Sanlam FOUR Stable Global Equity Fund

Performance Review

In Q1 the fund delivered a return of -3.4%, underperforming both the broader equity index and the CPI. The majority of the underperformance can be attributed to our positions within Consumer Staples and Consumer Discretionary where a number of holdings disappointed, but where we remain convinced over their longer term prospects.

Key Facts	
Fund AuM	$167.1m
Strategy AuM	$183.8m
Number of Holdings	28
Active Share	94.1%
Yield	2.8%
Tracking error	3.8
VaR	5.3
% in cash	2.2%

	Inception	QTR	YTD	1yr	3yrs	5yrs	Since Inception
B Accumulation USD	10/09/12	-3.4	-3.4	1.8	4.0	9.0	10.4
MSCI ACWI - USD		-1.0	-1.0	14.8	8.1	9.2	10.1
CPI +6%		2.3	2.3	8.3	8.0	7.4	7.6
A Accumulation USD	18/10/13	-3.6	-3.6	1.0	3.2	n/a	6.0
MSCI ACWI - USD		-1.0	-1.0	14.8	8.1	n/a	7.9
A Accumulation GBP	02/01/15	-7.1	-7.1	-10.2	5.1	n/a	7.0
MSCI ACWI - GBP		-4.5	-4.5	2.4	10.2	n/a	11.8

Performance beyond one year is annualised

12 Months to	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14
B Accumulation USD	1.8	9.3	1.1	10.3	24.1
A Accumulation USD	1.0	8.5	0.4	9.5	-
MSCI ACWI - USD	14.8	15.0	-4.3	5.4	16.6
CPI +6%	8.3	8.8	7.0	5.9	7.1
A Accumulation GBP	-10.2	25.5	3.1	-	-
MSCI ACWI - GBP	2.4	32.2	-1.2	-	-

Source: Sanlam FOUR, Morningstar and Lipper as at 31/03/2018.

Past performance is not an indicator of future performance.

Market Recap

Stocks retreated just over 1% in USD over the quarter. Equities continued into 2018 as they had during 2017, rising consistently on the back of strong global economic growth and the impact of US tax cuts. Confidence subsequently evaporated with rising bond yields on the back of unexpectedly high wage growth in the January jobs report. New Fed Governor Jerome Powell expressed confidence in the economy and suggested the FOMC would continue a gradual tightening path duly raising rates by 25bps.

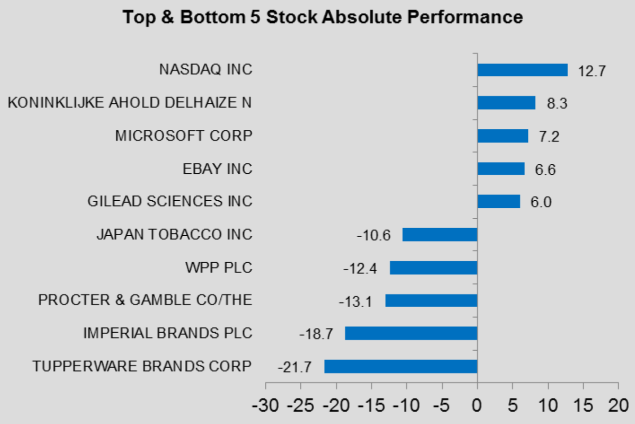
As confidence returned that inflation remained under control, the US president announced new trade tariffs on steel and aluminium following on from tariffs on washing machines and solar panels in January. Though key NAFTA and EU allies were excluded, fears of escalation and retaliatory reciprocal measures from China led stocks down again.

GDP data for Q4 in Germany and France was strong, but current PMIs have dipped. The ECB maintained negative rates and confirmed asset purchases at current levels. The overall tone remained dovish, as it did in Japan with the reconfirmation of Mr Kuroda for another term. Prime Minister Shinzo Abe was however damaged following a scandal.

China's congress removed the term limit for President XI Jinping, effectively making him President for life. Premier Li Keqiang announced a 2018 growth target of "close to 6.5%". The Congress also continued structural reforms aimed to reduce systemic risk by merging the banking and insurance regulatory bodies whilst moving legislative powers to the PBoC.

IT was the top sector led by Semiconductors, with Consumer Discretionary rising led by Amazon and Netflix. Telecoms, Energy and Consumer Staples were weak. Telecommunications is seeing lacklustre revenue growth, Energy declined despite the rise in oil as Exxon and Chevron disappointed with weak refining. Consumer Staples were weak with food producers, supermarkets and tobacco leading the fallers.

Performance Attribution



Nasdaq, Ahold Delhaize, Gilead Sciences and eBay were our most notable contributors, whereas Imperial Brands, Tupperware, WPP and Japan Tobacco were our most notable detractors.

In particular our advertising agency WPP produced a reasonable set of full year results but disappointed with flat organic top line guidance for 2018, giving the market reasons to believe in the long term decline of the holding advertising model. We however remain convinced in the adaptability of this model and in the long term relevance of the company. What's more is that at 9x EPS and a 5% dividend yield we only have to be partially right and we get rewarded for waiting. Tupperware declined following lowered revenue guidance in January, which puts in question their long term growth algorithm.

Additionally, our core healthcare positions AmerisourceBergen and Express Scripts were also penalised as the former fell on concern that drug distributors could become involved in litigation over the US opioid epidemic, whilst the latter fell as a member of US Congress asked for an antitrust review, despite an agreed takeover approach from health insurer Cigna earlier in the month. We still believe that in absence of a universal buyer, these intermediaries offer the most effective supply chain system of pharmaceuticals in the US and they will remain part of the solution of lowering overall costs, nor part of the problem. The fact that both companies have been approached for mergers or takeovers in the past 3 months, reinforces our belief that they are undervalued.

Market Outlook

Markets 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, pushed stocks to decade high valuation multiples. A more normal level of volatility has now returned, reminding those who had forgotten that 'stocks can go down as well as up'. Emerging concerns about wage inflation in the US and the prospect of an escalating trade war between the US and China have seen stocks retreat. Market-wide valuation multiples remain above long-term averages but are largely explained by still low bond yields. Pockets of the market are however pricing in stretched assumptions about growth and/or profitability and it is here we are wary.

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 value 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.

Healthcare companies are continuing to see vertical consolidation as a solution to ever increasing healthcare costs. We expect some of the more strident pre-election rhetoric will get dialled down as the complexity of implementing policy in this area becomes more apparent. In IT we expect our holdings to remain largely immune from political machinations and enter a period of accelerated growth as they transition from investment/restructuring. Within Media the advertising agencies have seen multiples squeezed as they adapt their model for the internet/social media age. We believe our holdings are adequately flexible and have the necessary competencies to remain relevant.

Overall 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.

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Important Information

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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 from Sanlam FOUR and are shown net of fees. Performance figures for periods longer than 12 months are annualized. NAV to NAV figures are used. Calculations are based on a lump sum investment.

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. Any offering is made only pursuant to the relevant offering document, together with the current financial statements of the relevant fund, and the relevant subscription/application forms, all of which must be read in their entirety together with the Sanlam Universal Funds plc prospectus, the Fund supplement, the MDD and the KIID. All these documents explain different types of specific risks associated with the investment portfolio of each of our products and are available free of charge from the Manager or at www.sanlam.ie. 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. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision as not all investments are suitable for all investors.

The Fund is a sub-fund of the Sanlam Universal Funds plc, a company incorporated with limited liability as an open-ended umbrella investment company with variable capital and segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank. The Fund is managed by Sanlam Asset Management (Ireland) Limited, 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 Management Company and 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. Sanlam Asset Management is a registered business name of Sanlam Asset Management (Ireland) Limited. Sanlam Asset Management has appointed Sanlam FOUR Investments UK Ltd as Investment Manager to this fund.

"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. 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. The Fund holds a concentrated portfolio which could mean that it will be volatile when compared to its benchmark."
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