

# SANLAM UMBRELLA FUND: INVESTMENT FEEDBACK SESSION 19 MAY 2022



## Guidelines for this Webinar

- Your cameras and microphones have been disabled for this webinar
- Please send through questions via the Q&A button on the toolbar
- A recording of this session and the slide deck will be made available on: <https://www.sanlam.co.za/corporate/Pages/covid-19.aspx>

## **Recent changes and milestones**

Nzwananai Shoniwa, Managing Executive: Sanlam Umbrella Solutions

## **Overview of the Economic Environment**

Panel Discussion

## **Update on the Performance on the Funds' investment portfolios**

Lorraine Mekwa, Business Development Manager at Sanlam Corporate

## **A final word...**

David Gluckman, Chairperson of the Sanlam Umbrella Funds

Our success is founded on **Passion** | **Innovation** | **Transparency**

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# RECENT CHANGES AND MILESTONES



## **Nzwananai Shoniwa**

Managing Executive: Sanlam Umbrella Solutions





# EXISTING DEFAULTS



# TRUSTEE-APPROVED DEFAULTS



Employer level election

## Sanlam Lifestage Strategy

Multi-managed, specialist strategy

Mix of active and passive management styles

Matches pre-retirement strategy to post-retirement needs

## Passive Lifestage Strategy

Belief: Active management can't outperform a passive index

Cost conscious

SATRIX Enhanced Balanced Tracker Fund

## Sanlam Blue Lifestage Strategy

Best long-term houseview of Sanlam

Actively managed, balanced strategy

Sanlam Investment Management and Sanlam Private Wealth

## Volatility Protection Strategy

Protects against short-term losses

Inflation-beating returns in the long term

Sanlam Monthly Bonus Fund and SATRIX Enhanced Balanced Tracker Fund



# NEW DEFAULTS



# NEW DEFAULT OPTIONS



## Employer level election

Sanlam  
Wealth  
Creation  
Lifestage

Multi-managed, balanced strategy

Includes international exposure

Underlying managers selected and reviewed by Committee of Simeka, SC invest, SI MM

100%  
Sanlam  
Stable  
Bonus

Provides exposure to the financial markets, while protecting against adverse movements in the markets

Smoothing returns and guaranteeing net contributions together with vested bonuses

# TRUSTEE APPROVED DEFAULTS



One of two philosophies!

**LIFESTAGE**

**PROTECTION**

Sanlam  
Lifestage  
Strategy

Passive  
Lifestage  
Strategy

Sanlam  
Blue  
Lifestage  
Strategy

Sanlam  
Wealth  
Creation  
Lifestage

Volatility  
Protection  
Strategy

Stable  
Bonus





Live with confidence

# PANEL DISCUSSION

Financial Planning

| Investments

| Insurance

| Retirement

| Wealth



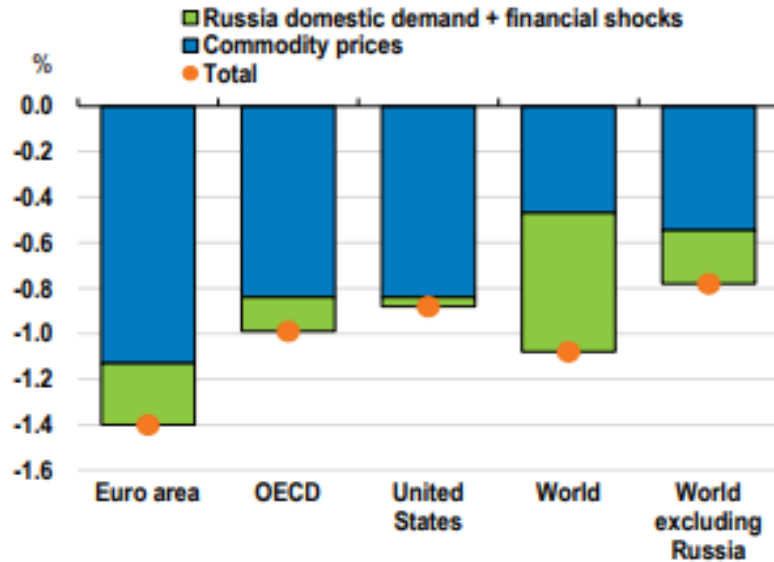
# MEET OUR PANEL



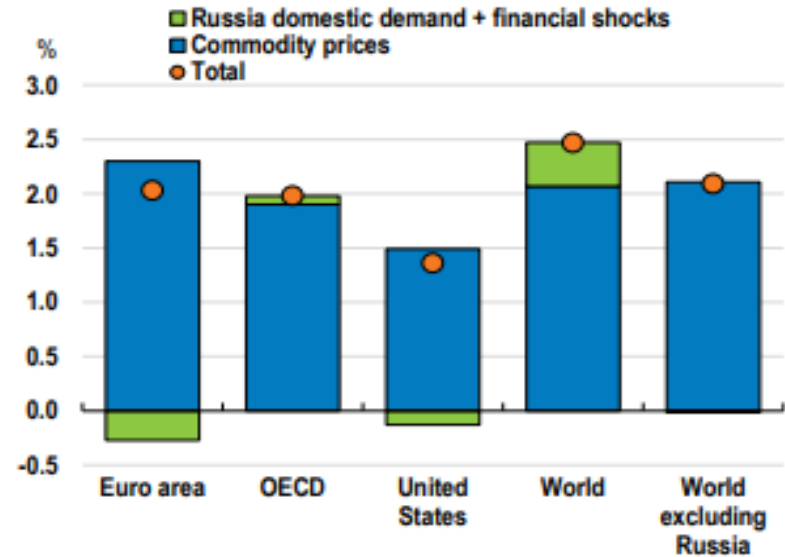
# WAR IN UKRAINE



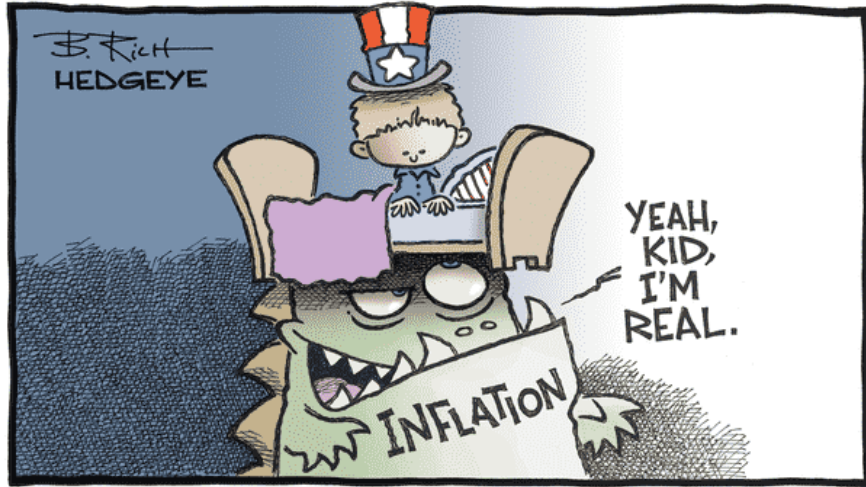
## Impact on GDP from baseline



## Impact on inflation from baseline

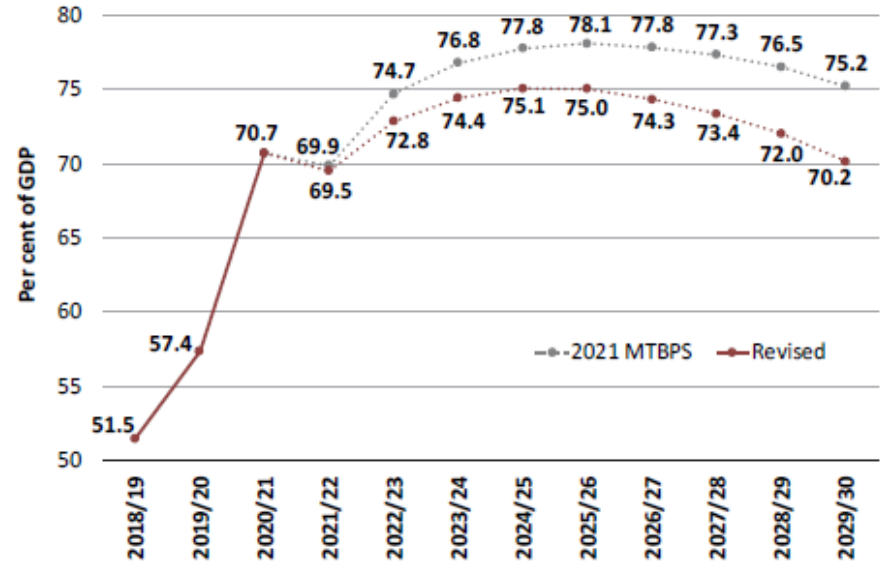
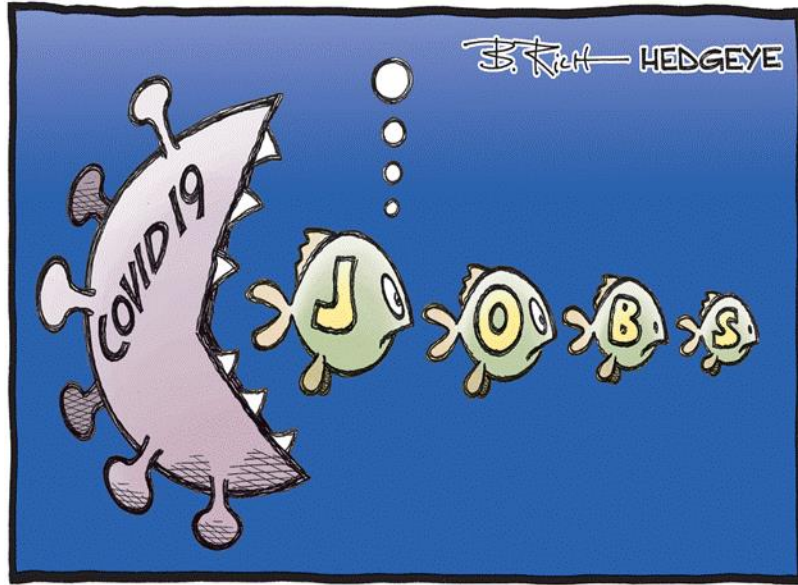


# RECESSION WATCH



Peak inflation Pre-recession	Recession timeline	Length	Magnitude
13.2%	Feb 1945 – Oct 1945	8 months	-12.7%
19.7%	Nov 1948 – Oct 1949	11 months	-1.7%
9.3%	July 1953 – May 1954	10 months	-2.6%
5.8%	Dec 1969 – Nov 1970	11 months	-0.6%
11.8%	Nov 1973 – Mar 1975	1 year, 4 months	-3.2%
14.8%	Jan 1980 – July 1980	6 months	-2.2%
11.0%	July 1981 – Nov 1982	1 year, 4 months	-2.7%
6.3%	July 1990 – Mar 1991	8 months	-1.4%
5.6%	Dec 2007 – June 2009	1 year, 6 months	-5.1%
<b>8.3%</b>	<b>2022 ???</b>	<b>???</b>	<b>???</b>

# THE REALITY IN SOUTH AFRICA



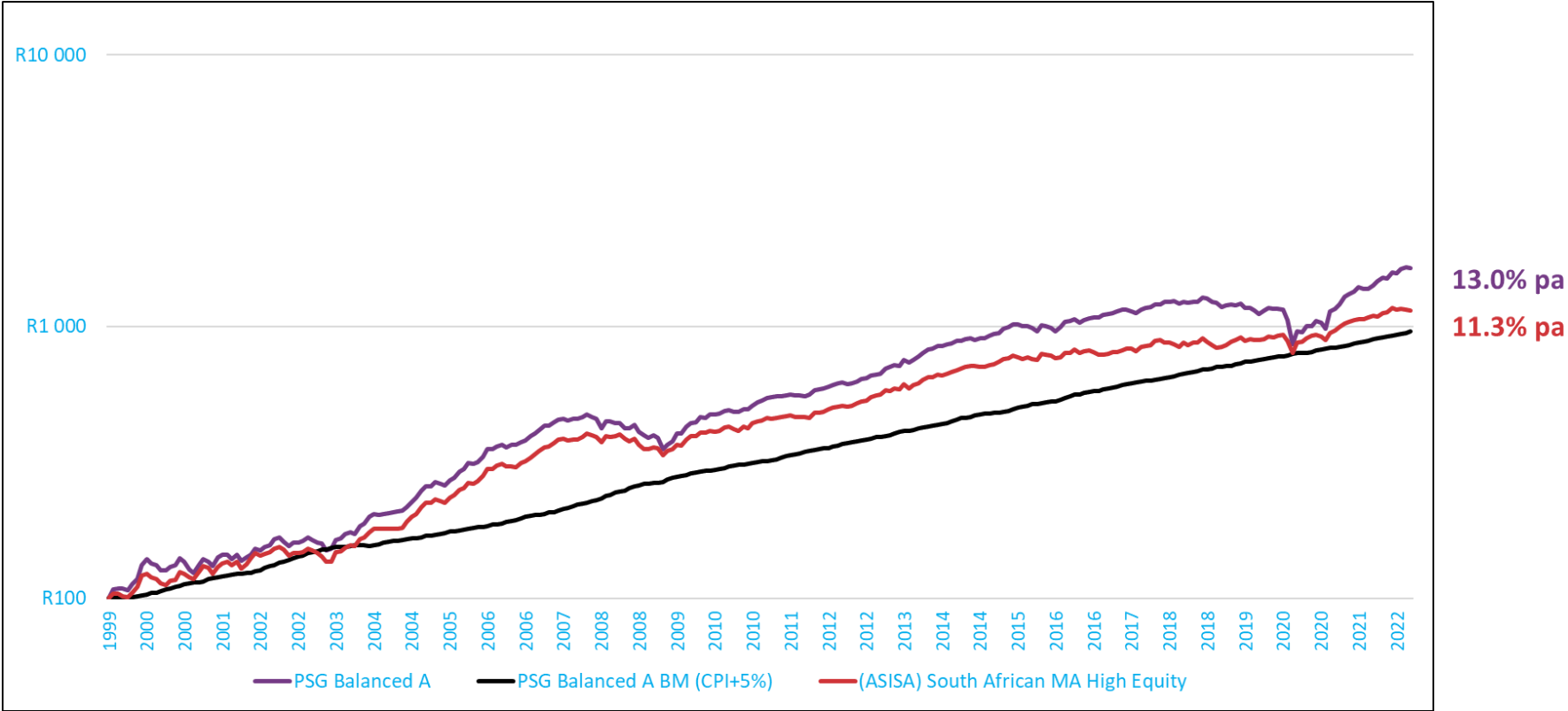
Source: National Treasury (2022)

# MARKET PERFORMANCE



	30 April 2022	3 months	1 year	3 years	5 years	10 years
Local	Equities (All Share Index)	-0.8%	13.2%	11.3%	9.8%	11.2%
	Equities (Capped SWIX)	0.1%	14.7%	8.6%	6.5%	9.8%
	Property	0.2%	12.2%	-5.3%	-5.2%	4.5%
	Nominal Bonds	-0.7%	8.4%	7.6%	8.2%	7.8%
	Inflation Linked Bonds	3.4%	11.7%	6.6%	5.1%	6.2%
	Cash	1.0%	4.0%	5.2%	6.0%	6.1%
Global	Equities (Rands)	-6.1%	5.2%	14.1%	14.0%	18.2%
	Bonds (Rands)	-7.5%	-5.3%	1.6%	3.4%	7.2%
	Rand vs US Dollar	2.2%	9.0%	3.3%	3.5%	7.4%

# RETIREMENT SAVINGS IS A LONG-TERM STORY



Source: Morningstar data to 30 April 2022



# PERFORMANCE

**Lorraine Mekwa**

Business Development Manager at  
Sanlam Corporate Investments





# FUND DEFAULT STRATEGIES



# 4 TRUSTEE-APPROVED DEFAULTS



R17,7bn

**Sanlam  
Lifestage**

R5,9bn

**Passive Lifestage  
Strategy**

R673m

**Sanlam Blue  
Lifestage Strategy**

R4,7bn

**Volatility  
Protection  
Strategy**

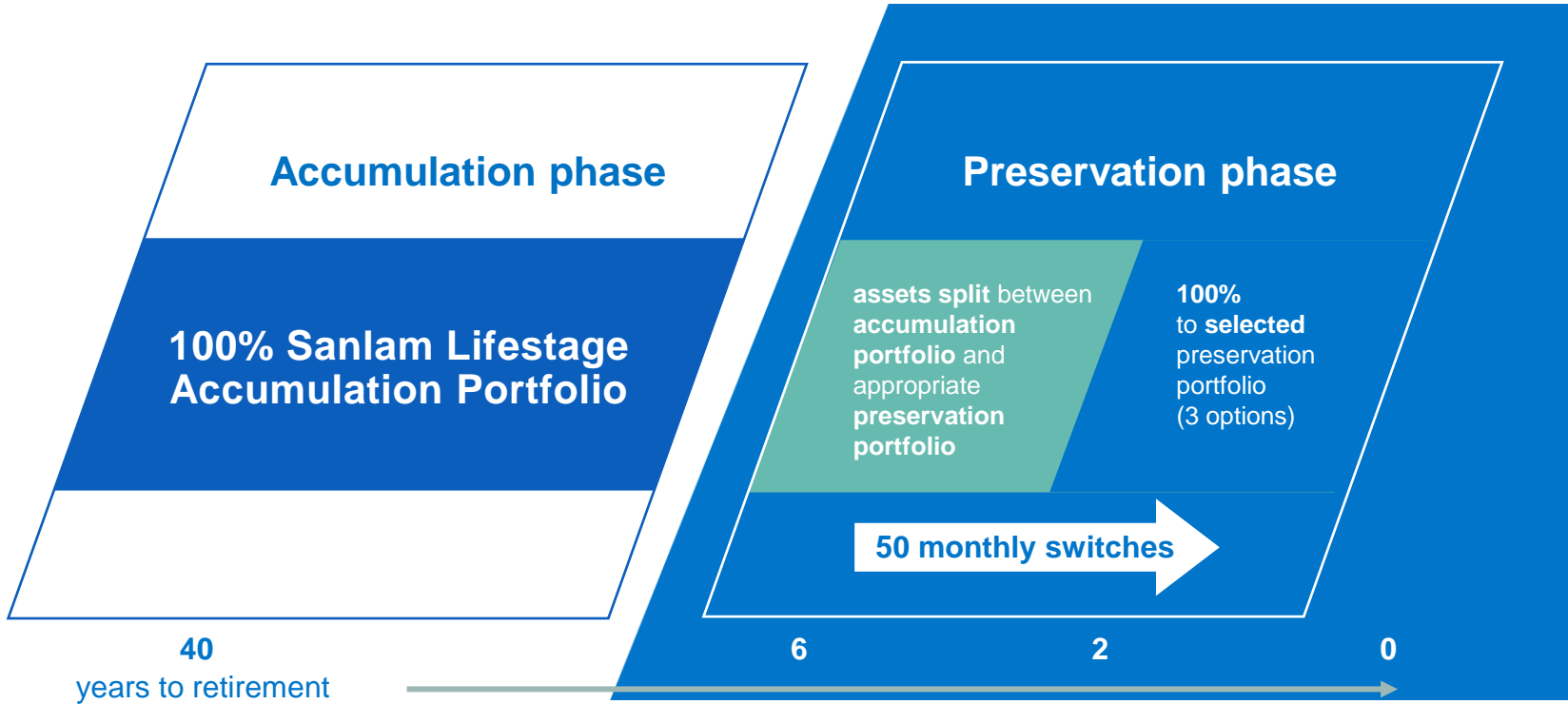
- Multi-managed, specialist strategy
- Passive core / active satellite approach
- Matches pre-retirement strategy to post-retirement needs

- Belief: active management cannot outperform a passive index
- Cost conscious
- SATRIX Enhanced Balanced Tracker Fund

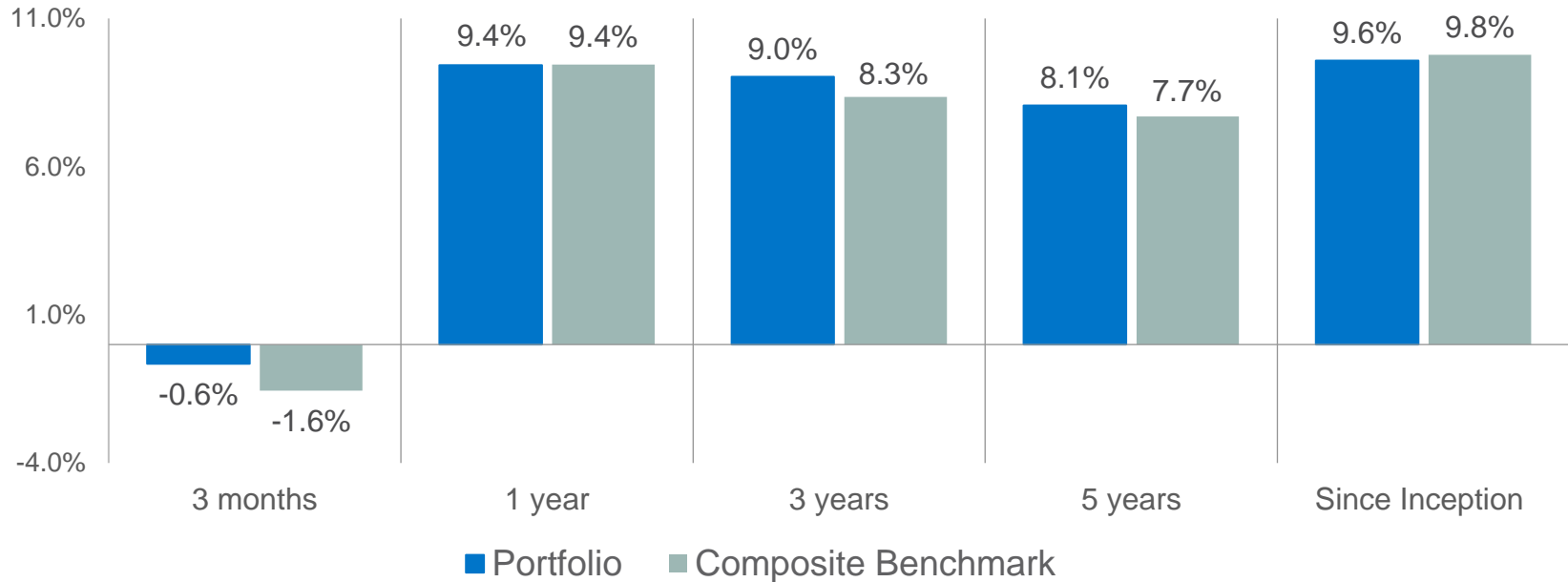
- Best long-term houseview of Sanlam
- Actively managed, balanced strategy
- Sanlam Investment Management & Sanlam Private Wealth

- Protects against short-term losses
- Inflation beating returns in the long-term
- Sanlam Monthly Bonus Fund & SATRIX Enhanced Balanced Tracker Fund

# SANLAM LIFESTAGE STRATEGY



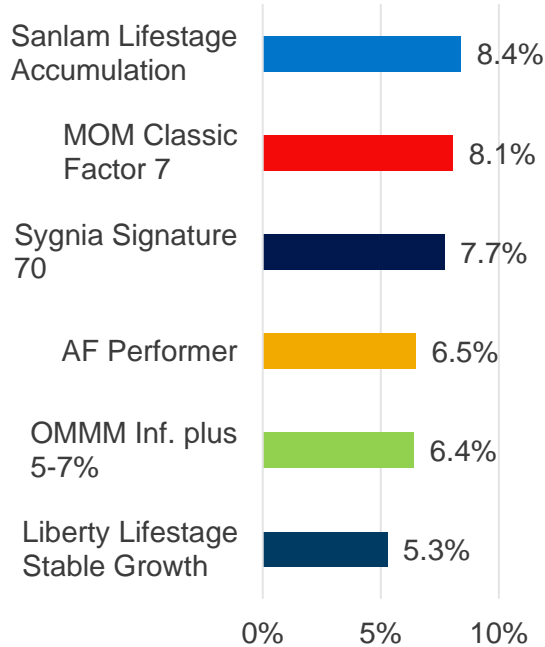
# LIFESTAGE ACCUMULATION PORTFOLIO



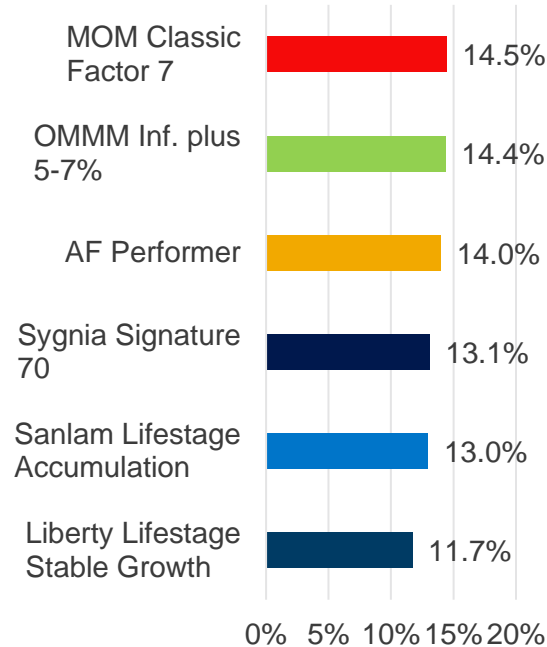
# PERFORMANCE RELATIVE TO PEERS



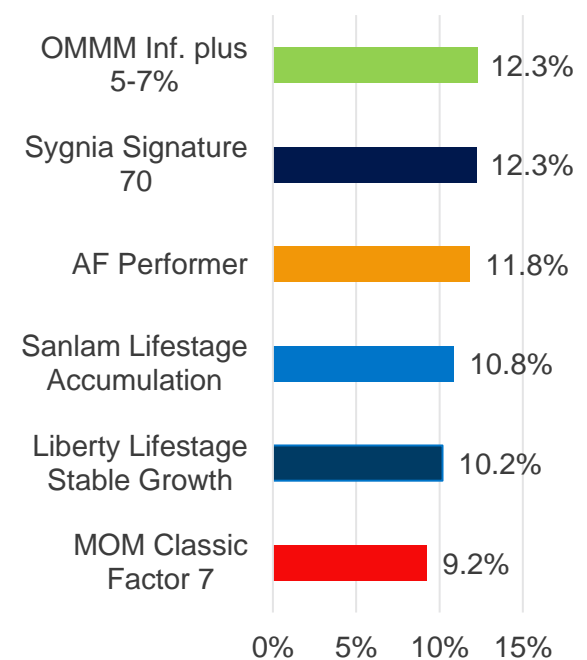
6 months



1 year



3 years



# OTHER TRUSTEE DEFAULTS



Gross returns to April 2022	3months	1 year	3 years	5 years
<b>Sanlam Blue Lifestage</b>	<b>-1.0%</b>	<b>10.3%</b>	<b>7.8%</b>	<b>7.1%</b>
<i>Benchmark</i>	<i>-1.2%</i>	<i>8.6%</i>	<i>8.3%</i>	<i>7.6%</i>
<b>Sanlam Passive Lifestage</b>	<b>-1.4%</b>	<b>10.4%</b>	<b>9.2%</b>	<b>8.2%</b>
<i>Composite Benchmark</i>	<i>-1.5%</i>	<i>10.3%</i>	<i>8.5%</i>	<i>7.8%</i>
<b>Volatility Protection Strategy</b>	<b>1.2%</b>	<b>8.6%</b>	<b>7.8%</b>	<b>7.5%</b>
<i>Inflation*</i>	<i>1.8%</i>	<i>6.0%</i>	<i>4.4%</i>	<i>4.3%</i>

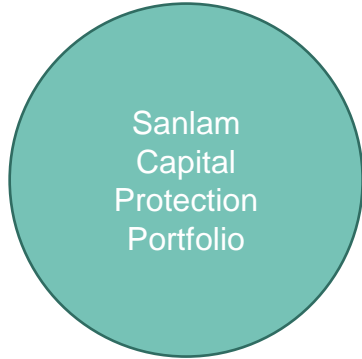
\* CPI INFLATION UP TO 31 MARCH 2022



# PRESERVATION PHASE PORTFOLIOS



# LIFESTAGE GLIDE PATHS



OR



OR



100% capital guarantee  
CPI + 3% in the long  
term Net of fees

Matches movements in  
purchasing price of  
inflation-linked annuities

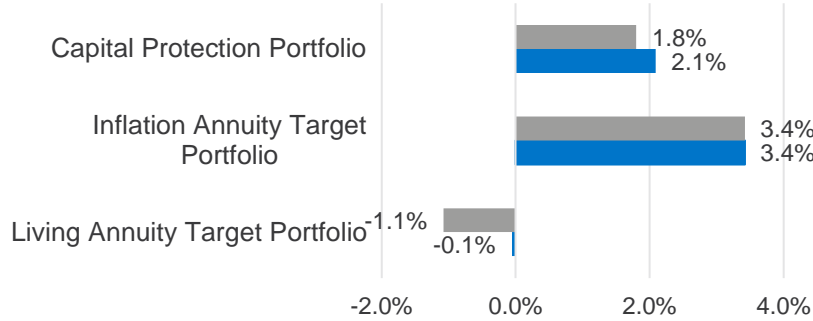
No capital guarantee  
CPI + 4% in the long term  
Net of fees



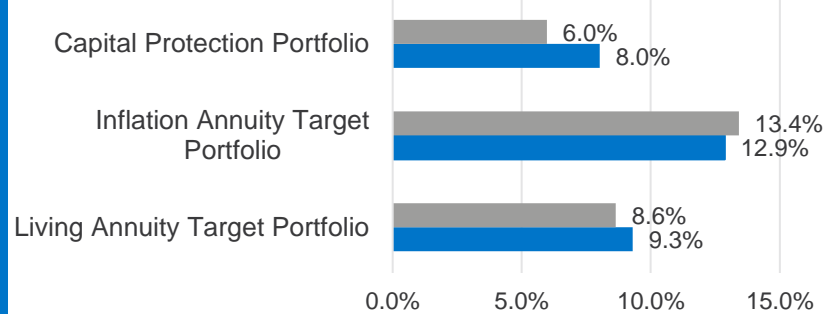
# LIFE STAGE PRESERVATION PORTFOLIOS



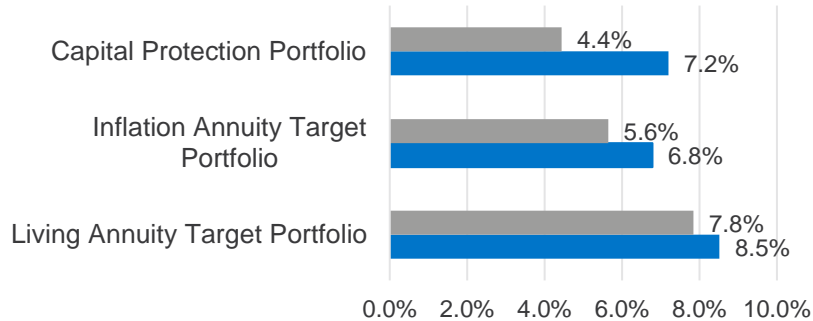
3 months



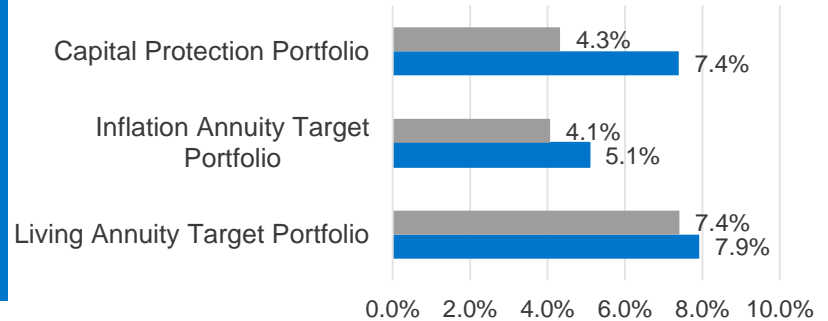
1 year



3 years



5 years



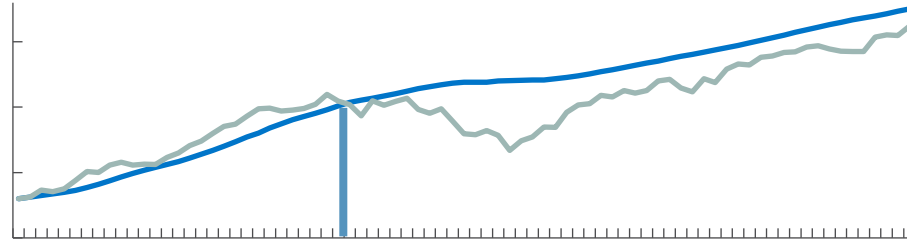
# WHY IS SMOOTHING BENEFICIAL FOR RETIREES?



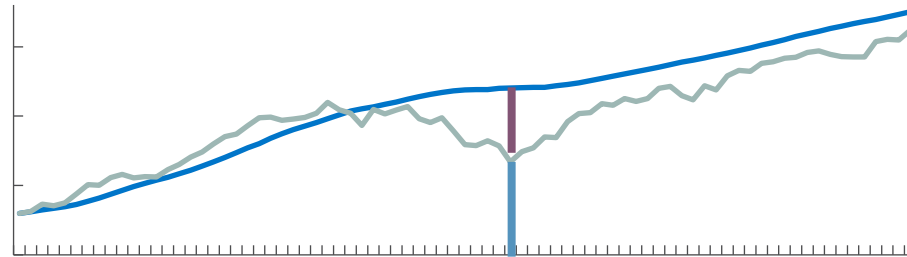
Joe



Jane



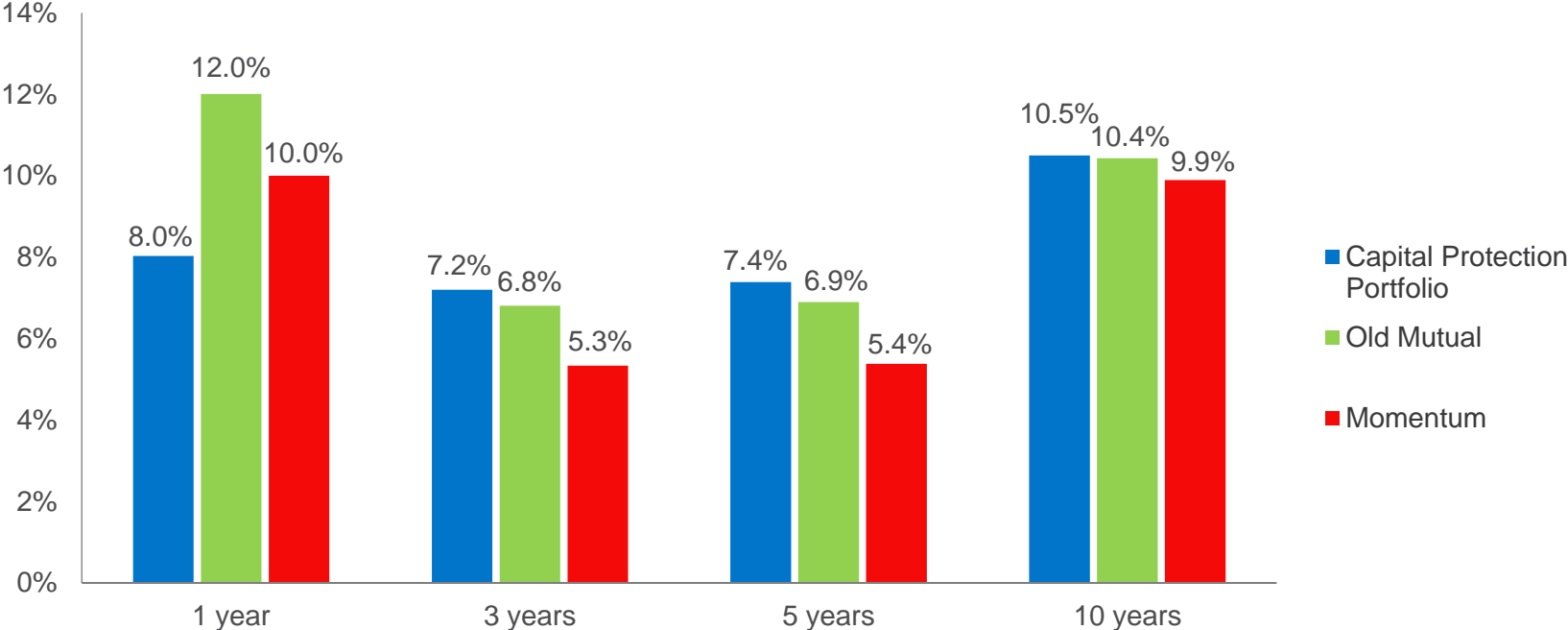
Joe retires end of Dec 2021



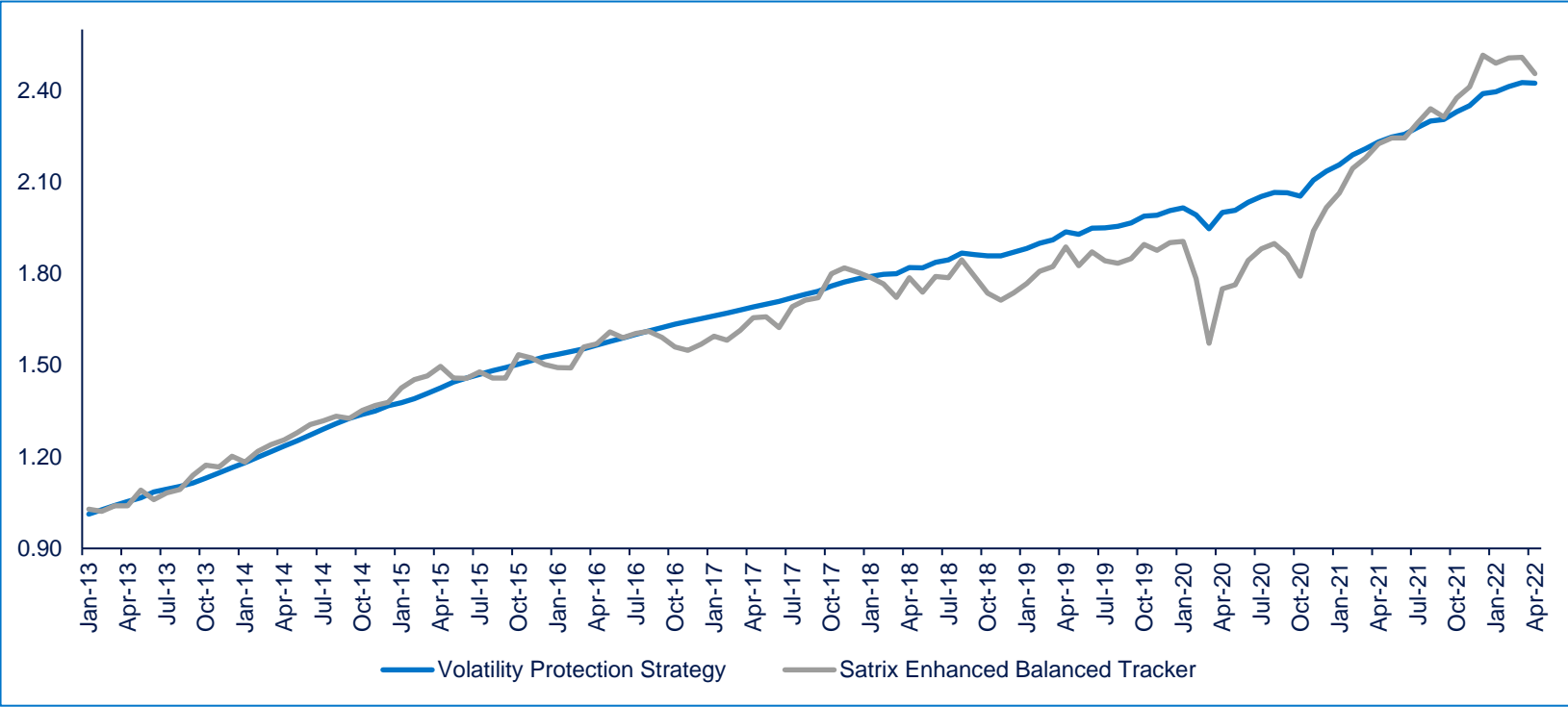
Jane retires end of March 2022

- Sanlam Stable Bonus Portfolio
- Average Balanced Fund (Global LMW median)

# SMOOTH BONUS PEER PERFORMANCE



# VOLATILITY PROTECTION IN ACTION

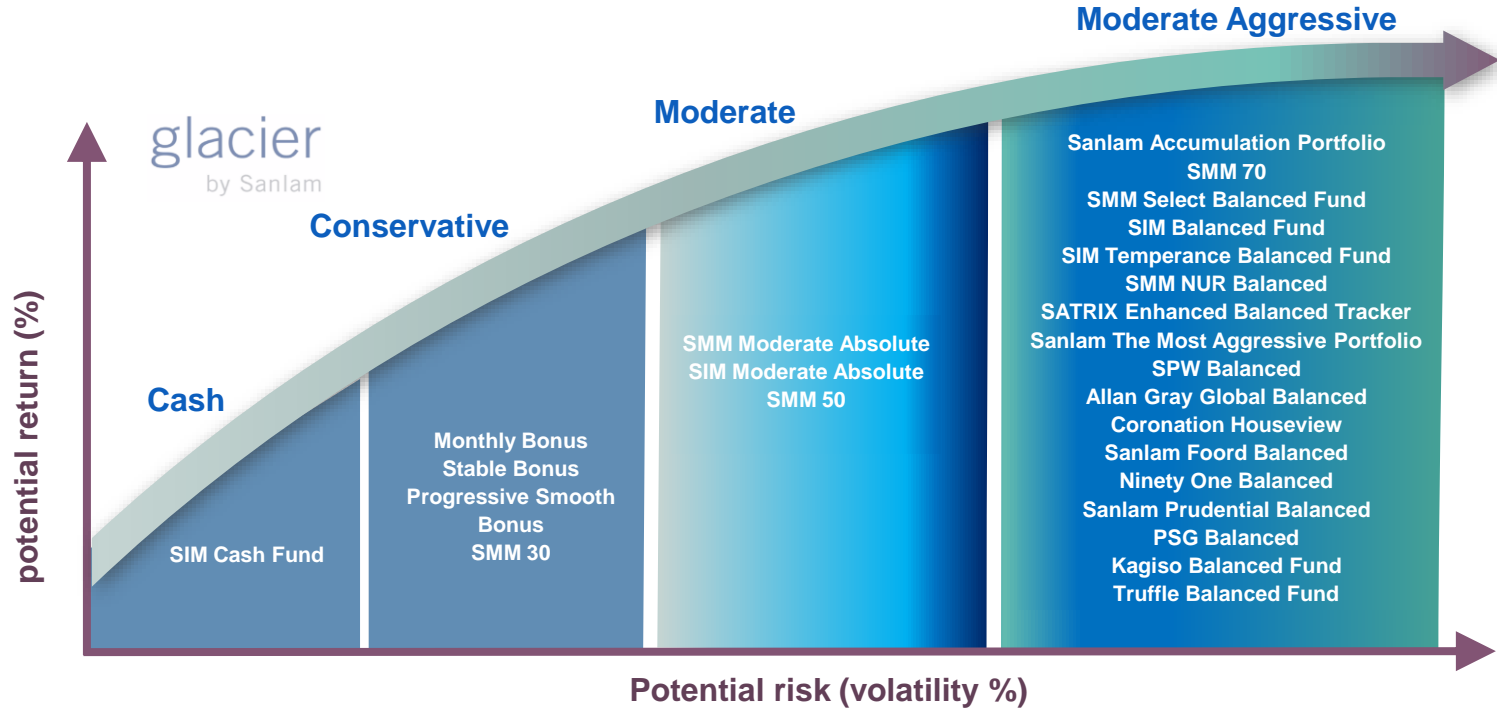




# MEMBER CHOICE PORTFOLIOS



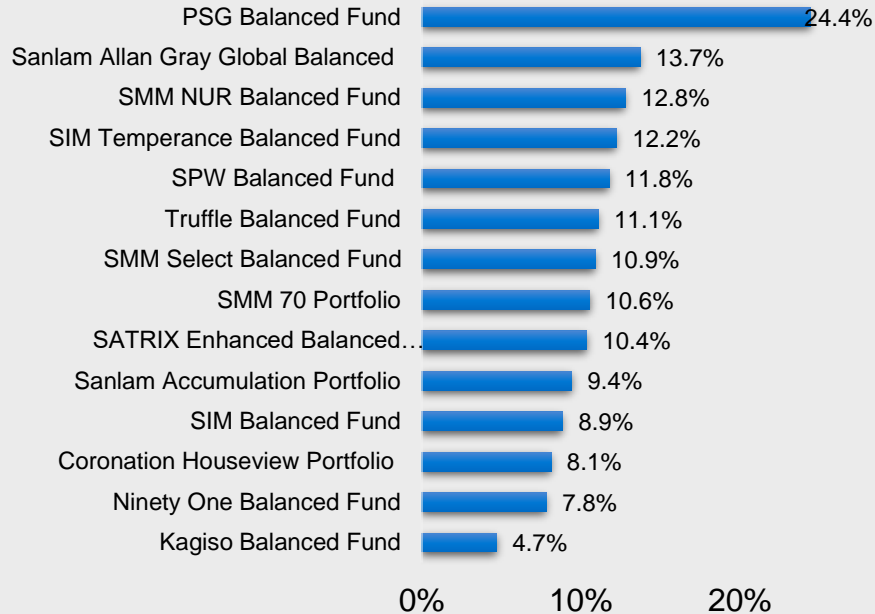
# MEMBER INVESTMENT CHOICE



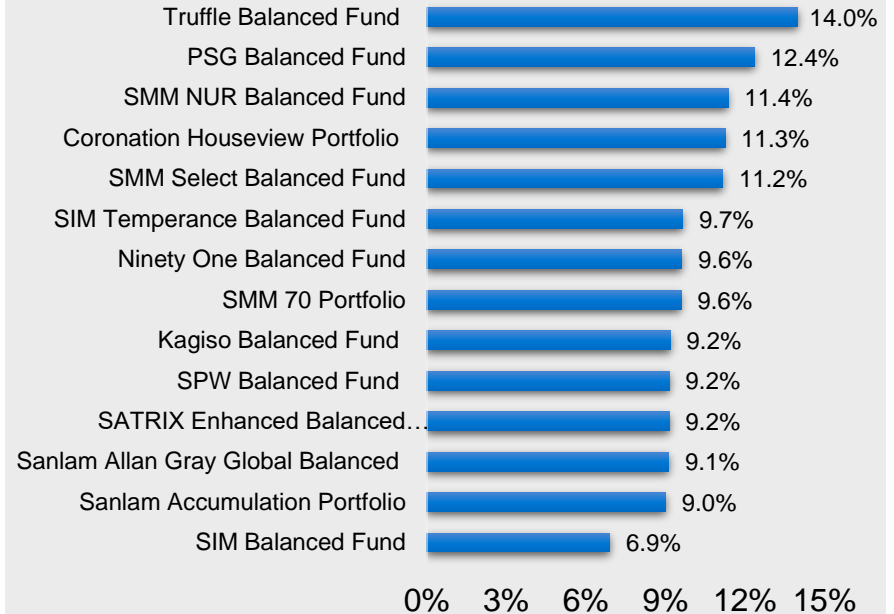
# MODERATE AGGRESSIVE PORTFOLIOS



## 1 years



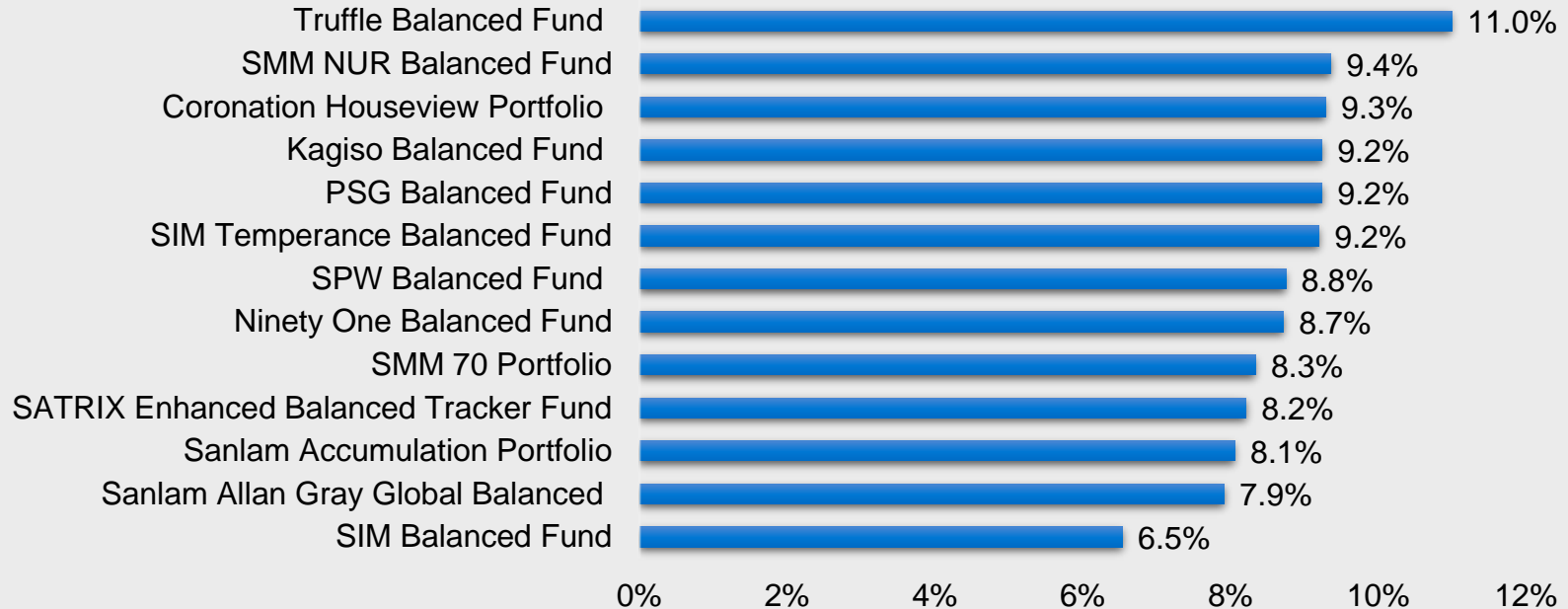
## 3 years



# MODERATE AGGRESSIVE PORTFOLIOS



**5 years**







# CONCLUSION

**David Gluckman**

Chairperson of Sanlam Umbrella Funds

# INVESTMENT COMMITTEE

## *Independent trustees*



*Joelene Moodley*



*Jolly Mkorosi*

## *Sanlam-appointed trustees*



*David Gluckman*



*Marius Jönas*



*Mkuseli Mbomvu*

# INVESTMENT COMMITTEE

## New Sponsor Appointees



**Nzwa Shoniwa**



**Xolisa Dhlamini**

# INVESTMENT COMMITTEE MEETINGS

- ④ 7 committee members
  - 12 other regular attendees including investment consultants
- ④ Quarterly meetings
  - 6 hours duration each
- ④ 1 annual investment manager feedback day
- ④ Standing agenda item - feedback at all trustee meetings

# SOME ISSUES TACKLED IN 2021 AND SO FAR IN 2022

## ④ Default Investment Strategies simplification

- Change in Sanlam Unity Umbrella Fund default strategy to Sanlam Stable Bonus Portfolio
- Lifestage & Protection

## ④ Communication, reporting & counselling

- Free Joint Forum investment feedback service
- Performance reporting
- Costs reporting
- Individual Member Categories

## ④ Performance monitoring

- Quarterly reports & formal feedback from investment consultants
- Investment manager feedback presentations
- GraySwan Umbrella Fund Survey

## ④ Sustainable & Responsible Investing

- Impact investing, infrastructure, climate change, transformation

## ④ Investment flexibility

- Special arrangements monitoring
- Eliminating unnecessary or unviable portfolios
- Annual compliance declarations

## ④ Governance

- Risk reporting, FSCA inspections, investment policy statement, investment protocol, investment consulting contract, etc.
- Asset managers' minimum insurance cover investigation

## ④ Actuarial monitoring of daily unit prices

## ④ External Manager Range Review

- Foord and M&G

## ④ Industry & Regulator Engagement

- ASISA, Batseta, Assets Owners' Forum

questions 