Sanlam FOUR Global Equity Fund

Performance Review

In the fourth quarter of 2017, the fund returned 2.6% in USD terms, underperforming the wider equity market which rose 4.6%.

Negative relative performance over the quarter was driven by underperformance within the Financial and Information Technology sectors. Whilst our US bank holdings performed well on the back of domestic tax reform and increasing interest rates, our overweight to Eurozone banking and insurance broking held back returns.

Fund Characteristics	
Size	£159.5m
Tracking error	3.1%
VAR (ex-ante)	4.98
Cash	3.02
Holdings	55

Annualised	Inception	QTR	YTD	1Yr	3Yrs	5Yrs	Since Inception
A Accumulation GBP	27/04/11	2.6	5.6	5.6	8.7	12.5	8.2
MSCI World		4.6	11.8	11.8	14.5	15.8	12.1

	12 months to Dec 17	12 months to Dec 16	12 months to Dec 15	12 months to Dec 14	12 months to Dec 13
A Accumulation GBP	5.6	27.7	-4.7	5.7	32.6
MSCI World	11.8	28.2	4.9	11.5	24.3

Source: Sanlam FOUR, Morningstar and Lipper as at 31/12/2017.

Past performance is not an indicator of future performance.

Market Recap

With global economies seeing synchronised growth, it is not surprising that the S&P500 concluded the year within touching distance of 2,700 following twelve consecutive positive monthly returns. This is the first time that such a positive streak has happened in 90 years.

The US reacted positively to the prospect and subsequent implementation of Trump's tax plan along with the Fed raising interest rates for the third time in 2017 as the economy gets closer to full employment.

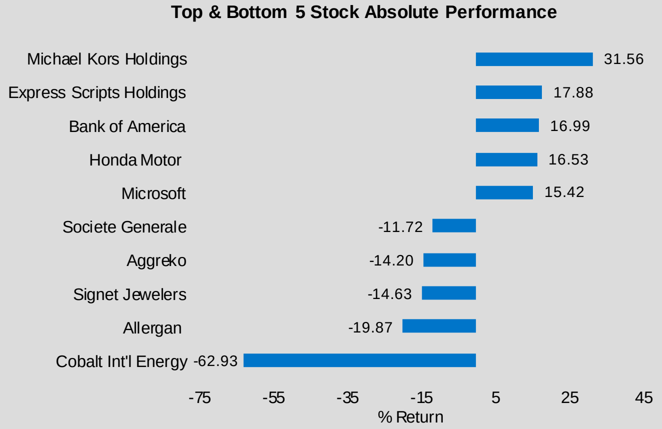
Politics in Europe detracted with Angela Merkel unable to put together a coalition in Germany, Catalan separatists winning an unofficial independence referendum, and Italian elections looming in early 2018 with no clear likely winner. Japan also held snap elections in the quarter with President Shinzo Abe taking advantage of opposition weakness to win a third successive term for his centre-right Liberal Democratic party.

Asia was the strongest region with broad based strength including Japan, India and South Korea. The US outperformed Europe with the periphery (notably Italy, Spain and Sweden) performing poorly. Latin America was negative with notable weakness in Mexico, and also Brazil.

Cyclical sectors were strong over the quarter as market participants triggered a sector rotation. IT led the pack driven by semiconductors and tech hardware. Materials, Energy and Consumer Discretionary also did well, the latter being led by Retailing, with Media lagging.

Traditionally defensive sectors were weak with Utilities being negative. Healthcare was nominally positive over the quarter, held back by Pharmaceuticals and Biotech. Telecommunications rounded out the underperformers. Consumer Staples performed anomalously well compared with other defensive sectors and in line with the wider equity market.

Performance Attribution



Negative performance over the quarter was driven by underperformance within the Financial and Information Technology sectors. Whilst our US bank holdings performed well on the back of domestic tax reform and increasing interest rates, our overweight to Eurozone banking and insurance broking held back returns.

French banks Société Générale and BNP had soft Q3 results as capital market revenues disappointed relative to a year earlier whilst Intesa Sao Paolo eased on concerns over potential political instability in Italy. Insurance broking saw revenues miss for the sub-sector with Aon retrenching with its first quarterly miss in 22 quarters.

Whilst Healthcare was a net positive contributor over the quarter, Gilead reversed some of last quarter's gains as analysts downgraded future HCV revenues forecasts following the launch of an effective rival treatment from a competitor. Allergan was also weak as dry eye treatment Restasis lost its patent earlier than expected.

The top positive contributors were US stocks benefitting from tax reform. Express Scripts had previously traded down on fears of Amazon's potential entry into the sector but consolidation amongst peers, comments they would welcome co-operation with Amazon, plus positive guidance given for 2018 saw the stock rebound. AmerisourceBergen similarly benefitted from tax reform and the waning of peak Amazon fears, but also good results on the quarter and the setting of solid guidance for 2018. Michael Kors continued it's strong rebound from the summer with a big beat on quarterly earnings as its strategy to reduce discounting and promotions continues.

During the quarter we exited positions in Celgene, Loblaw and Via Varejo and started new positions in Publicis, Danone and Malaysia Airports. We also took profits in Airbus, Hitachi, Michael Kors and Honda and topped up BNP, Société Générale and Allergan.

Market Outlook

Markets have enjoyed their longest winning streak since the 2003-2004 rally on expectations of stronger economic growth, the promise of business-friendly fiscal and political reforms, and a gradual reduction in monetary stimulus. These factors, combined with a recovering European economy and a strong US consumer, have pushed stock valuation to decade high valuation multiples. While there are no signs of overheating, we are attentive to the fact that growth rates are a third of what they were in 2004; that some assets like cryptocurrencies are displaying classic euphoric behaviour; that "quality" stocks' outperformance is becoming increasingly concentrated; that China is sitting on an uncomfortably high credit level; that the US stock and real estate market is at a 2-sigma level against its mean and that, despite being on a tightening journey, the Fed's philosophy remains as accommodating as it was in the previous two cycles.

While we do not dispute that operating conditions for many companies are improving, we do not believe we, or anyone else for that matter, have a consistent competitive advantage in making macro predictions. Therefore, we continue investing fundamentally with a margin of safety and stick to our principles of valuation and quality. In spite of elevated market levels, we continue to find good opportunities with the best values found amongst Healthcare, Information Technology and Media companies. As always, we expect that the true resilience and long term earnings power of our companies will eventually be recognised, resulting in higher ratings and share prices.

For healthcare companies, we see the more strident rhetoric of the election campaigns starting to shift as the complexity of policy in this area becomes more apparent, giving some respite to the sector. We remain invested in resilient businesses that can grow their earnings in a variety of political or economic conditions. In IT we expect our holdings to remain immune from political machinations and enter periods of accelerated growth as they transition from investment/restructuring phases to execution. Financials should benefit from a multi-year improvement in returns, on the back of higher interest rates and lower regulation. The improvement in European economies in particular is giving our European bank investments a reasonable chance to close the valuation gap with their US peers.

The best predictor of future returns is valuation, and while the portfolio is invested in superior ROIC companies, it remains undervalued both in absolute terms, as assessed by our intrinsic value estimates, and in relation to market averages.

CONTACT US

WHOLESALE

Liz Adnitt
Sales Director

+44 (0) 20 3116 4071
Liz.Adnitt@SanlamFOUR.com

Alexandra Dacres-Hogg
Sales Manager

+44 (0) 20 3116 4041
Alexandra.Dacreshogg@SanlamFOUR.com

INSTITUTIONAL

Carole Costello
Head of Consultant Relations

+44 (0) 20 3116 4040
Carole.Costello@SanlamFOUR.com

Sanlam FOUR Investments UK Limited
1 Ely Place
London
EC1N 6RY

+44 (0) 20 3116 4000

www.SanlamFOUR.com

Important Information

Issued and approved by Sanlam FOUR Investments UK Limited ("Sanlam FOUR"), a limited liability company incorporated in England & Wales with registered number 5809399 and having its registered office at 1 Ely Place, London EC1N 6RY. Sanlam FOUR is authorised and regulated in the United Kingdom by the Financial Conduct Authority (FRN 459237) to undertake regulated investment business.

This document is intended as a summary only and is being provided for background purposes. It is provided to give an indication of the investment and does not constitute or form part of, and should not be construed as, an offer/invitation to buy or sell units/shares of Funds or Model Portfolios mentioned within nor a solicitation to purchase securities in any company or investment product. It does not form part of any contract for the sale or purchase of any investment.

The value of this portfolio is subject to fluctuation and past performance is not necessarily a guide to future performance. The performance is calculated for the portfolio and the actual individual investor performance will differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. All terms exclude costs. Do remember that the value of participatory interests or the investment and the income generated from them may go down as well as up and is not guaranteed, therefore, you may not get back the amount originally invested and potentially risk total loss of capital. Therefore, the Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Collective Investment Schemes are traded at ruling prices and can engage in borrowing and scrip lending. Investments in collective investment schemes should always be considered as medium to long term. A schedule of fees and charges and maximum commissions is available on request free of charge from the Manager, the Investment Manager or at www.sanlam.ie.

The fund price is calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income and expense accruals. Trail commission and incentives may be paid and are for the account of the manager. Performance figures quoted are shown net of fees. Performance figures for periods longer than 12 months are annualized. The fund performance is from 12 noon to 12 noon, whilst index performance is close of business to close of business.

Please note that all Sanlam FOUR Funds carry some degree of risks which may have an adverse effect on the future value of your investment. Therefore, any decision to invest should be always made solely on the basis of the information and in accordance with the terms contained in the Company's Prospectus (and relevant Supplement), current Financial Statements of the relevant fund, Subscription Application Form and Key Investor Information Documents (KIIDs) that explain different types of specific risks associated with the investment portfolio of each of our products. Potential risks are disclosed in the fund's Supplement, details of annualised figures are included in the Prospectus. All these documents contain important information which should be read before investing in any fund. Any offering is made only pursuant to mentioned above offering documents all of which must be read in their entirety. No offer to purchase securities will be made or accepted prior to receipt by the offeree of these documents, and the completion of all appropriate documentation. They can be obtained, free of charge, from the Manager, the Investment Manager or at www.sanlam.ie. Additionally, you should take independent professional advice as not all investments are suitable for all investors.

"It is managed by Sanlam Asset Management (Ireland) Limited ('SAMI'), Beech House, Beech Hill Road, Dublin 4, Ireland, Tel + 353 1 205 3510, Fax + 353 1 205 3521 which is authorised by the Central Bank of Ireland, as a UCITS IV Management Company and an Alternative Investment Fund Manager, and is licensed as a Financial Service Provider in terms of Section 8 of the South African FAIS Act of 2002. This is a Section 65 approved fund under the Collective Investment Schemes Control Act 45, 2002 (CISCA). Sanlam Collective Investments (RF) (Pty) Ltd is the South African Representative Office for this fund. SAMI has appointed Sanlam FOUR Investments UK Ltd as Investment Manager to this Fund. The Fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates." Ref JR0118(04)0618 UKSA Inst