Sanlam

Sanlam Corporate: Investments

Lifestage Report

Quarter 3 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 until a member retires, and to invest a 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 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 portfolio 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

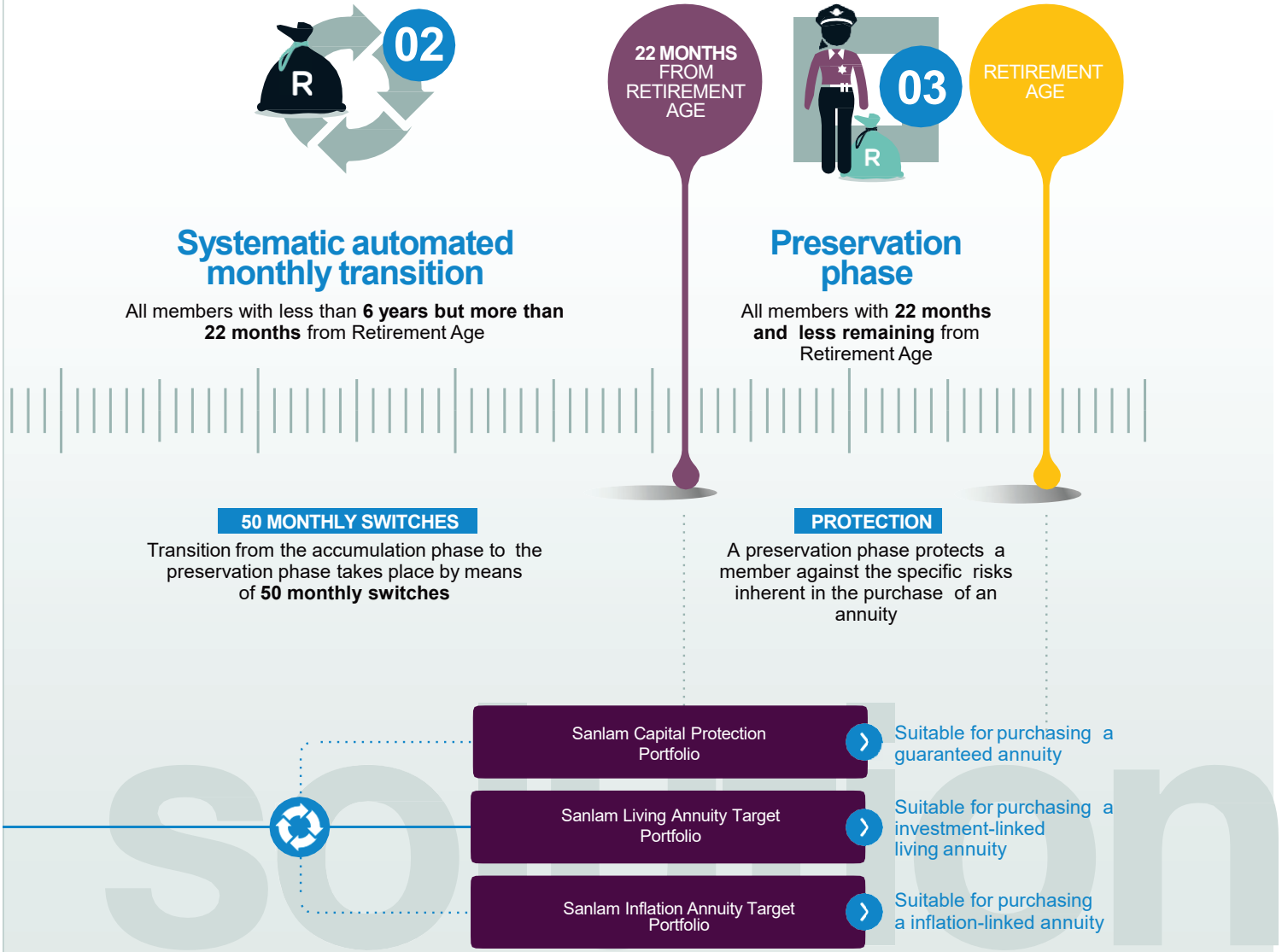
GROWTH

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 Phase 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 phase portfolio, their funds will automatically be invested in the default preservation phase 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.



Investment Portfolios offered in Sanlam Lifestage

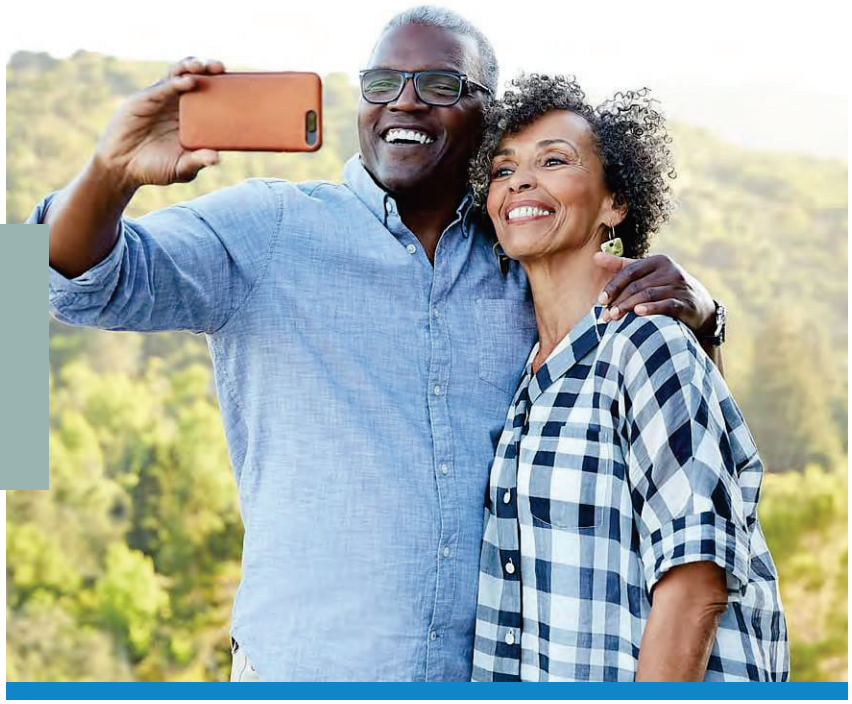
Accumulation Phase

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

- US fiscal stimulus package likely to be delayed until after the US election
- US Fed and the European Central Bank (ECB) call for further fiscal stimulus
- US Fed announces policy shift to average inflation targeting (AIT)
- Renewed wave of Covid-19 infections in Europe, US and UK a headwind for risk assets
- Services PMI's hold up despite localized lockdowns
- US dissaving to support consumption expenditure in the near term
- US-China technology war intensifies
- US elections: Biden leads Trump in polls

Local

- SA unemployment surges by 2.2million to 42% on expanded definition
- SA MPC holds rates steady at 3.5% following 3-to-2 vote
- SA Q2 GDP -17.1% y/y, -16.4% q/q and -51% qqsaa
- SA's economic recovery plan to be announced by Cabinet on 15 October 2020
- Medium Term Budget Policy Statement a test of government's commitment to fiscal reform

Global economics

Global Equities

Global equities rallied some 7.5% in US dollars (3.6% in rands) in Q3 as the Fed announced a shift in policy to "average inflation targeting", the EU announced a Euro750billion stimulus package and the ECB boosted its QE programme by some Euro 1.35 trillion. Expectations that the US would announce a further fiscal stimulus package of as much as US$1.8 trillion and emerging signs of a V-shaped global economic recovery were a further tailwind for risk assets. Emerging market equities fared even better, rallying some 9.7% in US dollars (5.3% in rands) as the US dollar weakened and China led the global economic recovery with a 3.2% year/year rebound in Q2 GDP growth.

In September, however, sentiment shifted with global equities coming under selling pressure as Democrats and Republicans failed to reach agreement on a further US fiscal stimulus package, a resurgence in Covid-19 infections across the EU, UK and the US that triggered localised lockdowns and uncertainty about the outcome of the upcoming US presidential election.

Coupled with valuation concerns, particularly in developed market equities, and an increase in US inflation-linked bond yields, equity markets derated over the month. A sector rotation out of expensive growth stocks (viz technology stocks) into value stocks constrained market gains, with the Nasdaq Index declining by 5.7% over the month. While developed market growth stocks (11.7% in US dollars) outperformed value stocks (4% in US dollars) over the quarter, the trend reversed in September with value stocks outperforming growth stocks.

The catalyst for the sector rotation was due to concerns about tech-heavy stock valuations and the increasingly acrimonious technology trade war between the US and China. With the US and China effectively imposing export bans or licensing requirements on the export of sensitive technologies, a repricing in these counters was to be expected.

In terms of equity market valuations, the price-to-earnings ratio for the MSCI World Index increased over the quarter but declined slightly in September as sentiment turned negative. In terms of consensus earnings estimates, analysts revised lower their expectations for earnings growth over the next three years. While low real yields on inflation-linked bonds are supportive of high equity market valuations, implied earnings growth priced into equity markets appears to have run too far too soon, with earnings expectations some two-plus years out being priced into markets. Nonetheless, normalised earnings and an expected market derating still suggest that the MSCI World Index could yield low double-digit returns in the year ahead, with returns likely to be back-loaded into the second half of the investment horizon.

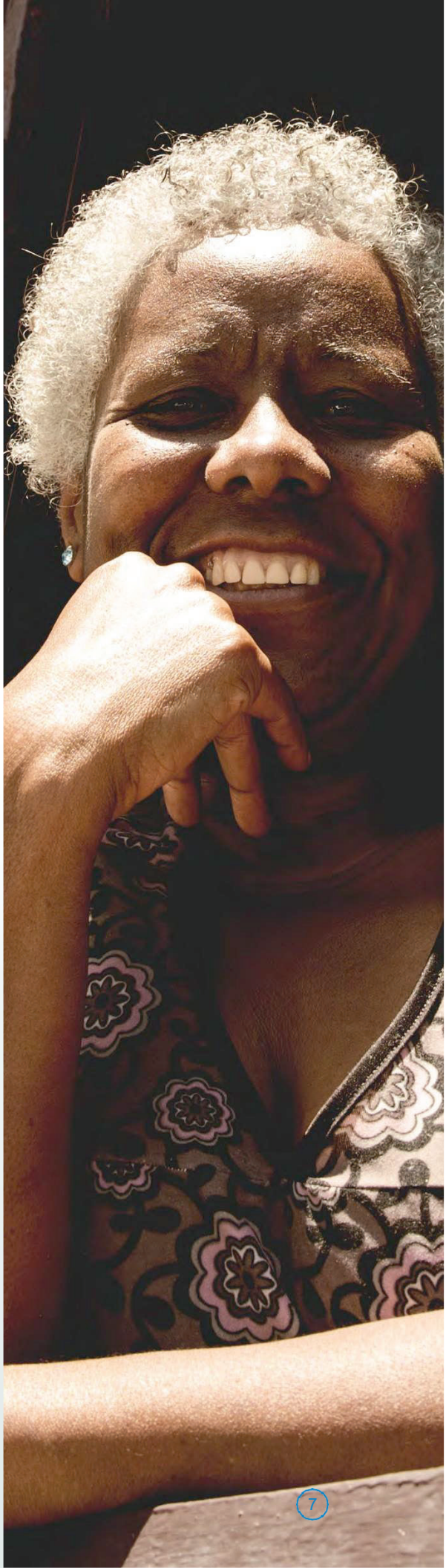
A similar scenario applies to emerging market equities where implied earnings of some two-plus years are also priced into the index. Unlike their developed market counterparts, earnings forecasts have been revised marginally higher, reflecting expectations that the reflation trade and US dollar weakness will underpin emerging market equities

As a consequence, an overweight position is retained in developed and emerging market equities over the coming year, whereas tactically, a near-term neutral position is retained in developed market equities, and the overweight to emerging markets reduced on a softening in growth expectations. Since emerging markets have less runway to stimulate their economies through large fiscal injections, growth expectations are likely to be revised lower.

If the base case view of a global recovery turns out to be correct, non-US developed market equities are likely to outperform their US counterparts, given that commodities and materials stocks are over-represented outside of the US. Emerging market counters are also expected to benefit from higher commodity prices, relative growth outperformance and currency appreciation.

Global Bonds

In light of the risk-on environment in Q3, global bonds lagged the returns from equities, gaining a more subdued 2.7% in US dollars and -1.5% in rands as yields eased from 0.95% to 0.91%. Emerging market bonds yielded a similar 2.7% in US dollars even as spreads narrowed sharply from 408 basis points to 349 basis points. Even though the investment outlook turned more bearish in September, global bonds failed to yield positive returns. This was due to index constituent currency depreciations against the US dollar, with the Euro, emerging markets and the CAD the biggest contributors to the negative returns. Global corporate bonds yielded 3.1% in US dollars as yields declined from 1.9% to 1.7% on heightened optimism of a global economic recovery. In September, however, global corporate bonds gave back some of their gains as risk aversion intensified.



Inflation-linked bonds were the best performing of the broader fixed income asset classes over the quarter, yielding some 3.6% in US dollars (-0.6% in rands) even as real yields increased from -1.43% to -0.48%. While demand for inflation linked bonds was buoyed by the Fed's shift in policy to "average inflation targeting" and sharp increases in breakeven inflation, real yields increased sharply in September as breakeven inflation rates declined on concerns that growth momentum would slow in the fourth quarter amid renewed Covid-19 infections and expectations that a US fiscal stimulus package would be delayed until after the November US election.

With the short end of the yield curve effectively anchored at zero percent and the long end rising, the steepening in the yield curve reflects not only the sharp increase in bond issuance expected over the coming years, but also an increase in longer-term inflation expectations as the economy rebounds on the back of stimulus measures. Policy makers should, however, pay close attention to the lower breakeven inflation rates as they are a precursor to a slowdown in economic activity. Since developed market nominal and inflation-linked bonds are yielding zero or negative real yields, the underweight position to these asset classes is retained, given their duration risk. In contrast, a neutral weighting is retained in emerging market bonds given higher absolute yields and expectations of currency appreciation against the US dollar.

Global Listed Property

Developed market listed property rerated slightly over the quarter as lockdown restrictions were eased and optimism of a V-shaped economic recovery gained traction. The EPRA/NAREIT Developed Markets Property Index gained some 2.3% in US dollars (-1.8% in rands) as the price-to-book ratio edged up to 1.21X from 1.19X the previous quarter. In September, however, the outbreak of a new wave of Covid-19 infections and a decline in breakeven inflation weighed on returns, with the index declining by 3.0% in US dollars. The resumption of localised lockdowns and/or restrictions on the movement of people again triggered concerns of an expected decline in foot-traffic volumes at malls and a return to working-from-home.

Since the sector's price-to-book ratio is well short of the 1.43X mean, the sector is upweighted to overweight on rising inflation expectations and the likelihood that an agreement will be reached on a further fiscal stimulus package, if only after the US presidential election.

Local economics

Local Equities

SA equities underperformed their developed and emerging market counterparts in Q3 as foreign investors offloaded some R50.2bn in domestic equities, bringing the year-to-date outflows to R113.2bn. Despite a 4.2% appreciation in the rand/US dollar exchange rate, resources rallied some 6.0% in rands as commodity prices surged on signs of a V-shaped economic recovery and inventory stockpiling by China. While $-metals prices surged 20.3%, it was the 71.3% surge in rhodium prices and a 22% rise in palladium prices that lifted platinum counters some 21.6% over the quarter.

Industrials yielded a pedestrian 0.3% weighed down by the stronger rand, while financials yielded a disappointing -1.6%. Despite a 6.2% gain in banking stocks, non-life insurers and life insurers were hard hit, declining by 9.3% and 6.5% respectively. Since select listed property counters are also included in the financial index, a 14.1% decline in listed property stocks contributed to the negative returns. It is worth noting that over the quarter, value stocks marginally outperformed their growth counterparts, buoyed by investor demand for support services (24.0%) and industrial transportation counters (22.5%). The sector rotation in favour of SA Inc. shares became more pronounced in September, with value outperforming growth by a bigger margin. Support services (14.4%), industrial transportation (12.5%), general retailers (10.7%), banks (8.8%) and food producers (6.5%) were the outperformers, whereas pharmaceuticals (-11.9%) and gold miners (-11.0%) brought up the rear.

While a rebound in Q3 economic activity is expected given low base effects, our proxies for gross fixed capital formation (GFCF) and for household final consumption expenditure (HFCE) suggest the rebound will be uneven, with GFCF expected to drive the rebound in Q3.

The sharp rebound in commercial vehicle sales in Q3 supports GFCF, whereas pedestrian new car sales highlight the plight of the South African consumer. A further headwind for HFCE is an end to UIF payments in October, which could further add to pressure on household incomes. Highlighting these risks has been the SA Reserve Bank's downward revision to 2020 growth, now estimated at -8.2% from -7.3% previously.

The growth outlook for 2021 was, however, revised marginally higher to 3.9% (3.7%), whereas the estimate for 2022 was revised marginally lower to 2.6% (2.8%). Given these estimates, the South African economy is unlikely to return to pre-Covid-19 levels for years to come, which could fuel the adoption of more populist policies, such as prescribed asset requirements. If the Organisation for Economic Co-operation and Development's (OECD's) growth estimates for 2020 and 2021 of -11.5% and 1.4% are anything to go by, the recovery to pre-Covid levels will take even longer, further increasing the likelihood of prescription. Prescribed asset requirements via amendments to Regulation 28 would have the effect of crowding out the corporate bond market and trigger a sell-off in equities as higher allocations are made to government bonds.

Despite the myriad of risks discussed above, equity market valuations still appear relatively attractive, notwithstanding a high trailing price-to-earnings ratio of some 20X earnings, more than one standard deviation above the mean. With trailing earnings down some 22.2% year/year, it is no surprise that the multiple is high. However, if bottom-up consensus 12-month earnings estimates are included, the market's forward price-to-earnings ratio declines to 12.1X, fairly valued in our view. This implies expected earnings growth of some 31.3% over the coming year and normalised earnings growth of 21% over a rolling two-year period. Since implied earnings growth of 16.8% is currently priced into the market, there is not too much risk of earnings disappointments.

Local Bonds

SA bonds yielded some 1.5% in rands and 5.7% in US dollars in Q3 as yields on the All Bond Index eased slightly from 10.35% to 10.2% on benign inflation prints and strong domestic institutional demand. Since foreigners were net sellers of bonds totalling R48.6bn, the decline in yields highlights the appetite of institutional investors for high real-yielding asset classes. Since the Albi is yielding some 7% in real terms, well ahead of our 5% fair value estimate, one can understand the attraction of South African bonds, especially in a world of negative or zero bound developed market bond yields. Notwithstanding the relative attraction of bonds, the marked deterioration in the country's fiscal metrics will once again take centre stage when the Medium Term Budget Policy Statement (MTBPS) is tabled in October. It is for this reason that bonds are downweighted to neutral over the near term.

Inflation-linked bonds underperformed their nominal counterparts in Q3 yielding 1.2% in rands and 5.4% in US dollars as real yields eased slightly from 4.48% to 4.42%. With inflation expected to remain anchored at the low end of the SARB's target range, at least until the end of the year, the absence of the inflation carry is likely to be a headwind for inflation-linkers. Over the medium term, however, low base effects and higher administered prices (electricity) are expected to be a tailwind for inflation-linkers. As a consequence, inflation-linkers are upweighted from neutral to overweight, post the MTBPS. The asset class is also seen as a hedge against bad economic outcomes such as material increases in unemployment, sharply lower economic growth and a further deterioration in the country's fiscal position.

Market performance summary to 30 September 2020

Asset Class Specific	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
All Share Index (ALSI)	0.7%	24.0%	2.0%	2.4%	4.8%	9.6%
Shareholder Weighted Index (SWIX)	-0.3%	21.7%	-2.2%	-0.4%	2.9%	9.1%
Capped SWIX	1.0%	22.9%	-5.0%	-2.4%	1.1%	n/a
Property (SAPY)	-14.1%	3.4%	-46.1%	-23.8%	-12.9%	1.8%
All Bond Index (ALBI)	1.5%	11.5%	3.6%	7.3%	7.6%	7.6%
STEFI Composite	1.2%	2.6%	6.2%	6.9%	7.1%	6.4%
MSCI World Index*	3.6%	20.3%	21.5%	15.6%	14.7%	19.3%
JP Morgan Global Agg*	-1.6%	-2.8%	17.4%	12.1%	7.9%	11.3%
RAND vs US$	-4.0%	-6.6%	10.0%	7.3%	3.8%	9.1%

*Index return in rands

SA Equity Sector Specific	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Financials	-1.6%	11.0%	-30.9%	-10.6%	-5.4%	6.2%
Resources	6.0%	49.7%	27.3%	20.3%	16.3%	4.9%
Industrials	-2.3%	13.9%	4.3%	-0.7%	2.7%	12.4%

SA Equity Size Specific	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Small Cap	3.5%	21.3%	-17.6%	-11.5%	-4.5%	5.9%
Medium Cap	1.3%	16.9%	-15.0%	-4.3%	0.9%	6.8%
Large Cap	0.6%	25.0%	5.6%	3.6%	5.3%	9.9%

Portfolio Commentary

Quarter ending September 2020

Sanlam Lifestage Accumulation Portfolio

The Lifestage Accumulation Portfolio outperformed its benchmark over the quarter by 0.70%. The quarter's performance was characterised by swings in sentiment with the risk-on trade dominating in the first two months of the quarter, followed by the risk-off trade in September. In July and August sentiment was boosted by the Fed's shift in policy to "average inflation targeting", the EU's Euro750billion stimulus package and the ECB's boost to its QE programme. In September, however, sentiment shifted with global equities coming under selling pressure as Democrats and Republicans failed to reach agreement on a further US fiscal stimulus package, a resurgence in Covid-19 infections that triggered localised lockdowns and uncertainty about the outcome of the upcoming US presidential election. On the local front, the reverse was true with fixed-income asset classes outperforming domestic equities.

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

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

Sanlam Living Annuity Target Portfolio

The Lifestage Living Annuity Target Portfolio has outperformed its benchmark over the quarter by 0.28%.

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

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, SA Equity and SA Bonds are the overweight positions. The underweight positions in the portfolio are 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 continues to deliver returns in excess of inflation over the longer periods. 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 September 2020 was 97.5%. 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.

The portfolio returns over the quarter have been stagnant at the back-foot of risk-off trading in the month of September. As at 30 September 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 September 2020	3 Months	6 months	1 Year	3 Years	5 Years
Accumulation Phase					
Accumulation Portfolio	0.7%	18.0%	1.0%	2.8%	5.0%
Benchmark	0.0%	17.1%	-0.4%	2.4%	4.8%
Preservation Phase					
Capital Protection Portfolio*	1.9%	2.4%	6.2%	7.1%	7.7%
CPI**	1.7%	1.1%	3.1%	4.0%	4.7%
Inflation Annuity Target Portfolio	0.5%	6.1%	-4.7%	0.1%	1.7%
Benchmark	0.2%	6.5%	-7.4%	-2.2%	0.1%
Living Annuity Target Portfolio	0.5%	13.8%	1.0%	3.7%	5.7%
Benchmark	0.2%	14.1%	1.0%	3.5%	5.2%

** The Capital Protection Portfolio does not have an explicit benchmark.*
***CPI figures are calculated to end of August 2020*

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.

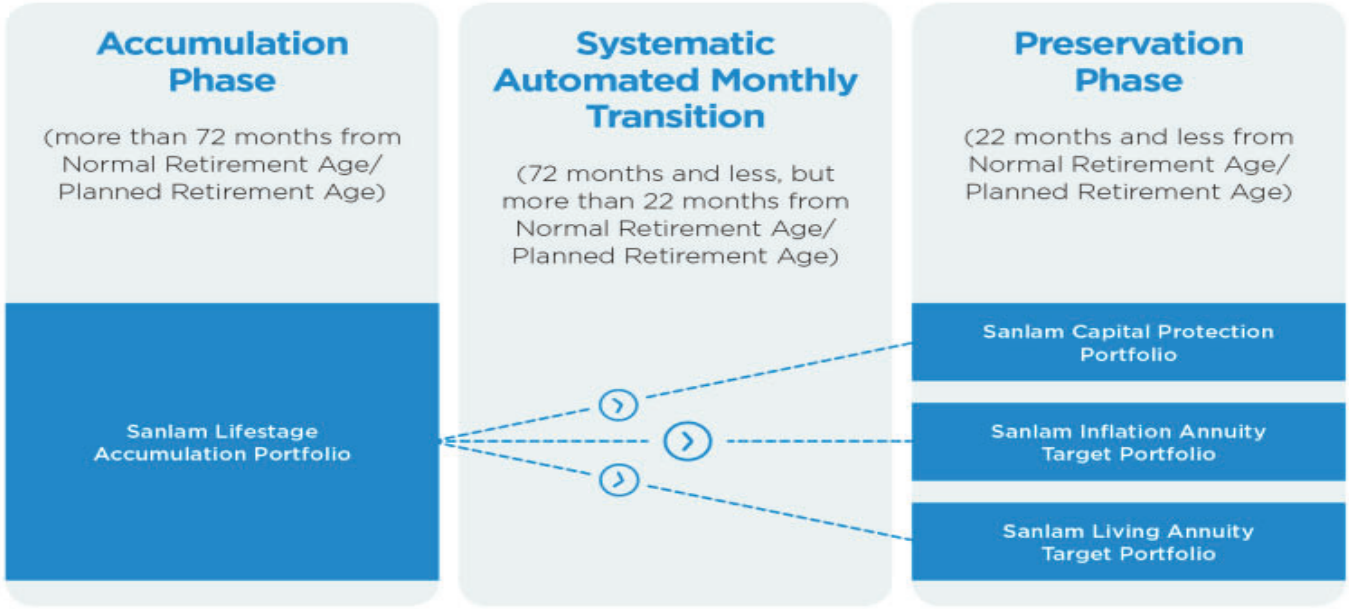
Six years (72 months) before a member reaches his/her Planned Retirement Age, the member is gradually switched from the Sanlam Lifestage Accumulation Portfolio to his/her selected Sanlam Lifestage preservation portfolio by means of 50 monthly switches.

Fund performance

Phase	1 month	3 months	1 year	3 years	5 years
Accumulation Portfolio	-2.3%	0.7%	1.0%	2.8%	5.0%
Preservation Portfolios:					
Capital Protection	0.7%	1.9%	6.2%	7.1%	7.7%
Inflation Annuity	-2.3%	0.5%	-4.7%	0.1%	1.7%
Living Annuity	-1.9%	0.5%	1.0%	3.7%	5.7%

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.



Note: Performance figures are gross of investment management fees, but are net of any performance fees (if applicable). For portfolios in the Smoothed Bonus Range ,the returns are gross of investment management fees, but are net of any guarantee premiums. Performance figures for periods greater than 12 months are annualised. All data shown is at the month-end, unless specifically indicated differently. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may increase or decrease and are not guaranteed. You may not get back the amount you invest. The product information sheets are prepared for the SANLAM UMBRELLA FUND by its investment consultants. The product information sheets are prepared in good faith and the information, data and opinions contained in the product information sheets are based on source information considered reliable. However, no guarantee, explicit or otherwise are provided that the information and data contained therein are correct and comprehensive. The SANLAM UMBRELLA FUND and the investment consultants cannot be held liable for any loss, expense and/or damage following from the use of the product information sheets.

Sanlam Lifestage Accumulation Portfolio

Period Ending	30-Sep-20
Fund Size	R 16,136 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

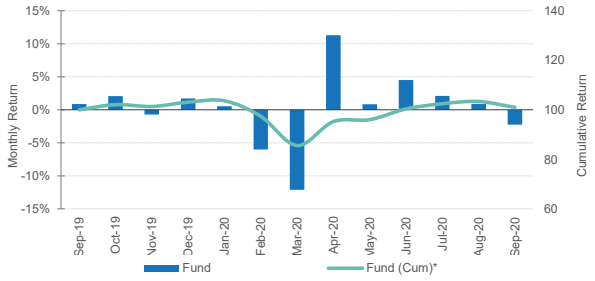
This portfolio has an aggressive risk profile

Fees

1.00% per annum

A rebate is payable to Sub-funds investing in excess of R50 million in respect of this Portfolio, and quantum thereof will be formally confirmed by Sanlam in writing.

Monthly and cumulative returns



*Based on 1 year returns

Fund performance (%)

	Fund	Benchmark
1 Month	-2.3%	-2.1%
3 Months	0.7%	0.0%
6 Months	18.0%	17.1%
1 Year	1.0%	-0.4%
3 Years	2.8%	2.4%
5 Years	5.0%	4.8%

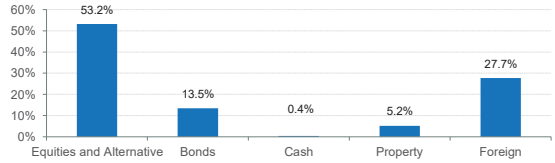
Top 10 holdings (% of Equities)

Share Name	% of Equities
Naspers	18.4%
Anglo American Plc	4.2%
Firstrand Limited	4.0%
Prosus	3.8%
British American Tobacco Plc	3.5%
Impala Platinum Holdings Limited	3.0%
Standard Bank Group Limited	2.3%
BHP Group	2.2%
Sibanye Still Water Limited	2.1%
Anglogold Ashanti Limited	2.1%

Benchmark

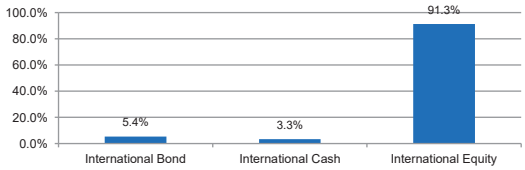
24.5%	SWIX (Shareholder Weighted Index)
24.5%	Capped SWIX (Shareholder Weighted Index)
10%	BEASSA Total Return All Bond Index
8.0%	FTSE/JSE SAPY Index
2.0%	Short Term Fixed Interest Index (STeFI)
6%	Barclays SA Inflation Linked Index
21%	MSCI World (Developed Markets) Equity Index
4%	Barclays Global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

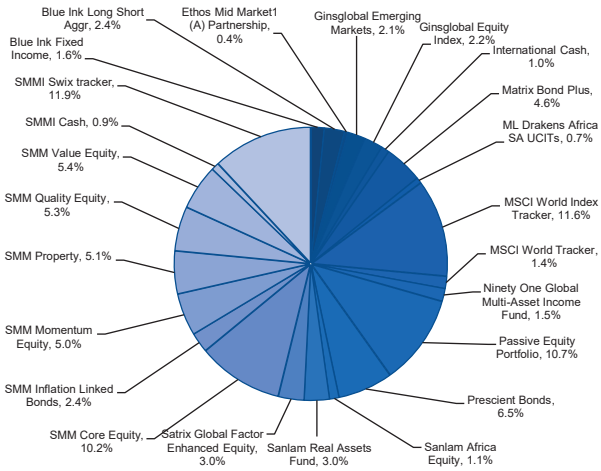
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	20.4%	14.9%
Resources	26.3%	48.5%
Industrials	53.3%	36.6%

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

Note: Performance figures are gross of investment management fees, but are net of any performance fees (if applicable). For portfolios in the Smoothed Bonus Range ,the returns are gross of investment management fees, but are net of any guarantee premiums. Performance figures for periods greater than 12 months are annualised. All data shown is at the month-end, unless specifically indicated differently. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may increase or decrease and are not guaranteed. You may not get back the amount you invest. The product information sheets are prepared for the SANLAM UMBRELLA FUND by its investment consultants. The product information sheets are prepared in good faith and the information, data and opinions contained in the product information sheets are based on source information considered reliable. However, no guarantee, explicit or otherwise are provided that the information and data contained therein are correct and comprehensive. The SANLAM UMBRELLA FUND and the investment consultants cannot be held liable for any loss, expense and/or damage following from the use

Sanlam Capital Protection Portfolio

Period Ending	30-Sep-20
Fund Size (Book Value)	R 3,607 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

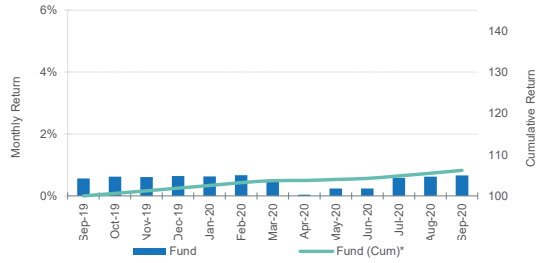
Sanlam's cost in relation to the investment plan is recouped by recovering the following fees:

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	0.7%
3 Months	1.9%
6 Months	2.4%
1 Year	6.2%
3 Years	7.1%
5 Years	7.7%

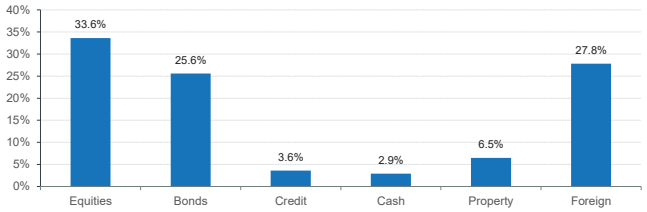
Top 10 equity holdings (% of Equity)

Share Name	% of Equity
Naspers	24.7%
British American Tobacco	4.2%
Anglo American	4.1%
Prosus	3.9%
Sasol	3.8%
FirstRand	3.5%
Impala Platinum Holdings	3.4%
Billiton	2.8%
Standard Bank Group	2.7%
SIBANYE-S	2.5%

Benchmark

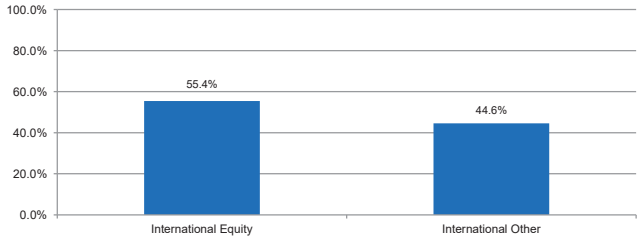
16.0%	SWIX (Shareholder Weighted Index)
16.0%	Capped SWIX (Shareholder Weighted Index)
19.0%	BEASSA Total Return All Bond Index
5.5%	3 month JIBAR +1.25%
2.0%	IGOVI
17.5%	MSCI World Index (Dev. Markets)
5.0%	Barclays Global Aggregate Index
2.5%	US 3 month LIBOR+2.5% (net of fees)
2.5%	US 3 month LIIBOR
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	20.9%
Resources	23.3%
Industrials	55.8%

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 *	0.5%

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

Funding Level

October 2020: 96,18% funded

Note: Performance figures are gross of investment management fees, but are net of any performance fees (if applicable). For portfolios in the Smoothed Bonus Range ,the returns are gross of investment management fees, but are net of any guarantee premiums. Performance figures for periods greater than 12 months are annualised. All data shown is at the month-end, unless specifically indicated differently. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may increase or decrease and are not guaranteed. You may not get back the amount you invest. The product information sheets are prepared for the SANLAM UMBRELLA FUND by its investment consultants. The product information sheets are prepared in good faith and the information, data and opinions contained in the product information sheets are based on source information considered reliable. However, no guarantee, explicit or otherwise are provided that the information and data contained therein are correct and comprehensive. The SANLAM UMBRELLA FUND and the investment consultants cannot be held liable for any loss, expense and/or damage following from the use of the product information sheets.

Sanlam Living Annuity Target Portfolio

Period Ending	30-Sep-20
Fund Size	R 57 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

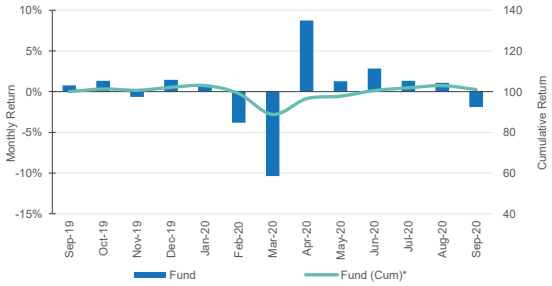
The portfolio has a moderate risk profile.

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

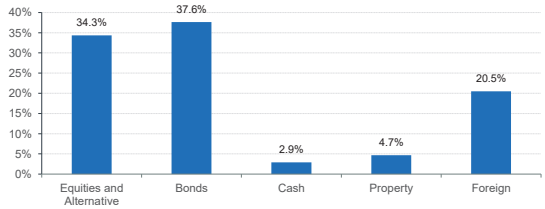
Fund performance (%)

	Fund	Benchmark
1 Month	-1.9%	-1.6%
3 Months	0.5%	0.2%
6 Months	13.8%	14.1%
1 Year	1.0%	1.0%
3 Years	3.7%	3.5%
5 Years	5.7%	5.2%

Top 10 equity holdings (% of Equities)

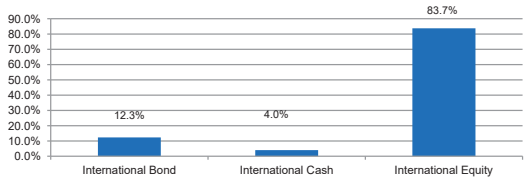
Share Name	% of Equities
Naspers	20.8%
Anglo American Plc	4.3%
Firstrand Limited	4.1%
Prosus	3.8%
British American Tobacco Plc	3.6%
Impala Platinum Holdings Limited	3.0%
Standard Bank Group Limited	2.6%
Sibanye Still Water Limited	2.2%
BHP Group	2.2%
Anglogold Ashanti Limited	2.2%

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.

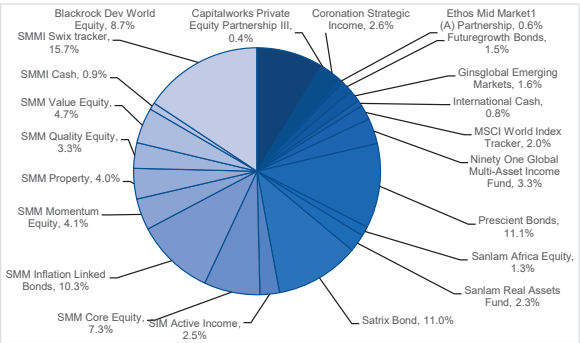
Foreign split



Equity sectoral exposure (%)

	Fund	Benchmark
Financials	20.2%	14.9%
Resources	25.7%	48.5%
Industrials	54.1%	36.6%

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	-2.1%
Downside risk *	7.0%

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

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Sanlam Inflation Annuity Target Portfolio

Period Ending	30-Sep-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.

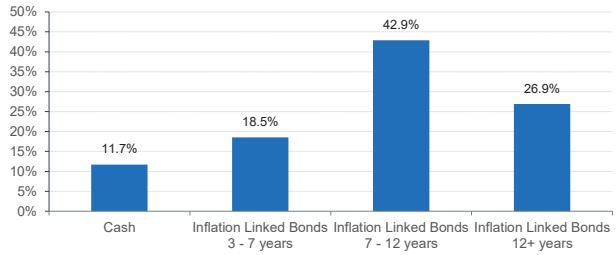
Risk profile

This fund has a conservative risk profile

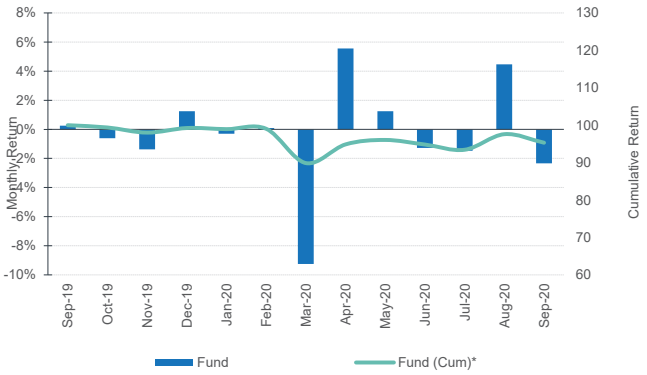
Fees

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	-1.8%
Downside risk *	6.4%

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

Fund performance (%)

	Fund	Benchmark
1 Month	-2.3%	-2.9%
3 Months	0.5%	0.2%
6 Months	6.1%	6.5%
1 Year	-4.7%	-7.4%
3 Years	0.1%	-2.2%
5 Years	1.7%	0.1%

Note: Performance figures are gross of investment management fees, but are net of any performance fees (if applicable). For portfolios in the Smoothed Bonus Range ,the returns are gross of investment management fees, but are net of any guarantee premiums. Performance figures for periods greater than 12 months are annualised. All data shown is at the month-end, unless specifically indicated differently. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may increase or decrease and are not guaranteed. You may not get back the amount you invest. The product information sheets are prepared for the SANLAM UMBRELLA FUND by its investment consultants. The product information sheets are prepared in good faith and the information, data and opinions contained in the product information sheets are based on source information considered reliable. However, no guarantee, explicit or otherwise are provided that the information and data contained therein are correct and comprehensive. The SANLAM UMBRELLA FUND and the investment consultants cannot be held liable for any loss, expense and/or damage following from the use

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