



Live with confidence

Investments

H2 FUND UPDATE 2022





fixed income

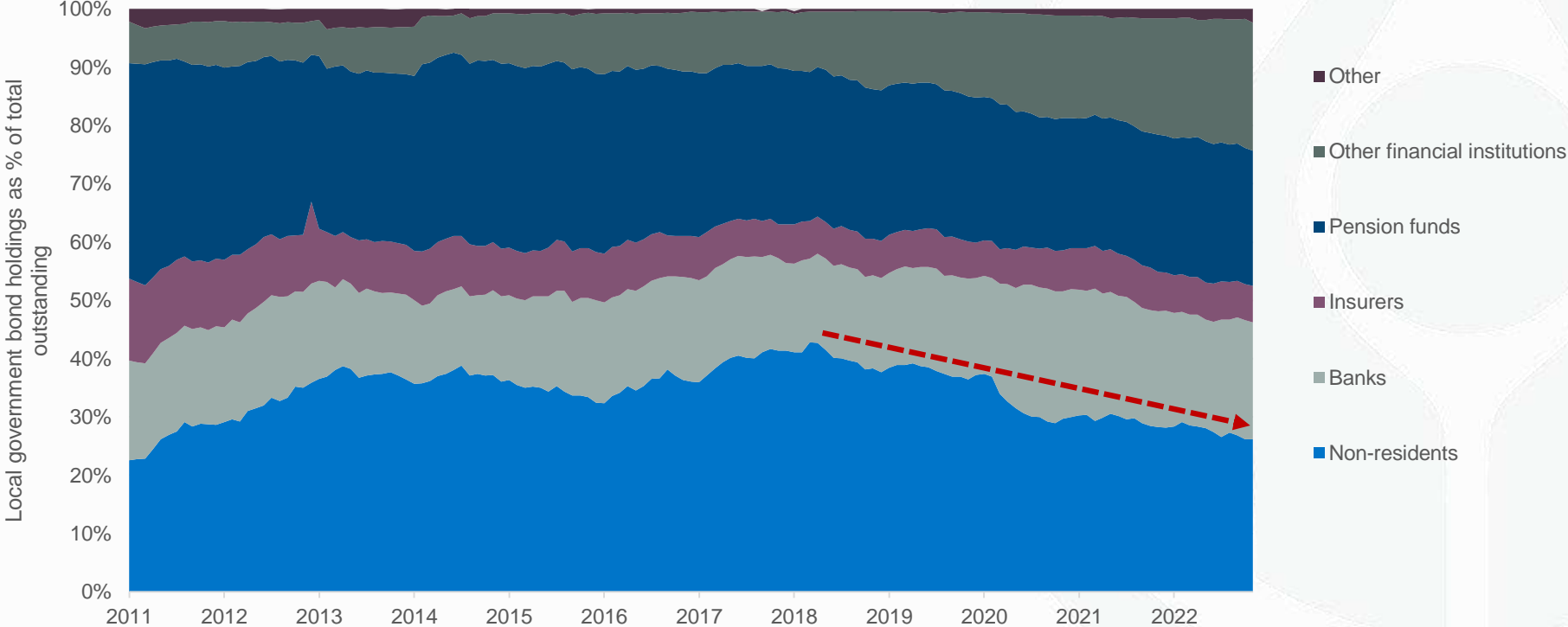
South African 10-year government bond yield

Local bond yields ended the year on a stronger note but continue to trade at elevated levels



Foreigners now hold much less local bonds

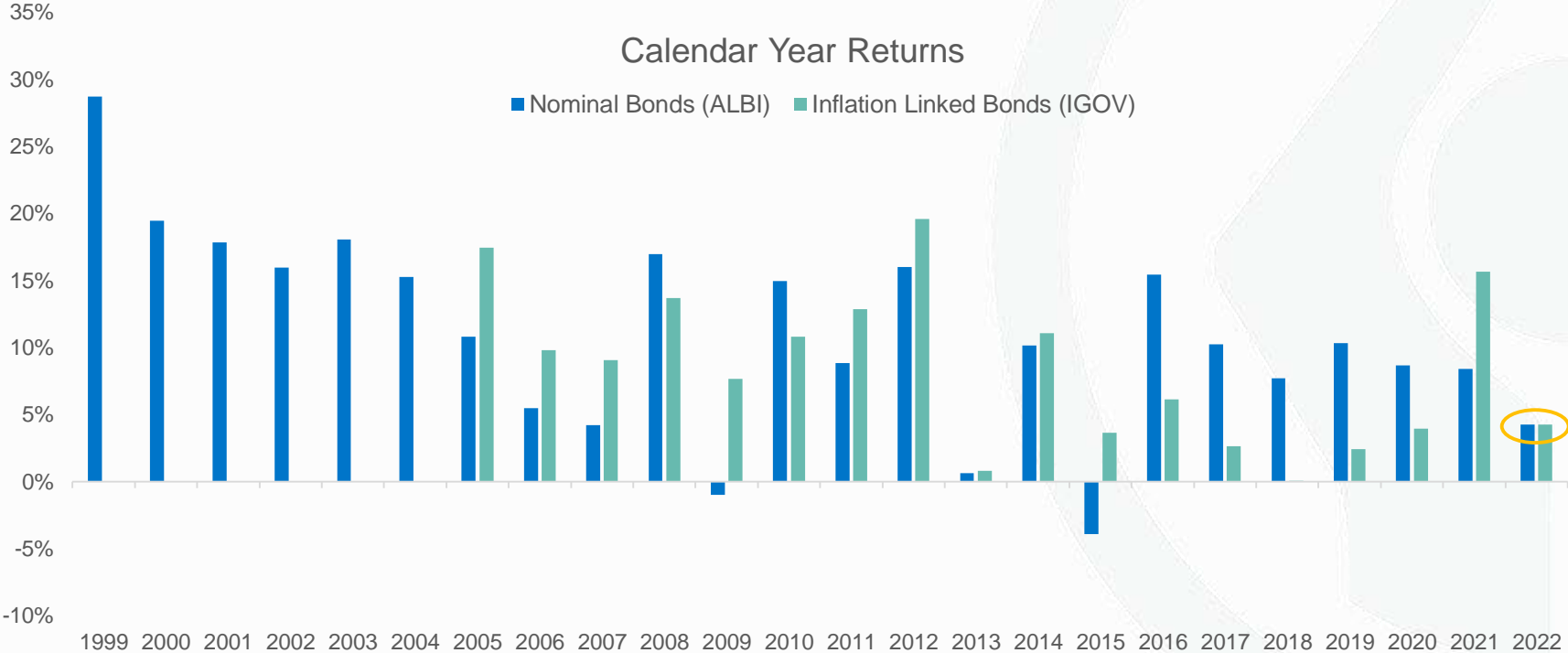
Foreigners are no longer the 'anchor tenant' in SAGBs which helped underpin stronger levels



Source: National Treasury, Sanlam Investments | January 2023

Local nominal bonds vs inflation-linked bonds

Nominal bonds posted better results in the second half of the year



Source: IRESS | January 2023

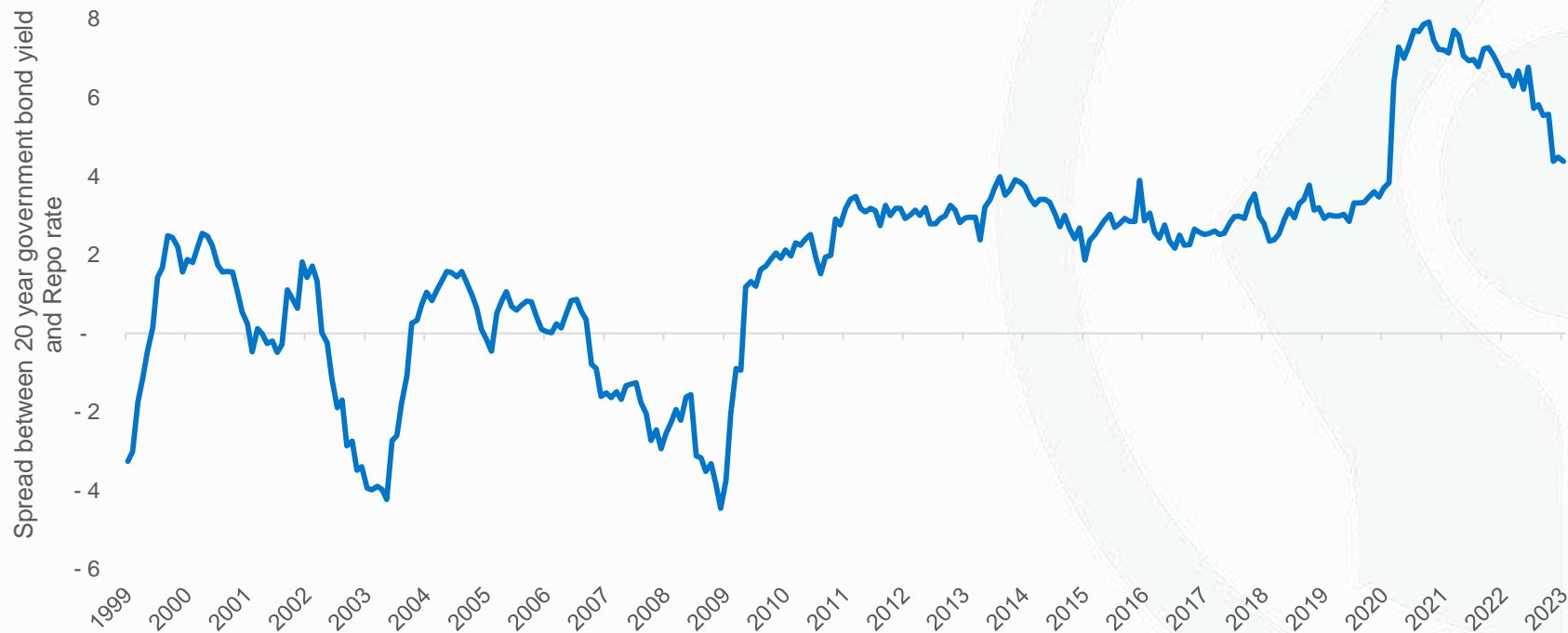
South African policy rate

SARB lending rate increased sharply last year from the exceptionally base



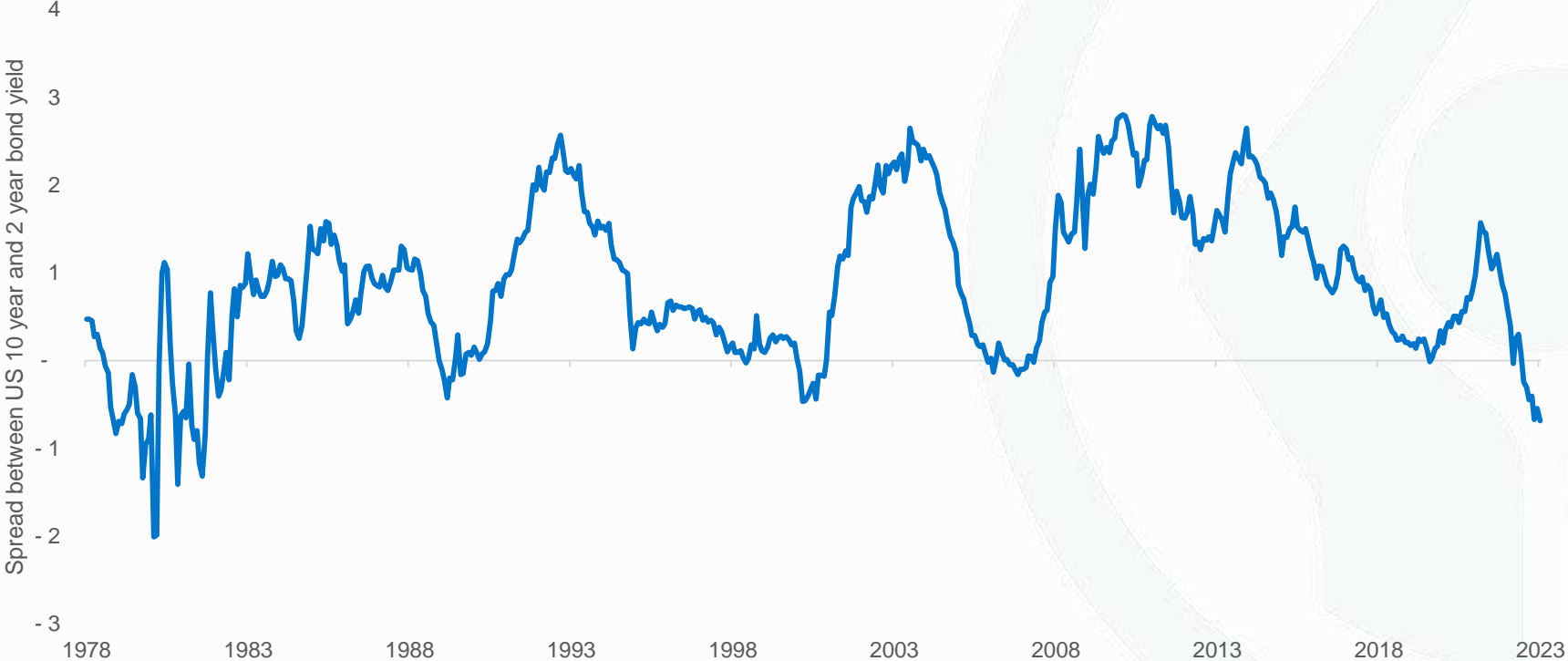
South African 20-year bond yield vs repo rate

Exceptional curve steepness finally started to reverse as a result of policy rate increases



US yield curve inversion

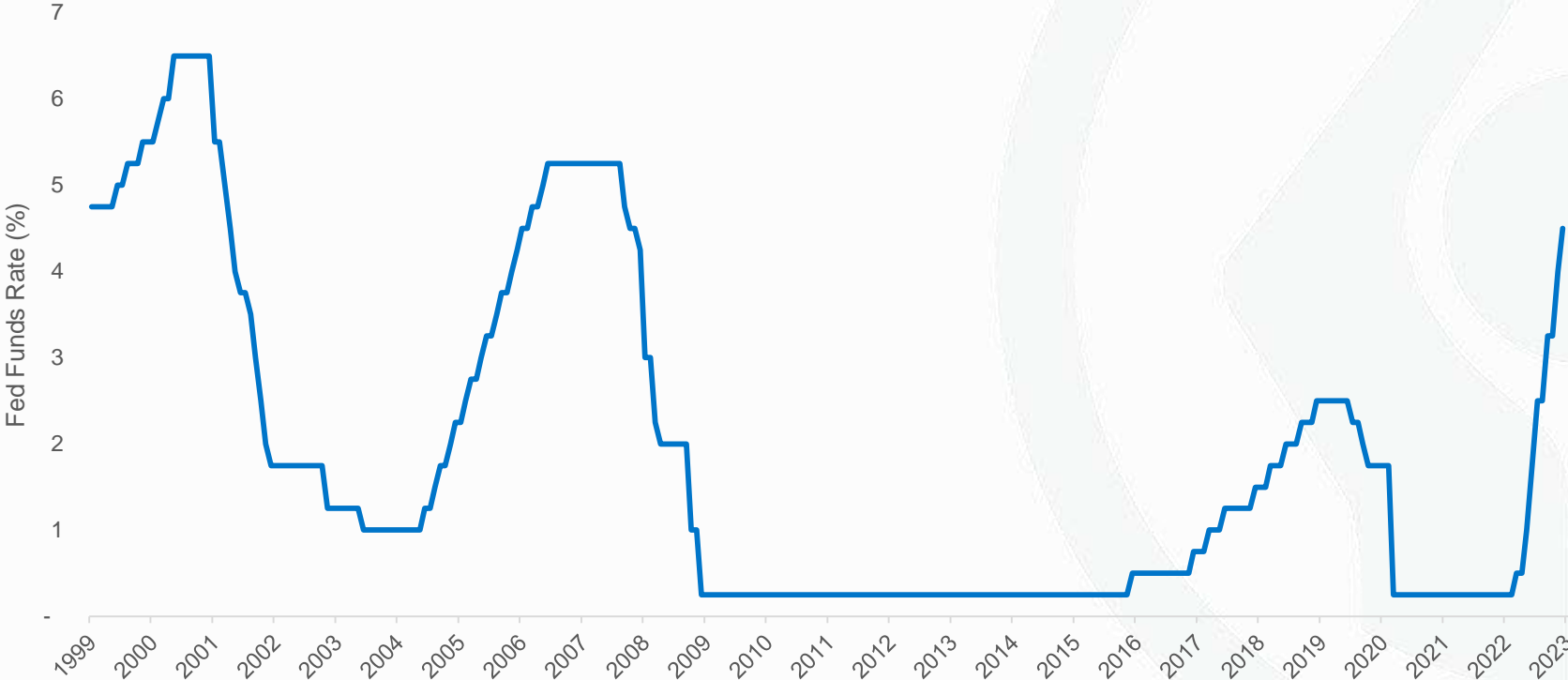
Spread of US 10-year vs 2-year bond yield spread at exceptional negative level



Source: St Louis Fed, IRESSS, Sanlam Investments | January 2023

US policy rate

Fed Funds Rate increased at a fast pace and in large increments last year



Source: Bloomberg, Sanlam Investments | January 2023

No more negative yielding debt going into 2023

Bloomberg Global Aggregate Negative Yielding Debt Market Value (USD tn)



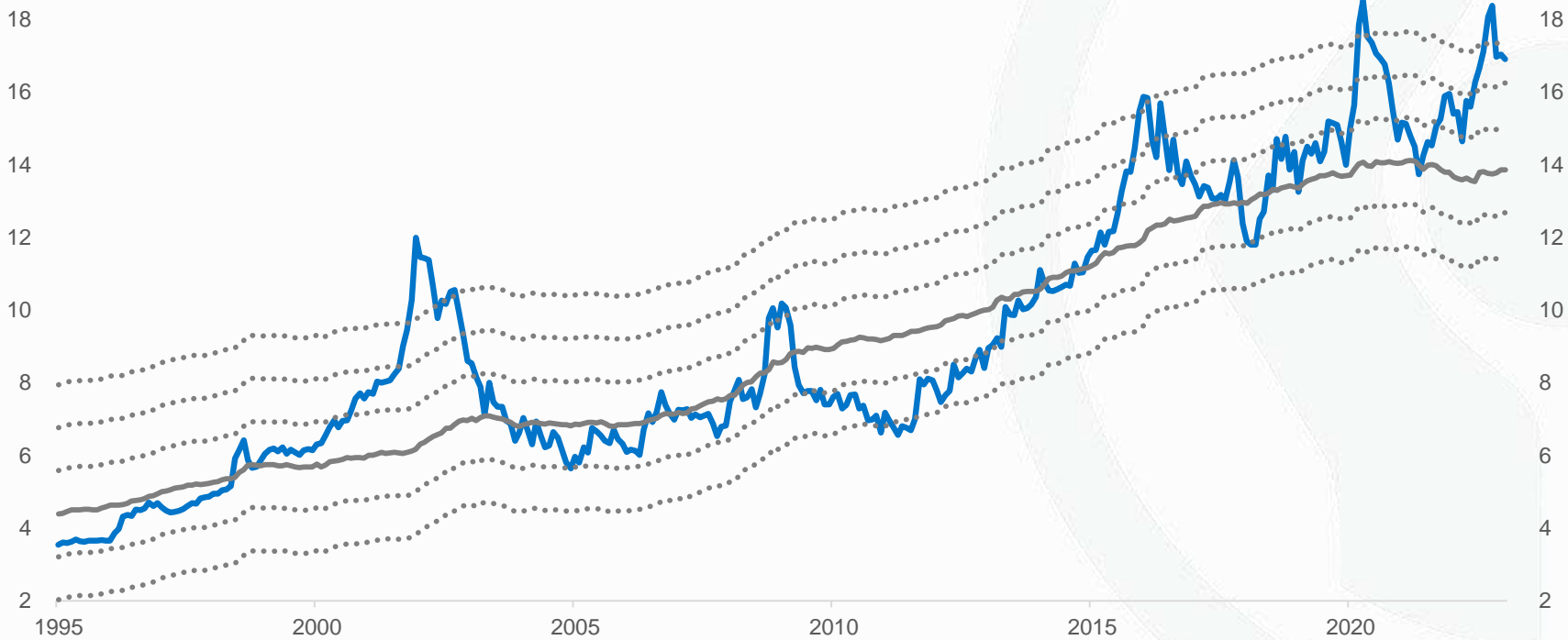
South African 'real' policy rate

Policy rate minus rolling 12-month inflation (CPI y/y)



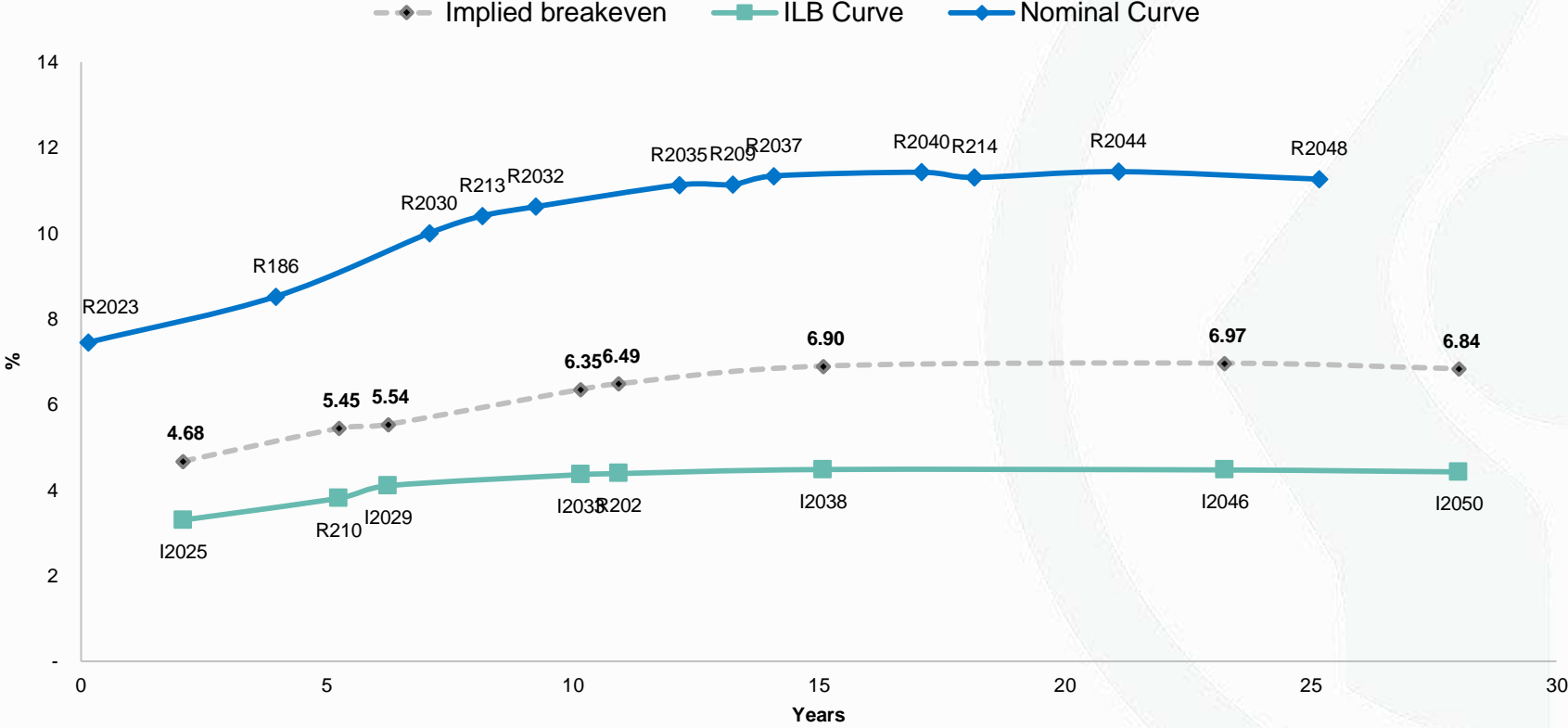
Local exchange rate compared to US dollar

USDZAR exchange rate with PPP fitted estimate and ranges



Source: IRESS, StatsSA, Sanlam Investments | January 2023

Local nominal and inflation-linked bonds



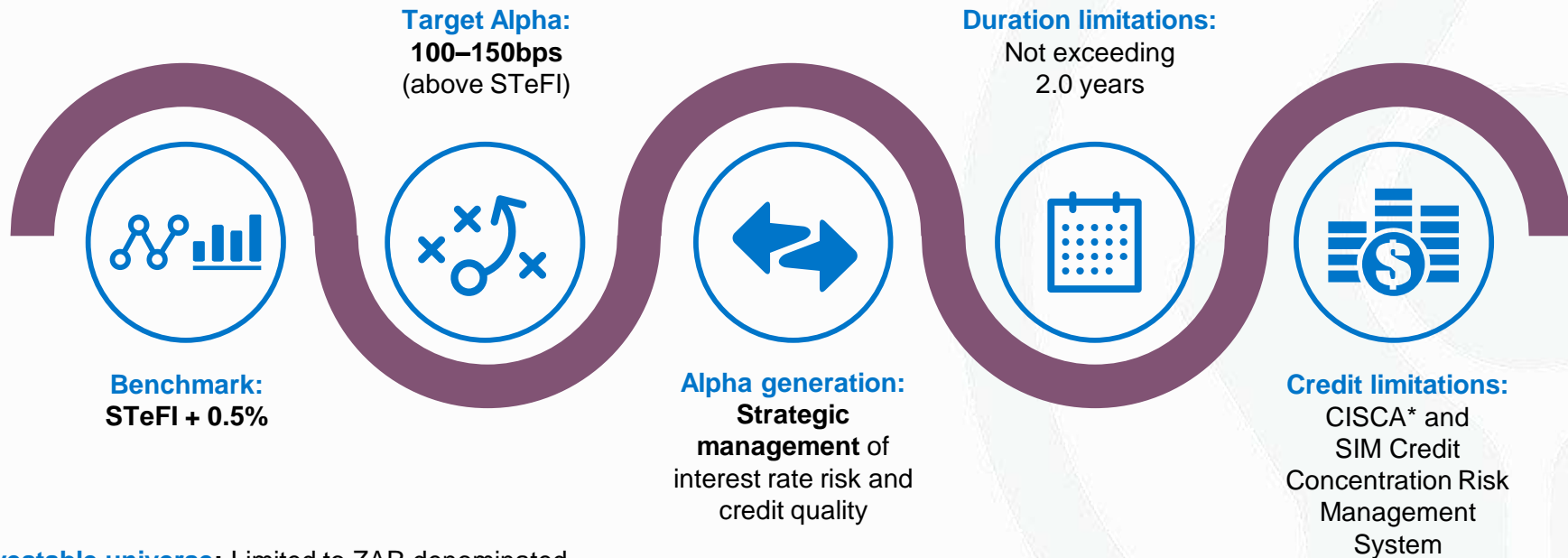
Source: Sanlam Investments, IRESS | January 2023



SIM * Enhanced Yield

*SIM stands for Sanlam Investment Management

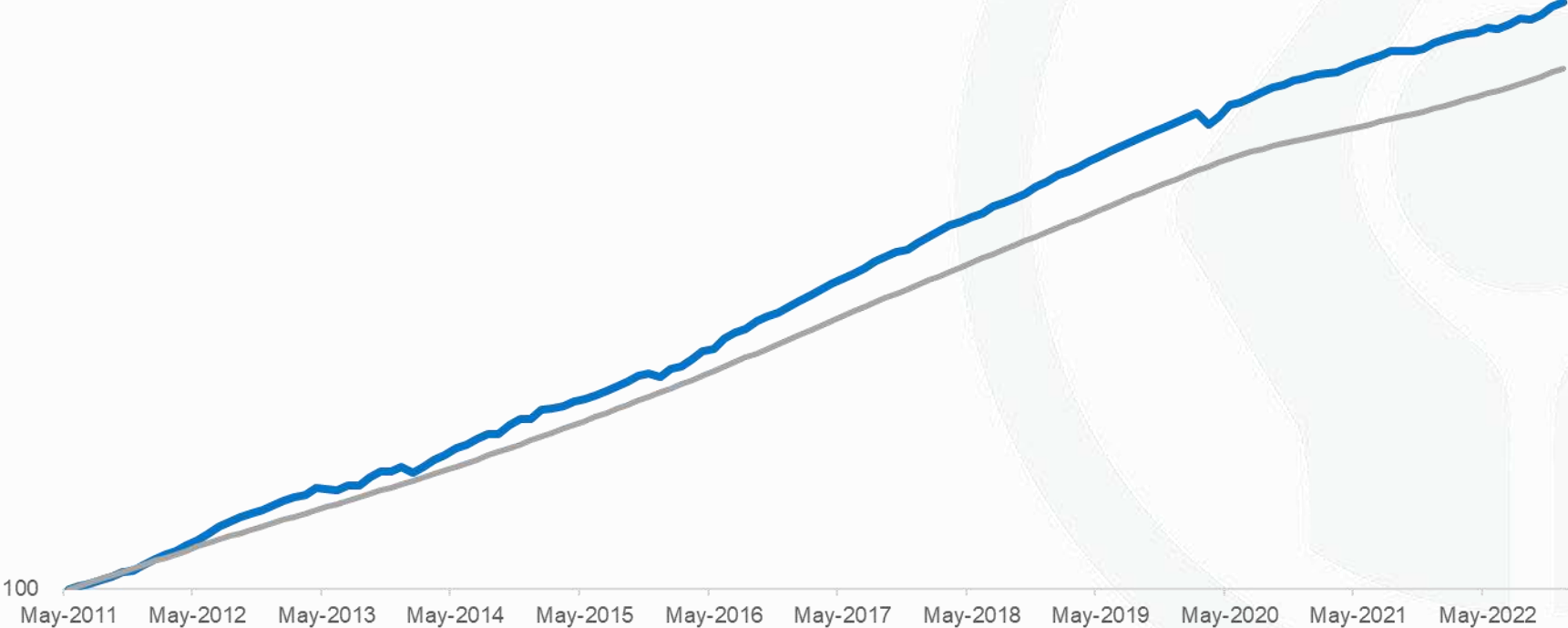
SIM Enhanced Yield Fund



Investable universe: Limited to ZAR denominated **non-equity** and **non-property** instruments unless otherwise stated.

Cumulative return vs benchmark

— SIM Enhanced Yield Fund - A1 — STeFI+0.5%



Source: Sanlam Investments | Benchmark STeFI+0.5% | Lowest 12 month return: 4.06%; Highest 12 month return:10.60% | Net of retail fees and gross of tax | January 2023

Returns compared to local asset classes (%)



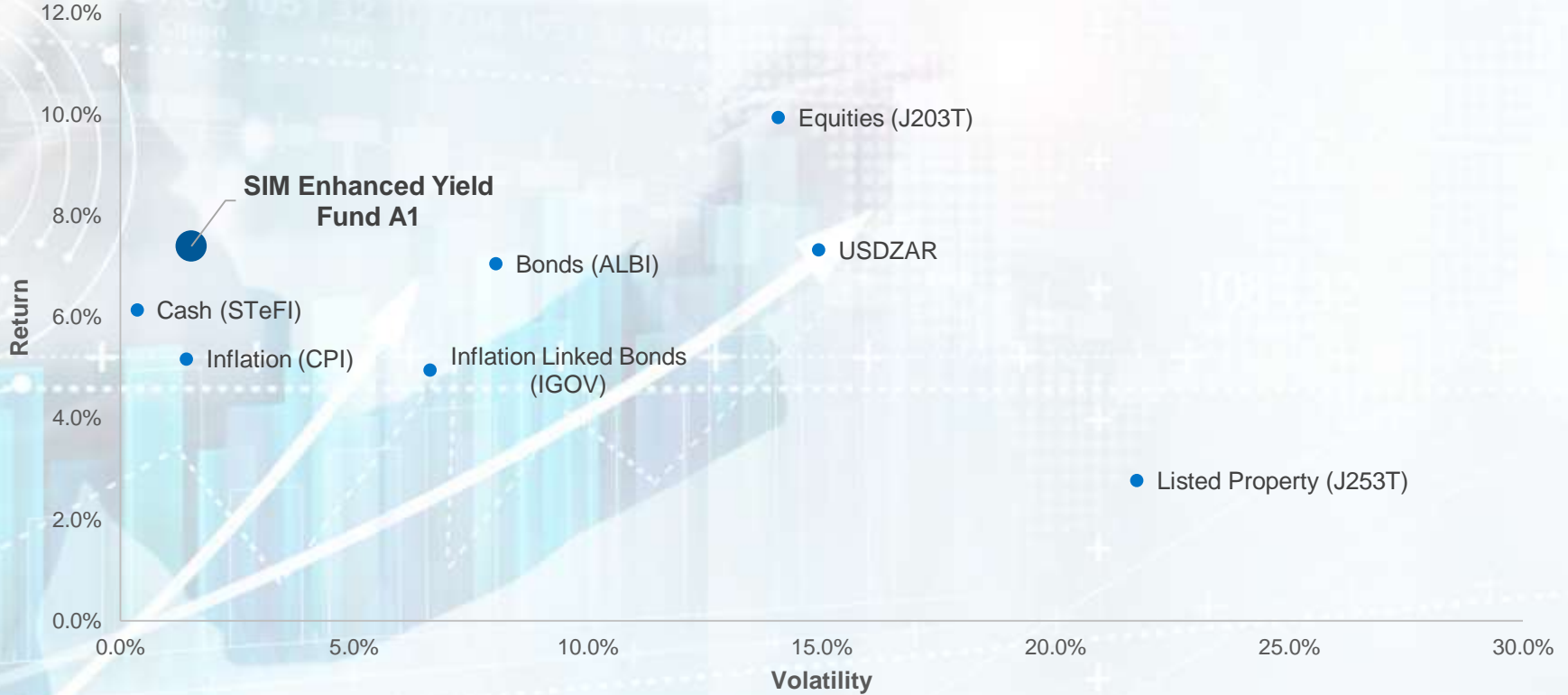
To end December 2022

	1 Year	3 Years	5 Years	7 Years	10 Years
SIM Enhanced Yield Fund A1	5.9%	5.9%	7.1%	7.7%	7.4%
Cash (STeFI Composite)	5.2%	4.8%	5.8%	6.3%	6.1%
Inflation Linked Bonds (IGOV)	4.2%	7.8%	5.1%	4.9%	5.0%
Nominal Bonds (ALBI)	4.3%	7.1%	7.8%	9.2%	7.1%
Equities (J203T)	3.6%	12.7%	8.0%	8.9%	9.9%
Listed Property (J253T)	0.5%	-3.4%	-7.2%	-1.7%	2.8%
USDZAR	6.8%	6.7%	6.6%	1.4%	7.3%

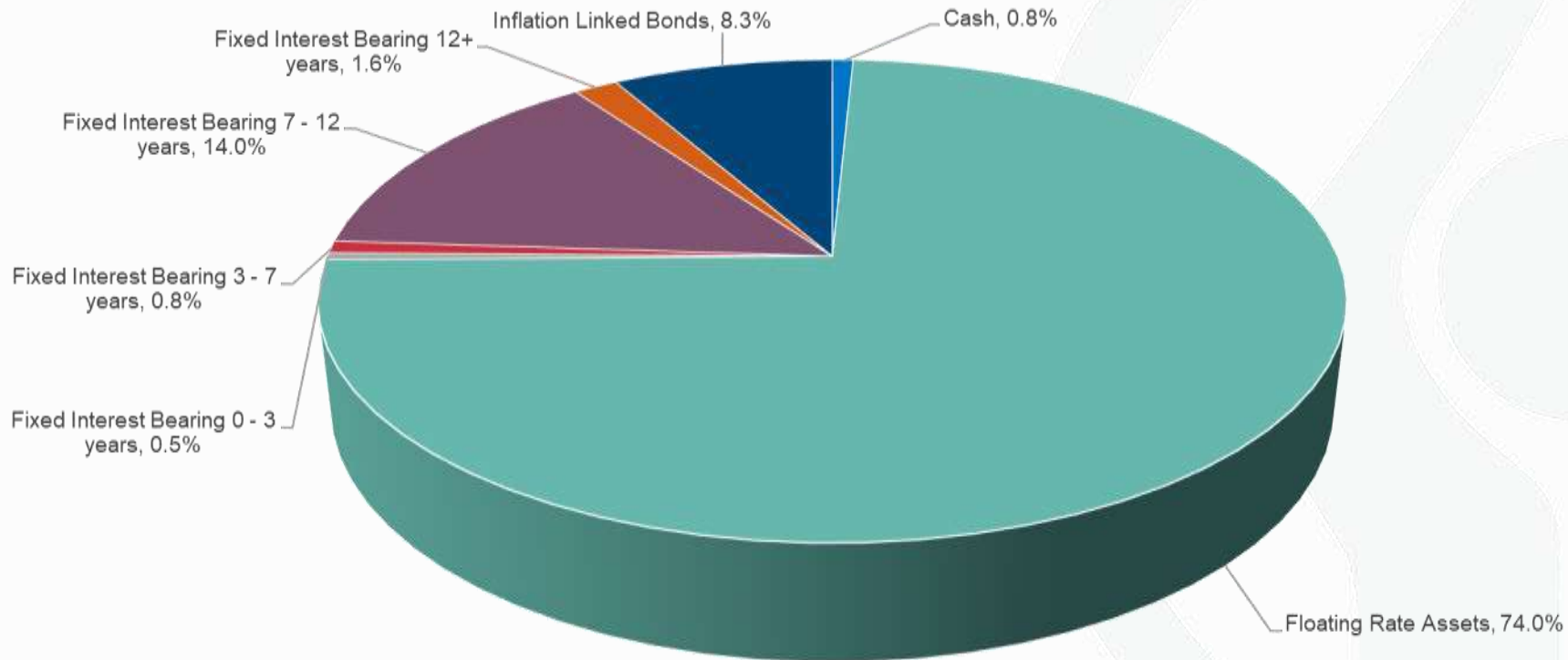
Overall results compared very favourably



Last 10 years annualised to December 2022



Asset allocation



SIM Enhanced Yield Fund

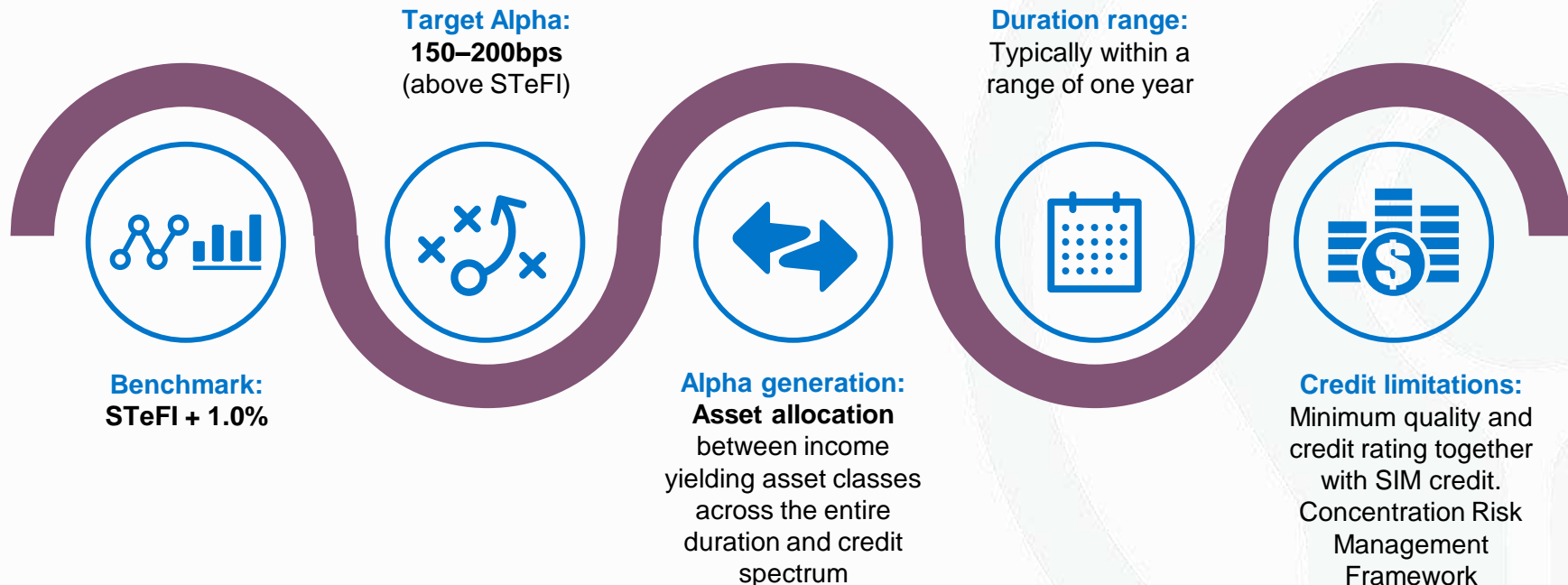
- Outperform cash over the medium-to-long term
- Stable, consistent returns
- Consistently outperforms peers
- Competitive management fee
- Offers stability



SIM * Active Income

*SIM stands for Sanlam Investment Management

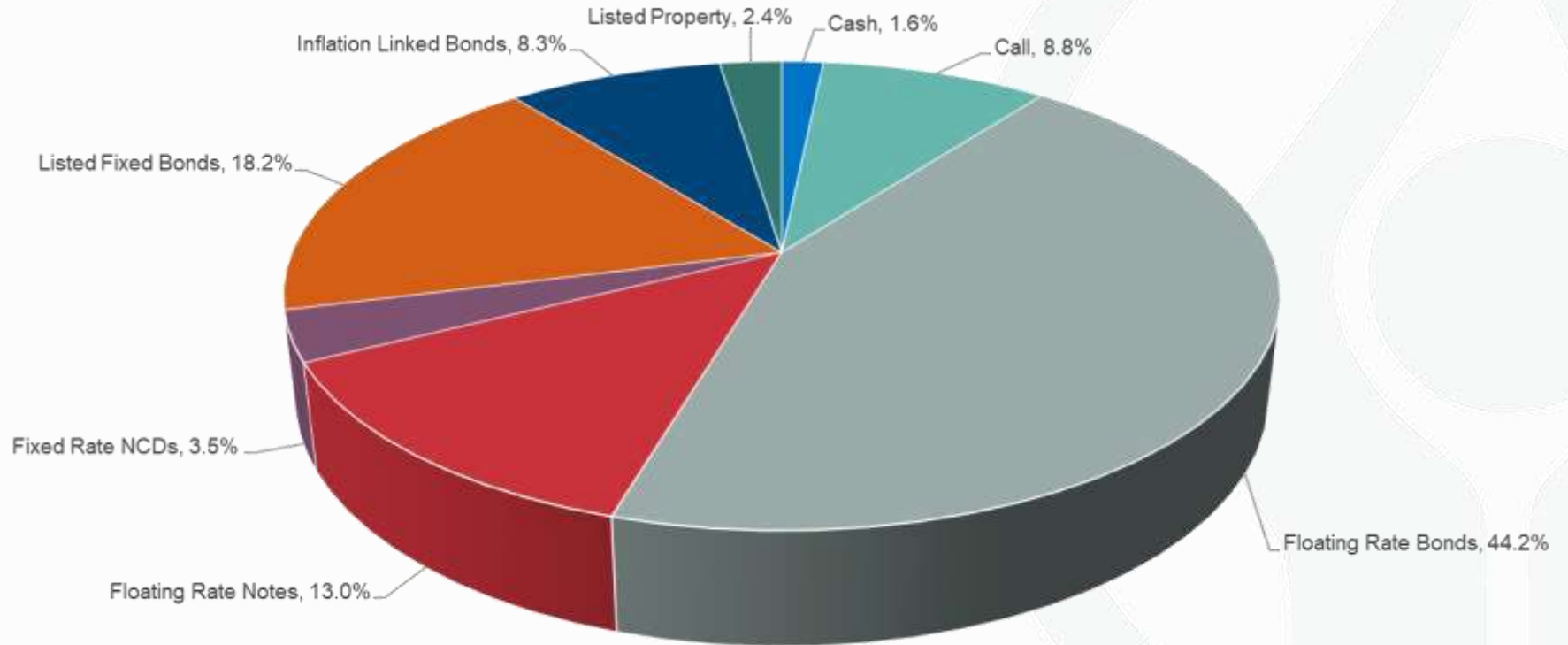
SIM Active Income Fund



Investable universe: Nominal bonds, inflation-linked bonds, preference shares, cash and listed property

***No foreign exposure**

Asset allocation



SIM Active Income Fund

- Diversified income fund
- Stable, high-income delivery
- Investment horizon of 1 to 2 years
- High risk-adjusted returns ↔ low volatility
- Consistent delivery

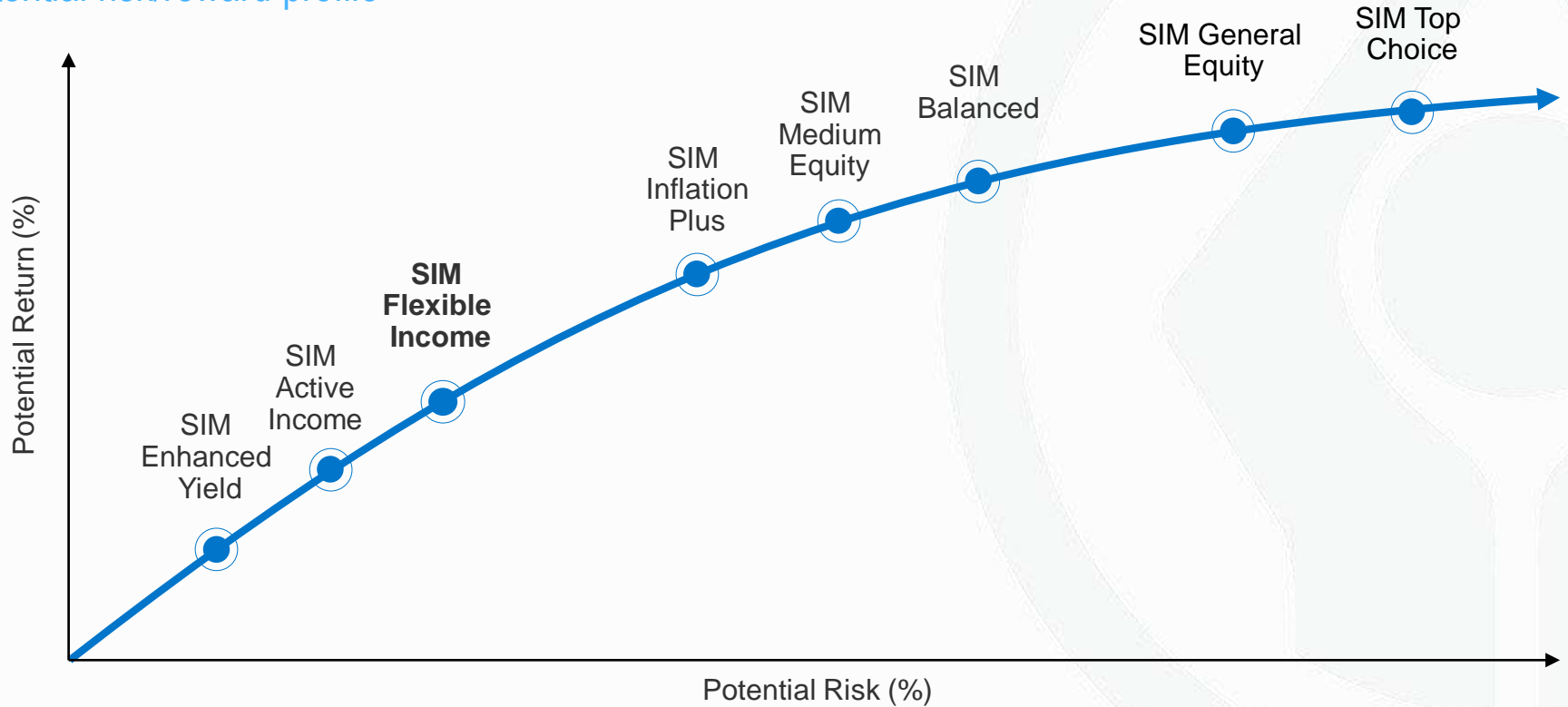
An underwater scene featuring a large, vibrant orange and yellow coral structure in the center. Several translucent jellyfish with glowing blue and green patterns are visible in the background. The water is dark, creating a deep-sea atmosphere.

SIM * Flexible Income Fund

*SIM stands for Sanlam Investment Management

SIM core range

Potential risk/reward profile



SIM Flexible Income Fund

Fund facts



Benchmark: STeFI + 1%
p.a.



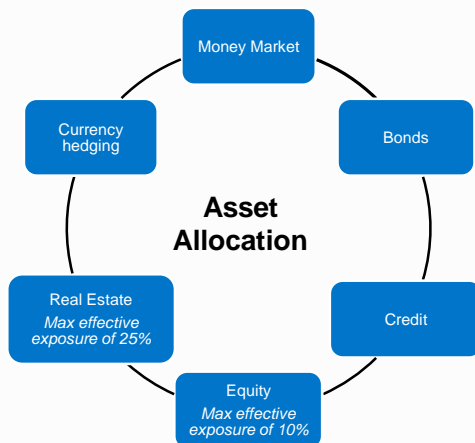
Target alpha:
150 – 200bps above
STeFI



Multiple sources of return
ASISA Category:
SA Multi-Asset Income



Local and Global exposure



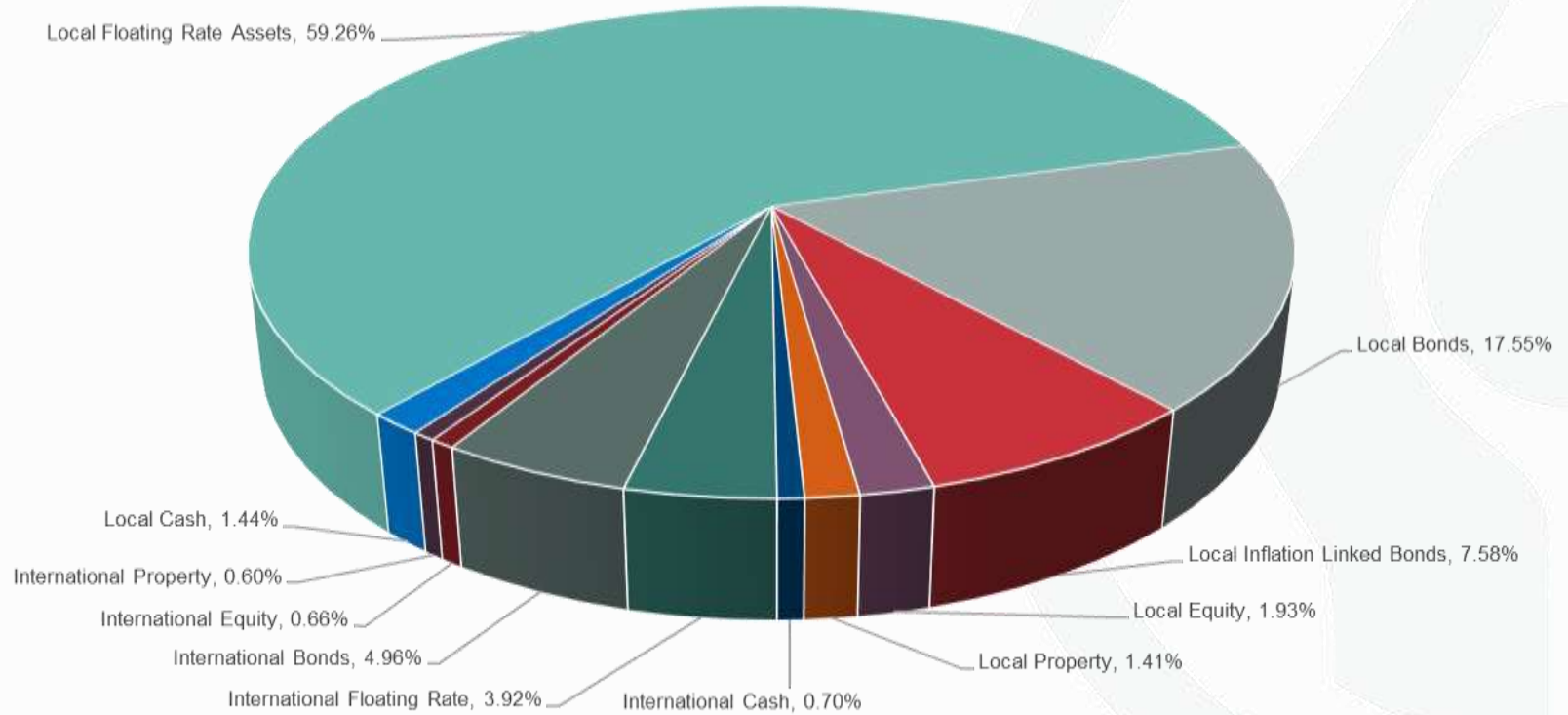
Portfolio manager: Melville du Plessis
MSc (Finance), CFA, CAIA, FRM
17 years industry experience

SIM Flexible Income Fund

Fund facts

- The SIM Flexible Income Fund is an unconstrained multi-asset income fund belonging to the SIM core range suite.
- The fund's objective is to maximise income with the additional benefits of capital growth through its exposure to equities and real estate.
- The fund has a wide universe capturing opportunities both in the South African and global markets.
- The fund benefits from diversification by investing across a broad basket of assets – equities, bonds, money market and real estate.
- The flexible mandate allows a maximum effective exposure of 10% to equities and 25% to property.
- The fund can access opportunities across the entire duration and credit spectrum.

Asset allocation



Who should invest?

Investors looking for:

A flexible fund with multiple sources of return through its diversified basket of assets

Local and global exposure

Maximise income and capital growth

Conservative risk tolerance

Disclaimer

Sanlam Investments consists of the following authorised Financial Services Providers: Sanlam Investment Management (Pty) Ltd (“SIM”), Sanlam Multi Manager International (Pty) Ltd (“SMMI”), Satrix Managers (RF) (Pty) Ltd, Graviton Wealth Management (Pty) Ltd (“GWM”), Graviton Financial Partners (Pty) Ltd (“GFP”), Satrix Investments (Pty) Ltd, Amplify Investment Partners (Pty) Ltd (“Amplify”), Sanlam Africa Real Estate Advisor Pty Ltd (“SAREA”) and Sanlam Asset Management Ireland (“SAMI”); and has the following approved Management Companies under the Collective Investment Schemes Control Act: Sanlam Collective Investments (RF) (Pty) Ltd (“SCI”) and Satrix Managers (RF) (Pty) Ltd (“Satrix”).

The information does not constitute financial advice, is intended for training purposes and may not be distributed to any investors. While every effort has been made to ensure the reasonableness and accuracy of the information contained in this document (“the information”), the FSP’s, its shareholders, subsidiaries, clients, agents, officers and employees do not make any representations or warranties regarding the accuracy or suitability of the information and shall not be held responsible and disclaims all liability for any loss, liability and damage whatsoever suffered as a result of or which may be attributable, directly or indirectly, to any use of or reliance upon the information.

Collective investment schemes are generally medium to long-term investments. Please note that past performance is not necessarily a guide to future performance, and that the value of investments /units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The funds may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-dividend date. Lump sum investment performances are quoted. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Past performance is not indicative of future performance. The funds derives its income from interest bearing instruments.