, retail sales were still 1.4% lower than at the same time last year. The improvements in both employment and retail sales data do help to allay some concerns about rising vacancies and lower rental resets

Local economics

Local Equities

SA equities tracked their developed and emerging market counterparts higher in the second quarter, rallying a stellar 23.2% in rands and 26.6% in US dollars. The gains reversed almost all of the –21.4% recorded in the first quarter. Equity market gains were generally broad based, with resources (Resi-10) gaining a stunning 40.6%, industrials (Indi-25) 17.1% and financials (Fini-15) up a more muted 11.1%. Gold stocks continued to shine, rallying 68%, as the gold price was supported by extremely low or negative global interest rates. Rising geopolitical tensions between the US and China over new national security legislation for Hong Kong also contributed to gold's safe-haven status. The best performing of the Top 40 stocks included Sasol (258%), RMB Holdings (96.8%), Gold Fields (75.8%), Northern Platinum (67.4%) and Sibanye Stillwater (67.0%). What makes the equity market gains even more pleasing is that they came on the back of net foreign sales of domestic equities totalling R31.3bn.

Equities were also supported by a rebound in the Absa purchasing managers index (PMI) to back over the 50 index level, pointing to an expansion in the manufacturing sector over the coming months. In contrast, the Standard Bank PMI, a broader measure of economic activity including services, was still in contraction territory at 42.5 index points, suggesting that a broad based recovery was still some months off. The full extent of the economic damage caused by the lockdown will, however, only be seen in quarter two data as both household final consumption expenditure (HFCE) and private sector gross fixed capital formation (GFCF) collapsed. This is highlighted by the sharp decline in both passenger and commercial vehicle sales which fell some 64.6% and 60.7% respectively over the quarter. Economic growth for the year is now expected to contract by some 8%, somewhat worse than the SARB and Treasury's –7.2% estimate.

Despite the weak economic growth outlook, bottom-up rolling consensus earnings estimates for the All Share Index improved materially over the quarter, with earnings over the coming year now expected to grow some 14.6% rather than the –47% expected the previous quarter. Since implied earnings growth of –5.3% is still priced into the market, materially lower than the consensus estimate, there is further upside momentum in the market. With the 12-month forward price-to-earnings ratio also improving to 15X earnings, slightly below the 15.5X mean, the market is at worst fairly priced, suggesting no near-term mispricing in the market. Similarly, if the cyclically-adjusted price-to-earnings ratio (Cape Ratio) is used as a valuation tool, the current multiple of 20X appears attractive relative to the 24X mean. Since equity markets are forward looking, typically by around 12 months, the two-year EPS estimate is also important in valuing the market. Although earnings growth is expected to slow on a rolling 2-year basis to some 6.9%, total returns in the low teens are still expected from a small market rerating and growth in dividends. In light of the relatively attractive return expectations, an overweight position is retained in domestic equities.

Local Bonds

South African bonds outperformed their developed and emerging market counterparts in quarter two, returning some 9.9% as yields declined after Moody's downgraded the country's debt to sub-investment grade in late March. The yield on the All Bond Index declined from some 11.2% to 10.1% in spite of the tabling of the 2020 Supplementary Budget. Although market expectations surged in the fiscal deficit to around 14% of GDP, up from a budgeted 6.8% of GDP, the main budget deficit came in higher at 14.6% of GDP and the consolidated deficit even higher at 15.7% of GDP. Equally concerning was that the primary deficit – the difference between non-interest expenditure and revenue – jumped to 9.7% of GDP, suggesting that a stabilisation in debt was unlikely for years to come. The gross debt-to-GDP ratio was also revised higher from 65.6% of GDP to 81.8% in the current fiscal year, with stabilisation only expected in 2023/24 at some 87.4% of GDP.

Supplementary Budget is a bridge to the October Medium Term Budget Policy Statement, the market's attention will shift to government's plans to introduce structural reforms to boost growth, including plans to rationalise the number of state-owned enterprises. While the document acknowledges the use of public-private partnerships to drive infrastructural investment, including build, operate and transfer delivery methods, the funding model is less clear. What has been proposed is that Regulation 28 be amended to allow pension funds to invest directly into infrastructure or infrastructural-bonds, without the intermediation of an asset manager.

Inflation-linked bonds also rebounded sharply in quarter two, returning some 17.7% as real yields declined from 6.1% to 4.5%. The almost 80% increase in government's funding requirement for the 2020/21 fiscal year contributed to a slight backup in yields towards the back-end of the quarter. With inflation expected to be anchored at the low end of the SARB's target range through most of the year, the absence of an inflation-carry informs our neutral weighting in this asset class.

Local Listed Property

Domestic listed property rebounded sharply in the second quarter, gaining some 20.4% in rands and 23.8% in US dollars. For the year-to-date, however, the sector is still some 38% in the red. The sector rerated relative to bonds, with the property-to-bond yield ratio declining from 1.77X to 1.72X, still well ahead of the historical mean of 0.9X. The market appears to have shrugged off concerns about the absence of forward distributions guidance and the sector's application to the JSE for exemption of the Reits' requirement that 75% of earnings be distributed. A possible explanation for the change in sentiment could be the country's move to Level 3 of the lockdown and the realization that so much bad news has already been priced into the market.

Market performance summary to 30 June 2020

Asset Class Specific	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
All Share Index (ALSI)	23.2%	-3.2%	-3.3%	5.1%	4.2%	10.9%
Shareholder Weighted Index (SWIX)	22.1%	-6.3%	-6.1%	2.0%	2.1%	10.6%
Capped SWIX	21.6%	-10.7%	-10.8%	-0.8%	0.1%	n/a
Property (SAPY)	20.4%	-37.6%	-40.0%	-18.3%	-9.1%	4.7%
All Bond Index (ALBI)	9.9%	0.4%	2.8%	8.1%	7.5%	8.3%
STEFI Composite	1.5%	3.2%	6.9%	7.2%	7.2%	6.5%
MSCI World Index*	16.1%	17.1%	26.7%	17.2%	14.8%	19.3%
JP Morgan Global Agg*	-1.3%	30.0%	29.7%	14.5%	11.5%	11.3%
RAND vs US$	-2.7%	24.3%	23.2%	9.9%	7.4%	8.5%

*Index return in rands

SA Equity Sector Specific	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Financials	12.9%	-31.7%	-34.5%	-8.6%	-5.3%	7.9%
Resources	41.2%	5.5%	12.4%	24.6%	10.5%	5.0%
Industrials	16.6%	6.8%	4.0%	2.5%	3.3%	14.6%

SA Equity Size Specific	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Small Cap	17.2%	-21.0%	-22.9%	-11.6%	-5.9%	6.5%
Medium Cap	15.4%	-25.7%	-17.6%	-3.5%	-0.6%	8.0%
Large Cap	24.2%	0.4%	-0.5%	6.7%	4.8%	11.2%

Portfolio Commentary

Quarter ending June 2020

Sanlam Lifestage Accumulation Portfolio

The Lifestage Accumulation Portfolio outperformed its benchmark over the quarter by 0.15% with a return of 17.25%. This was due mainly to risk assets that outperformed their defensive counterparts in quarter two on further signs of a V-shaped global economic recovery and fiscal and monetary stimulus measures totalling a cumulative US$17 trillion. The IMF's downward revisions to global growth, the reports of a second wave of infections and warnings from the World Economic Forum of the lasting effects brought on by Covid-19, were shrugged off by the market. On the local front, domestic equities and listed property were the best performing of the broad asset classes, while nominal and inflation-linked bonds lagged their returns. The gains in bonds followed a spike in yields late in March after Moody's downgraded the country's debt to sub-investment grade.

Within manager selection, our SA Bonds, SA Cash, SA Hedge Funds, SA Property, Foreign Bonds, Offshore Africa Equity and Foreign Cash managers allocation added value, while the other asset classes namely SA Equity, SA ILBs and the other Foreign managers detracted from performance. On the asset allocation side the allocation to SA ILBs, SA Equity, Foreign DM Equity, Foreign Cash and Foreign Bonds contributed positively to performance while the other asset classes detracted.

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Sanlam Living Annuity Target Portfolio

The Lifestage ILLA Preservation fund underperformed its benchmark over the quarter by 0.58% on the back of risk assets rallying over the quarter.

Within manager selection, our SA Bonds, SA Cash, SA ILBs, SA Property, Foreign Bonds, Offshore Africa Equity and Foreign Cash managers' allocation added value, while the other asset managers namely SA Equity and the other Foreign managers provided the biggest detractor that led to the funds underperformance. On the asset allocation side the allocation to SA Property, SA Bonds, SA ILBs, SA Equity, Foreign DM Equity, Offshore Africa Equity and Foreign Bonds detracted from performance while the other asset classes contributed positively.

Looking at the current positioning of the portfolio, the overweight's are Foreign Bonds, Offshore Africa Equity, Offshore Emerging Equity assets and locally SA ILBs and SA Bonds are the overweight positions. The underweight positions in the portfolio are SA Equity, SA Property, SA Cash, Foreign DM Equity and Foreign Cash.

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 slightly underfunded as at June 2020 as a result of poor market performance in the first quarter of 2020. 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 30 June 2020 was 97.0%, the 1 year return is 6.1% and the long-term return is 7.8% over the past 5 years. The portfolio managed to outperform inflation in the past and deliver real returns to the investors despite the difficult economic environment. The bonuses are net of a capital guarantee fee of 0.9% p.a., and gross of the 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.

A rebound in the performance of major asset classes in Q2 resulted in a positive return in Q2. The portfolio returns over the quarter have reached a high of about 5.5%. As at 30 June 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 necessarily to deliver high return, but rather to deliver returns that are in line with the price of an inflation linked annuity at retirement.

Performance summary

Sanlam Lifestage to 30 June 2020	3 Months	6 months	1 Year	3 Years	5 Years
Accumulation Phase					
Accumulation Portfolio	17.2%	-2.7%	0.1%	4.7%	4.5%
Benchmark	17.1%	-2.7%	-0.9%	4.5%	4.7%
Preservation Phase					
Capital Protection Portfolio*	0.5%	2.3%	6.1%	7.1%	7.8%
CPI	-0.3%	1.2%	2.5%	3.8%	4.6%
Inflation Annuity Target Portfolio	5.5%	-4.4%	-4.6%	0.3%	1.8%
Benchmark	-0.6%	-0.5%	0.2%	0.2%	0.4%
Living Annuity Target Portfolio	13.3%	-1.6%	1.0%	5.2%	5.6%
Benchmark	13.8%	-1.1%	0.8%	5.1%	5.3%

** 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.

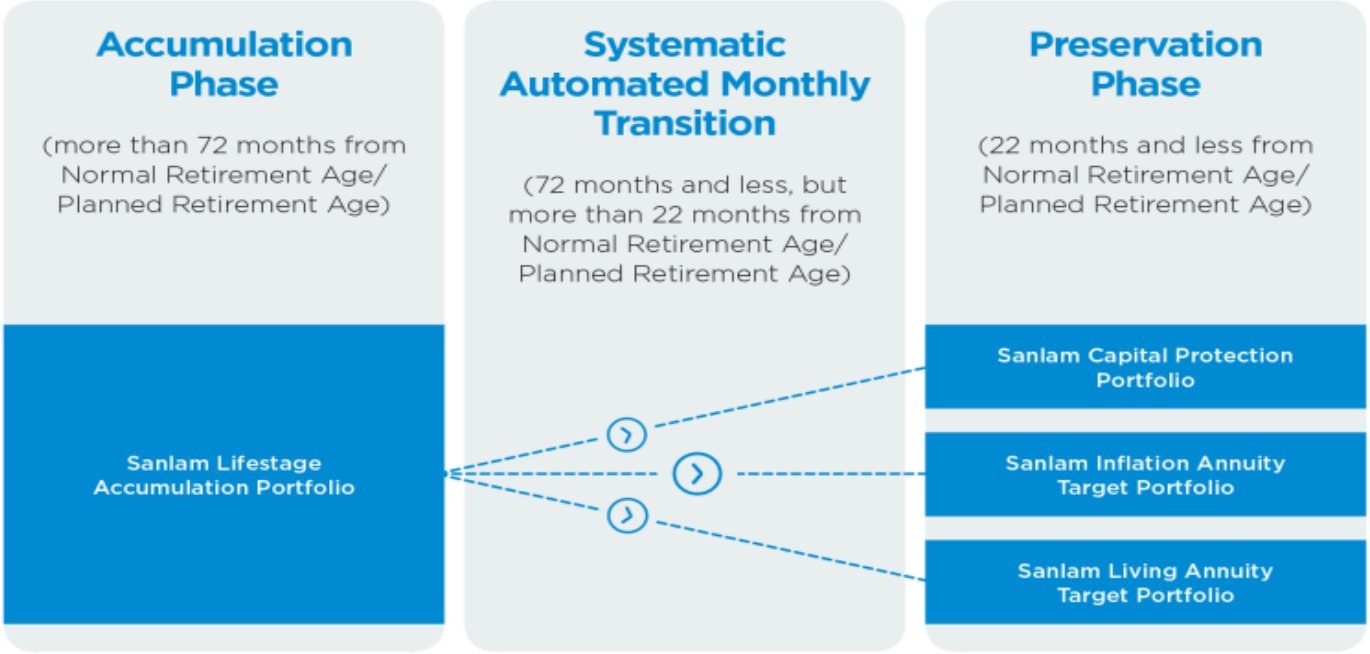
Six years (72 months) before a member reaches his/her Planned Retirement Age, the member is gradually switched from the Sanlam Lifestage Accumulation Portfolio to his/her selected Sanlam Lifestage preservation portfolio by means of 50 monthly switches.

Fund performance

Phase	1 month	3 months	1 year	3 years	5 years
Accumulation Portfolio	4.5%	17.3%	0.2%	4.7%	4.5%
Preservation Portfolios:					
Capital Protection	0.2%	0.5%	6.1%	7.1%	7.8%
Inflation Annuity	-1.3%	5.5%	-4.6%	0.3%	1.8%
Living Annuity	2.8%	13.3%	1.0%	5.3%	5.6%

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	30-Jun-20
Fund Size	R 15,790 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

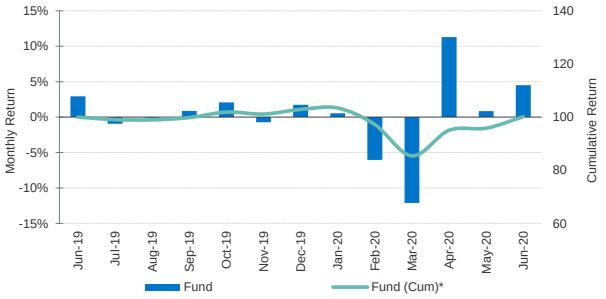
This portfolio has an aggressive risk profile

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	4.5%	4.8%
3 Months	17.3%	17.1%
6 Months	-2.7%	-2.7%
1 Year	0.2%	-0.9%
3 Years	4.7%	4.5%
5 Years	4.5%	4.7%

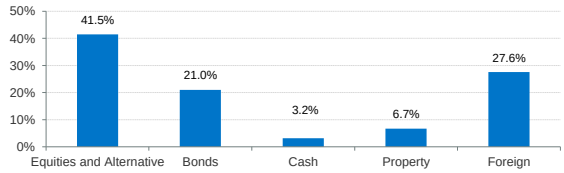
Top 10 holdings (% of Equities)

Share Name	% of Equities
Naspers	19.5%
Prosus	4.8%
Anglo American Plc	4.6%
British American Tobacco Plc	3.8%
Firstrand Limited	3.7%
Impala Platinum Holdings Limited	2.5%
Anglogold Ashanti Limited	2.4%
Standard Bank Group Limited	2.2%
Sanlam	2.2%
BHP Group	2.1%

Benchmark

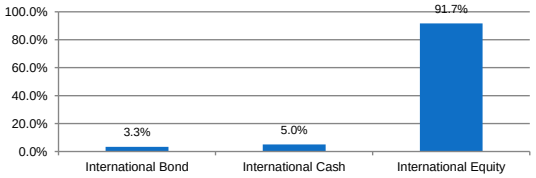
24.5%	SWIX (Shareholder Weighted Index)
24.5%	Capped SWIX (Shareholder Weighted Index)
10%	BEASSA Total Return All Bond Index
8.0%	FTSE/JSE SAPY Index
2.0%	Short Term Fixed Interest Index (STeFI)
6%	Barclays SA Inflation Linked Index
21%	MSCI World (Developed Markets) Equity Index
4%	Barclays Global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

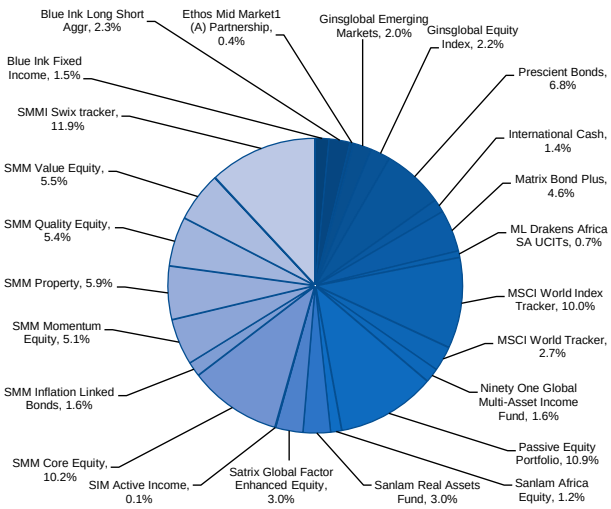
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	20.5%	16.1%
Resources	24.7%	45.8%
Industrials	54.8%	38.1%

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	-3.0%
Downside risk *	8.8%

of the portfolio relative to CPI

Sanlam Capital Protection Portfolio

Period Ending	30-Jun-20
Fund Size (Book Value)	R 3,395 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.

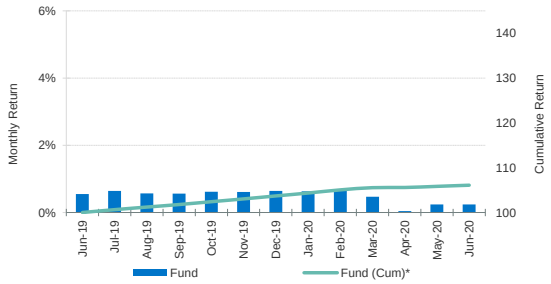
Risk profile

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	0.2%
3 Months	0.5%
6 Months	2.3%
1 Year	6.1%
3 Years	7.1%
5 Years	7.8%

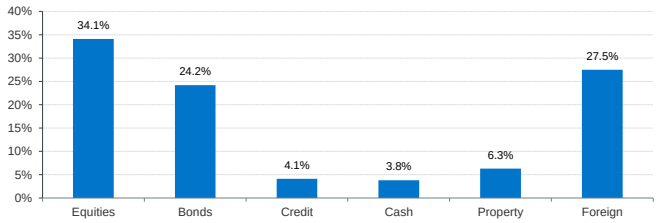
Top 10 equity holdings (% of Shares)

Share Name	% of Shares
Naspers	18.8%
British American Tobacco	5.5%
Prosus	5.0%
Anglo American	4.3%
FirstRand	4.0%
Standard Bank Group	3.1%
Consol Holdings	2.7%
Impala Platinum Holdings	2.5%
Billiton	2.3%
MTN Group	2.2%

Benchmark

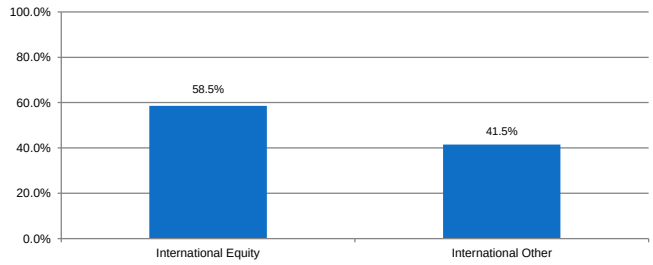
16.0%	SWIX (Shareholder Weighted Index)
16.0%	Capped SWIX (Shareholder Weighted Index)
19.0%	BEASSA Total Return All Bond Index
5.5%	3 month JIBAR +1.25%
2.0%	IGOVI
17.5%	MSCI World Index (Dev. Markets)
5.0%	Barclays Global Aggregate Index
2.5%	US 3 month LIBOR+2.5% (net of fees)
2.5%	US 3 month LIIBOR
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	21.9%
Resources	20.1%
Industrials	58.0%

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 *	0.4%

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

Funding Level

July 2020: 97.0% funded

Sanlam Living Annuity Target Portfolio

Period Ending	30-Jun-20
Fund Size	R 54 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

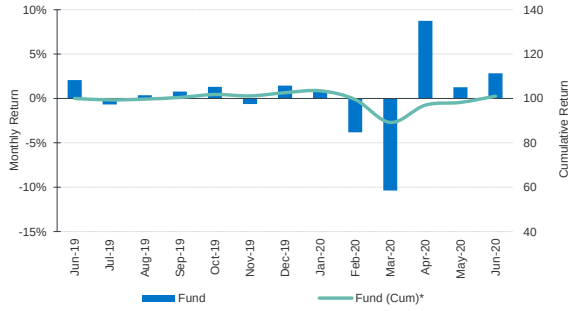
The portfolio has a moderate risk profile.

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

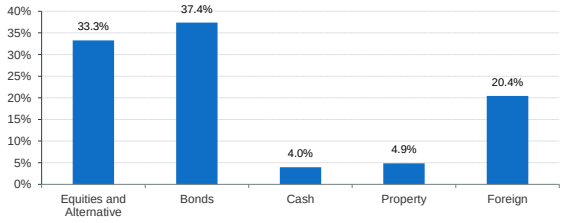
Fund performance (%)

	Fund	Benchmark
1 Month	2.8%	3.3%
3 Months	13.3%	13.8%
6 Months	-1.6%	-1.1%
1 Year	1.0%	0.8%
3 Years	5.3%	5.1%
5 Years	5.6%	5.3%

Top 10 equity holdings (% of Equities)

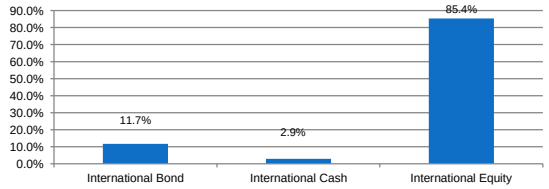
Share Name	% of Equities
Naspers	21.9%
Prosus	4.8%
Anglo American Plc	4.6%
British American Tobacco Plc	3.9%
Firstrand Limited	3.8%
Anglogold Ashanti Limited	2.6%
Impala Platinum Holdings Limited	2.5%
Standard Bank Group Limited	2.4%
Sanlam	2.2%
BHP Group	2.1%

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.

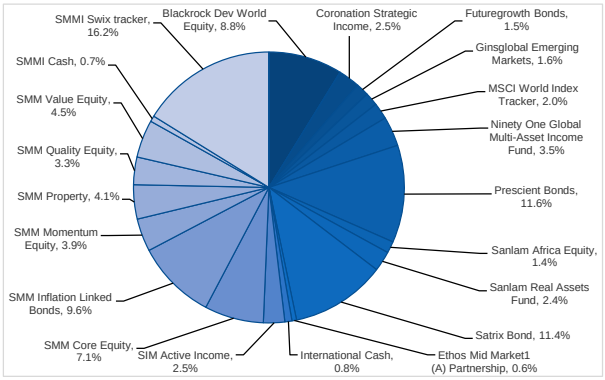
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	20.1%	16.1%
Resources	24.1%	45.8%
Industrials	55.8%	38.1%

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	36.1%
Average capital loss in one month	-2.1%
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	30-Jun-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.

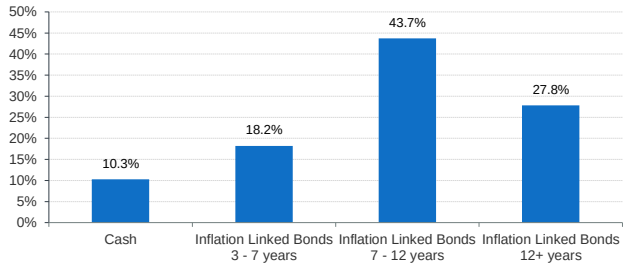
Risk profile

This fund has a conservative risk profile

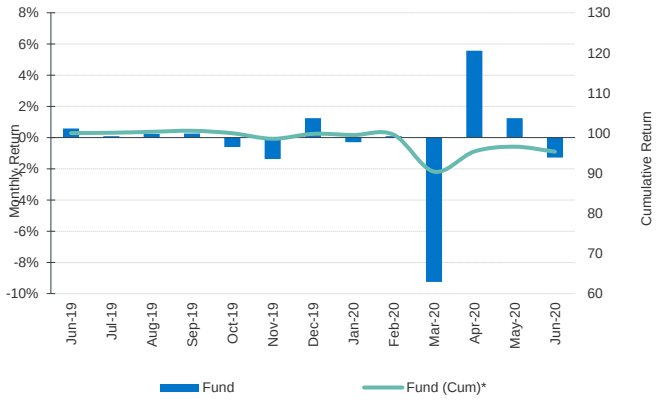
Fees

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	44.4%
Average capital loss in one month	-1.7%
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	-1.3%	-1.5%
3 Months	5.5%	6.4%
6 Months	-4.4%	-5.9%
1 Year	-4.6%	-8.0%
3 Years	0.3%	-1.9%
5 Years	1.8%	0.3%

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