

Sanlam FOUR Multi-Strategy Fund

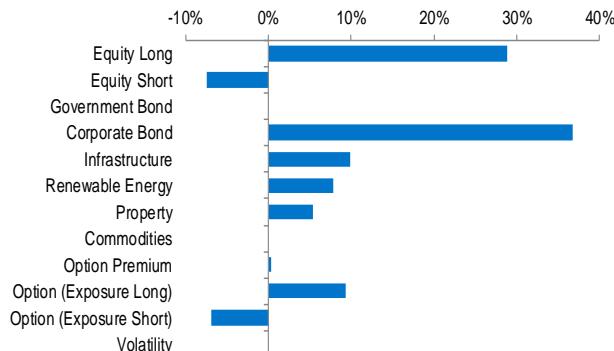
Performance Review

Markets were broadly positive across developed and emerging markets during the fourth quarter. Asia was the stand out performer with Japan and Hong Kong returning 12% and 8.8% respectively. Europe brought up the rear with a negative return of 2.2% during the quarter.

Against this backdrop the Fund returned 2.84% in the fourth quarter. Returns were mainly driven by synthetic equity, infrastructure, global momentum and investment grade debt.

Over a strong quarter most strategies contributed positively. Synthetic equity was the strongest performer followed by infrastructure, momentum and investment grade debt. As expected in a rising equity environment, our hedges and yield enhancement contributed negatively to performance.

Fund Allocation



Performance Data

	QTR	YTD	1 Yr	Ann. 3Yrs	Ann. Since Inception
B Acc GBP	2.8	8.1	8.1	5.4	4.0
A Acc GBP	2.6	7.3	7.3	4.6	5.3
	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
B Accumulation GBP	8.1	6.1	2.1	-1.2	-
A Accumulation GBP	7.3	5.3	1.4	-2.0	-

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

Past performance is not an indicator of future performance.

Market Recap

Entering October with hurricane Ophelia, there was a temptation to dwell on the events of Black Monday some 30 years ago. However, despite the geopolitical and meteorological headwinds equity markets proved difficult to blow off course. Markets were broadly positive through the month with Japan up over 8% off the back of the election. Spanish politics caused some concern in Europe but was offset by the ECB tapering announcements which allowed markets to rally into month end. US and UK bond markets had wide trading ranges but finished the month largely unchanged.

In November the long-awaited increase in UK interest rates occurred and initial reactions saw a fall in Sterling and government bond yields signalling the expectation of "one and done". However, over the course of the month following a relatively benign autumn budget and with Brexit talks appearing to progress, sterling and government yields both increased.

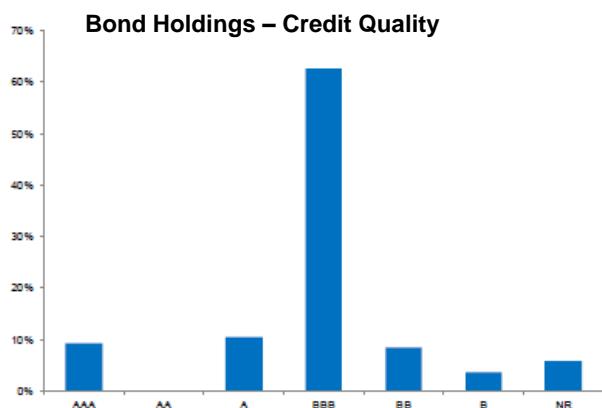
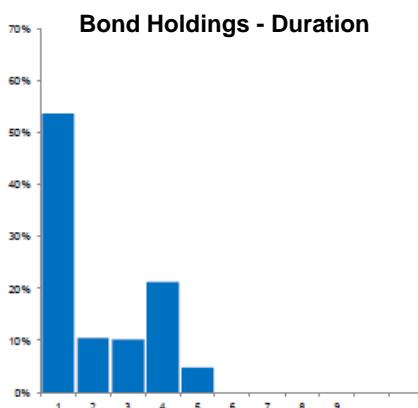
Equity markets diverged with US and Asian indices rising whilst UK and European indices fell.

Tax cuts in the US and a softer tone to Brexit amongst other things helped most markets end the year with a healthy rally. The FTSE 100 index led the gainers with an increase of over 5% whilst the US, Asia and Emerging markets all gained. Europe was a soft spot with the EuroStoxx 50 index down a little over 1.7%. Overall, it was a solid end to the year.

Performance Attribution

Strategy	QTR	YTD
Global Equity Momentum	0.46%	1.21%
Hedge	-0.11%	-0.65%
Synthetic	0.88%	3.64%
Infrastructure	0.49%	1.04%
Renewable Energy	0.18%	0.63%
Property	0.21%	0.51%
Investment Grade Debt	0.44%	0.72%
Commodities	0.00%	0.00%
High Yield	0.27%	1.25%
Midcap Alpha	-0.01%	0.08%
Emerging Markets Relative	0.00%	0.00%
Opportunistic	0.00%	0.02%
Money Market	0.01%	0.50%
Yield Enhancement	-0.16%	-0.47%
Cash (incl Exp)	0.09%	-0.03%
Total	2.76%	8.67%
B GBP NAV Return	2.84%	8.13%
Differential	0.07%	-0.49%

Top 10 Holdings	
Barclays Bank 6.75% 16/01/2023	4.4%
National Australia Bank FRN 12/06/23	3.9%
Glencore Finance Europe 6.50% 27/02/2019	3.9%
J Sainsbury PLC F/R 30/07/2049	3.9%
Vodafone 8.125% 26/11/2018	3.7%
ING Bank F/R 29/05/2023	3.7%
3i Infrastructure Plc	3.7%
HICL Infrastructure Company Limited	3.6%
3I Group Plc 6.8750% 09/03/2023	3.6%
Greencoat UK Wind Plc	3.5%



Outlook

The new year begins, but the backdrop remains the same. The policies of President Trump and the path of Brexit are likely to continue to set the tone for the foreseeable future. We await the effects of government QE programs being tapered off and what effect it will have on yields and the mood of the market.

The fund continues to favour structured options for equity exposure as volatility is currently at relatively low levels. These positions sit alongside stable cash generative assets such as infrastructure, renewable energy and property securities. This creates a barbell effect that allows the fund to participate in positive moves, but able to defend if negative moves occur. Around a quarter of the portfolio is currently invested in real assets which have a strong link to inflation and yields of more than 4%. Our risk to interest rates is relatively low due to a weighted duration of about 1.7 years.

Real Assets – Investing for the future

When reviewing key drivers that impact long-term economic trends, the world population is a clear priority. Life expectancy in developed economies has increased significantly over the last few generations and the world now has more people than ever. Ageing demographics will continue to shape society and older people will continue to represent a larger proportion of the population.

The ONS Overview of the UK population in March 2017 states that "in 2016, there were an estimated 308 people of a pensionable age for every 1,000 people of working age. By 2037, this is projected to increase to 365 people."

A growing and ageing population has many global implications , most notably on demand for energy, education, healthcare and transport, among other things. These are challenges that will need to be addressed by governments and industries.

From an investment perspective, this presents interesting opportunities as these real assets exhibit distinct, attractive characteristics that separate themselves from other asset classes. Investors today are confronted with inflationary pressures, low interest rates, and elevated market and geopolitical uncertainties. Real assets offer a compelling investment that can help address some of these issues. Broadly speaking the underlying assets generate stable and predictable cash flows with inflation-linkage over long-term horizons. The nature of the cash flows differ from asset to asset, but the defensive characteristics remain the same.

Many real asset funds trade at premiums to NAVs, in part reflecting the positive sentiment for them. But NAV based valuation methodologies are generally derived from high WADRs (Weighted average discount rates) – arguably too high given the inherent risk of the underlying assets. It is for this reason that, despite trading at premiums, many real asset investment funds remain attractive investments.

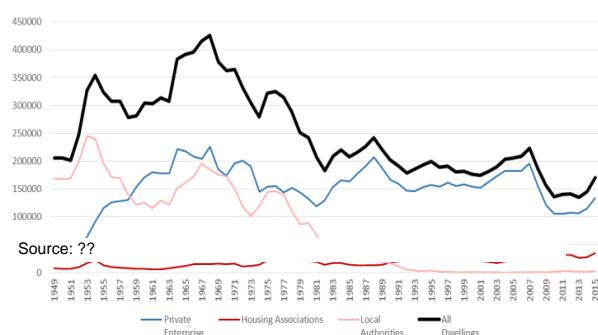
Real assets currently make up 24% of our Fund and below are two examples of how this theme translates into investment ideas.

Housing Crisis

The Fund has holdings in UK companies that provide purpose-built rental properties in recognition of the housing shortage across the UK.

This increasing problem stems from a growing population and slowing housing construction, leading to a significant imbalance of limited supply and increasing demand. This, coupled with growing unaffordability, has led to a rise in renting which is set to persist.

PERMANENT DWELLINGS COMPLETED UK



Source: permanent dwellings completed, by tenure, United Kingdom, historical calendar year series – GOV.UK

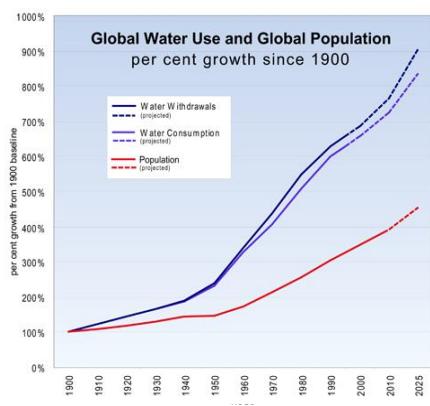
The private rented sector are now tackling this challenge by creating new purpose built rental homes.



Water Demand

Water is arguably the most important resource and as the global population grows, the availability of water to meet demand becomes more challenging. Across many parts of the world, water scarcity is commonplace, and existing freshwater shortages are expected to become further strained through climate change as well as increased demands from agriculture, industry and domestic use.

GLOBAL WATER USE & POPULATION GROWTH



The issue presents opportunities for water treatment and recycling initiatives. One way the Fund gains exposure to this is through companies focusing on water recycling or desalination facilities.

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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 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 (KIDs) 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.

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