

VOLATILITY PROTECTION STRATEGY REVIEW

The outcome of the review process is that no changes will be made to this strategy.

Some of the key reasons this decision was taken include:

- The current strategy has comfortably achieved all the expressed objectives, and whilst this could also be true of alternatives considered, it was felt that a change could not be justified in terms of client demand, time, effort and risk management.
- It was also noted that participating employers and members have various other suitable investment options within the Sanlam Umbrella Fund should they not be satisfied with any element of the Volatility Protection Strategy.
- Members invested in this strategy during the Covid-19 Pandemic indicated high levels of satisfaction with the strategy.
- A survey of clients and consultants that attended the 5 May 2021 Sanlam Umbrella Fund Investments Webinar indicated a clear preference (though not a majority) to keep the strategy unchanged:

Preference	# Votes	% Votes	# Votes (excluding Sanlam & Simeka)	#%Votes (excluding Sanlam & Simeka)
The current mix of 75% Sanlam Monthly Bonus Fund (fully protected but pricier) and 25% Satrix Enhanced Tracker Balanced Fund (not protected but a smaller component of the strategy and one that serves to contain costs).	42	35.9%	33	40.2%
A different mix of underlying investment portfolios aiming to achieve broadly similar levels of volatility protection.	18	15.4%	13	15.9%
100% Sanlam Monthly Bonus Fund i.e. pricier but these members desire full capital protection under all circumstances.	15	12.8%	11	13.4%
100% Sanlam Stable Bonus Portfolio i.e. some cost savings but with some very small risk that non-vested bonus can be reclaimed (though this has never happened in Sanlam's case since the launch of this portfolio in 1986).	29	24.8%	15	18.3%
No preference (I'm not sure, I'm not invested in VPS or I don't have a strong view on this strategy)	13	11.1%	10	12.2%
Total	117	100.0%	82	100.0%

Nonetheless the review process did highlight that there are many different views on this subject, and that possibly pure smoothed bonus portfolio such as Sanlam Stable Bonus Portfolio should be made available as a fifth trustee-approved default strategy. Other proposals for additional trustee-approved default investment strategies have been received. The question should also be asked whether any rationalisation of the existing options is advisable. The Investment Committee and sponsor are also cognisant of the desirability to avoid unnecessary product proliferation and product complexity. It was decided this entire matter should be the subject of a separate review by the Investment Committee targeted to be concluded by the end of 2021.

