

## **Engagement Policy Statement**

The Shareholders Rights Directive will be implemented in the UK. This directive aims to promote effective stewardship and long-term investment decision making by enhancing the transparency of shareholder engagement policies and investment strategies across the institutional investment community.

Sanlam Investments & Pensions (SIP) are required to develop and publicly disclose a policy on shareholder engagement or explain why we have chosen not to do so.

We are currently reviewing the directive requirements together with our Asset Managers, following which we will define our approach to the various elements required in the engagement policy and ascertain how best to present the information in a clear and useful manner.

The SIP Insured Mirror Funds will not be subject to our engagement policy because these funds invest entirely into one or more underlying funds and as such 'mirror' the performance of the underlying fund that they invest in. Due to the nature of these investments, SIP does not have any active involvement in the management of the funds.

For more information on our Asset Managers and the SIP Insured Mirror funds see our 'Public disclosure of investment strategy and arrangements'.

## **Public disclosure of investment strategy and arrangements**

Under the new directive life insurers are required to publicly disclose how the main elements of their equity investment strategy are consistent with the profile and duration of their long-term liabilities and how they contribute to the medium to long-term performance of their assets.

### **▪ Entities involved within the Life Insurers Investment Arrangements**

#### **(1) The Life Insurance Company:**

Sanlam Life & Pensions UK Limited (trading as Sanlam Investments and Pensions) a company incorporated under the laws of England and Wales having its registered office at St Bartholomew's House, Lewin's Mead, Bristol BS1 2NH, England.

#### **(2) The Asset Managers:**

Sanlam Asset Management (Ireland) Limited a company incorporated under the laws of Ireland having its registered office at Beech House, Beech Hill Road, Dublin 4, Ireland.

Fidelity Investments International (Fidelity), a company having its registered office at Oakhill House, 130 Tonbridge Road, Hildenborough, Kent, TN11 9DZ, United Kingdom

#### **(3) Discretionary Fund Manager:**

Sanlam Investments UK Limited, a company incorporated under the laws of England and Wales having its registered office at Monument Place, 24 Monument Street, London, EC3R 8AJ, England.

Sanlam Life & Pensions UK Limited (trading as Sanlam Investments and Pensions (SIP)) operates 14 investment funds and 5 risk weighted model portfolios. The management of these funds and the model portfolio service was appointed to Sanlam Asset Management (Ireland) under an Investment Management Agreement (IMA) entered into on the 20<sup>th</sup> August 2004 and remains in effect.

It has a further 7 funds which are managed under arrangements with Fidelity Investments International as well as circa 250 Insured Mirror Funds which operate on a non-advised basis and mirror the relevant underlying external fund.

Under the provisions available in the IMA, Sanlam Asset Management (Ireland) Limited (SAMI) have further derogated the fund management responsibility for all of the investment funds and management of the model portfolios to Sanlam Investments UK Limited (SI).

- **Funds Owned by Sanlam Life & Pensions UK Limited (SIP)**

**SIP Funds**

SIP Managed Fund  
SIP International Equity Fund  
SIP Far East Including Japan Equity Fund  
SIP UK Equity Fund  
SIP North American Equity Fund  
SIP European Equity Fund  
SIP Japan Equity Fund  
SIP Far East Excluding Japan Equity Fund  
SIP Gilt-Edged Fund  
SIP Managed Investment Trust Fund  
SIP Developing Markets Fund  
SIP Property Fund  
SIP Interest Fund  
SIP Non Linked Assets Fund

**SIP Model Portfolios**

SIP Orange Portfolio Fund  
SIP Active Conservative Portfolio Fund  
SIP Active Cautious Portfolio Fund  
SIP Active Balanced Portfolio Fund  
SIP Active Growth Portfolio Fund

**SIP Funds – Managed by Fidelity Investments International**

SIP Fidelity American Managed  
SIP Fidelity European Managed  
SIP Fidelity International Managed  
SIP Fidelity International Special Situations Managed  
SIP Fidelity Japan Managed  
SIP Fidelity Pacific Managed  
SIP Fidelity UK Managed

**SIP Insured Mirror Funds**

SIP offers Insured Mirror Funds within the “Pinnacle” range that are funds that mirror the performance of an underlying fund and are available to clients with Insured products. The funds invest entirely into one or more underlying funds and as such ‘mirror’ the performance of the underlying fund that they invest in. The unit price of the mirror fund will be different from the underlying fund. Due to the

nature of these investments, SIP does not have any active involvement in the management of the funds and the selection of these funds is on a non-advised basis.

- **Sanlam Life & Pensions UK Limited (SIP) Fund Operation & Liability Matching**

SAMI receives fees from clients invested into one of the aforementioned funds in the form of an Annual Management Charge (AMC) which varies from fund to fund. The management and performance of these funds is overseen by SIP who check adherence to parameters set out in the IMA and executed by SI following derogation of fund management responsibilities from SAMI.

Due to the nature of the products offered by SIP, there is no requirement for the management of the funds by SI to align to the profile and duration of any long term liabilities. This is due to the fact that the Life Insurer (SIP) does not hold long term liabilities that require matching via these Investment Funds.

There are therefore no incentivised arrangements for SI to operate the SIP funds in a manner to match any future liabilities. The funds are operated on a long term horizon basis which typically involves investments of 3 years or longer.

- **Investment Management by Fidelity Investments International**

Fidelity Investment International receives fees from clients invested into one of the aforementioned funds in the form of an AMC which varies from fund to fund. The management and performance of these funds is overseen by SIP who check adherence to parameters set out in the IMA. The funds invest directly into underlying Fidelity Funds and as such management of those funds falls to the responsibility of Fidelity Investments International.

- **Investee Company Engagement**

SI operate the majority of the Investment Funds on a “fund of funds” basis where the funds hold multiple “Collective Investment in Underlying Securities” (CIS) matching the investment strategy and parameters set out within the Investment Management Agreement. SI carry out regular due diligence and performance monitoring of the underlying CIS and their associated managers. Due to the low level of direct investment, SI do not engage in direct company engagement however with the active monitoring of the performance of the underlying CIS and associated management, performance of the direct investee companies is implicitly encouraged by the investment into the holding CIS.

- **Sanlam Life & Pension UK Limited (SIP) Fund Oversight**

SIP oversee the Funds’ performance and adherence to the IMA by SAMI (and via derogation, SI) on a regular basis through regular reporting on performance metrics vs benchmarks stated within the IMA. This is co-ordinated within the Investment Performance Oversight Committee that stakeholders from SIP and SI report into. It is via this oversight that fund performance is maintained in line with SIP expectations and ensuring that longer term objectives of the Life insurer (SIP) are met by the Investment Managing Company (SAMI/SI).

Sanlam and Sanlam Investments and Pensions are trading names of Sanlam Life & Pensions UK Limited (SLP (Reg. in England 980142)) and Sanlam Financial Services UK Limited (SFS (Reg. in England 2354894)). SLP is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. SFS is authorised and regulated by the Financial Conduct Authority. Registered Office: St. Bartholomew’s House, Lewin’s Mead, Bristol BS1 2NH.