



## IMPORTANT UPDATES FROM THE INVESTMENT COMMITTEE

The Investment Committee is responsible to monitor the investment strategy, to ensure appropriate investment reporting to members, and to work with the Board's appointed investment consultants to review the entire investment offering from time to time. This includes reviewing the trustee approved default strategies to identify possible improvements that may benefit members, and refining the member investment choice menu to ensure available portfolios have performed in line with their mandates, as well as to review the entire market to ensure an optimal combination of managers is available on the External Manager Range is available for members.

The Investment Committee recently concluded an in-depth review of the entire investment offering, and this communication details the changes that will be made from March 2021.

### **Sanlam Blue Lifestage Strategy**

In 2018, the Investment Committee reviewed the Sanlam Blue Lifestage Strategy ("Sanlam Blue"), and in March 2019 the accumulation phase portfolio was changed from 100% investment in the SIM Balanced portfolio to 75% SIM Balanced Fund and 25% SPW Balanced Fund (note a 50% / 50% split was also then considered but a more phased transition was ultimately then decided upon). The Sanlam Blue strategy is Sanlam's best-of-breed balanced offering entirely managed by Sanlam investment managers. Following an updated 2020 analysis that was undertaken by the Trustees' appointed investment consultants, the decision was taken to split the allocation equally in the accumulation phase of this strategy between the two balanced portfolios. The SPW Balanced Fund has performed well since its introduction, and an equal split between the two main Sanlam active managers makes intuitive sense for this mandate, besides also providing better potential diversification benefits.

This means that from March 2021, the accumulation phase allocation will change to 50% SIM Balanced Fund and 50% SPW Balanced Fund. There will be no change to the preservation phase portfolio of this strategy, which remains the Sanlam Capital Protection portfolio.

### **External Single Manager Range**

In early March 2020, we communicated intended fee reviews received in respect of four single manager portfolios, namely the Sanlam Foord Balanced Fund, Sanlam Prudential Balanced Fund, Sanlam Allan Gray Global Balanced Portfolio\* and the Sanlam Coronation Houseview Portfolio\* (\* *Closed portfolios only available to investors in these portfolios prior to 2015*). In April 2020, we further communicated that due to the National State of Disaster, the fee reviews would be postponed. To view the previous communications in this regard, click [here](#) and [here](#).

As committed in these prior communications, the Investment Committee (supported by our appointed investment consultants) initiated a process to investigate whether the fee reviews were fair and reasonable, or whether any better structures could be implemented in the best interests of our members. A process of negotiation with Sanlam Life also ensued. Following these investigations and negotiations, the following was ultimately decided:

- ① The Sanlam Allan Gray Global Balanced and Sanlam Coronation Houseview portfolios would be restructured from the current Sanlam life license structures to investments directly with Allan Gray Life and Coronation Life. This change was decided primarily as the Fund's significant holdings in these two portfolios meant that a lower overall charging structure could be secured by making this change. Any clients invested in these closed portfolios will receive further communication directly.
- ② The Sanlam Foord Balanced and Sanlam Prudential Balanced Funds will continue using the Sanlam life license structures, to which the new fee structures will apply.

## **Investment Menu Review 2020**

The investment consultants to the Fund reviewed the universe of managers and shortlisted a number of managers who were invited to present to the Investment Committee in November 2020. A number of factors were considered in reviewing the managers, including but not limited to:

- Performance
- People
- Philosophy
- Process
- Fees
- Market appeal
- Responsible investing
- Transformation

As regards Market Appeal, we would like to stress that all feedback and suggestions from our clients and consultants were taken into account in the review process. Whilst it is not always possible to accept every suggestion from every client and every consultant, we want to encourage our clients and consultants to continue to provide such feedback and suggestions via your Client Relations Managers so that these can be taken into account in future reviews of the investment menu. This helps us build a client centric product offering that truly meets the needs of our members.

Following this rigorous review process, the committee took the decision to add two new manager portfolios to the Comprehensive Option member choice menu:

- Truffle Balanced Fund
- Kagiso Balanced Fund

Both these managers have a proven track record and good performance, and Kagiso has the extra benefit of empowerment in line with the Fund's commitment to transformation. These portfolios will be available from March 2021 for member investment choice.

It should also be mentioned that as part of the review process, the Investment Committee also considered whether any existing portfolios should be removed from the investment menu, but ultimately decided against such a step.