MAR 2022

How active asset allocation improves consistency of returns

Amplify SCI* Defensive Balanced Fund and Amplify SCI* Absolute Fund

Lourens Pretorius | Co-Portfolio Manager

INTELLIGENT IMPACT THAT MATTERS

MATRIX FUND MANAGERS

www.amplify.co.za

MATRIX FUND MANAGERS
Business overview

- Compelling performance across whole range of funds
- Founded in 2006
- AUM of R20.5billion
- Team of 12 investment professionals
- Combined investment experience greater than 300 years
- Majority owned by staff

Signatory of: CRISA PRI Principles for Responsible Investment

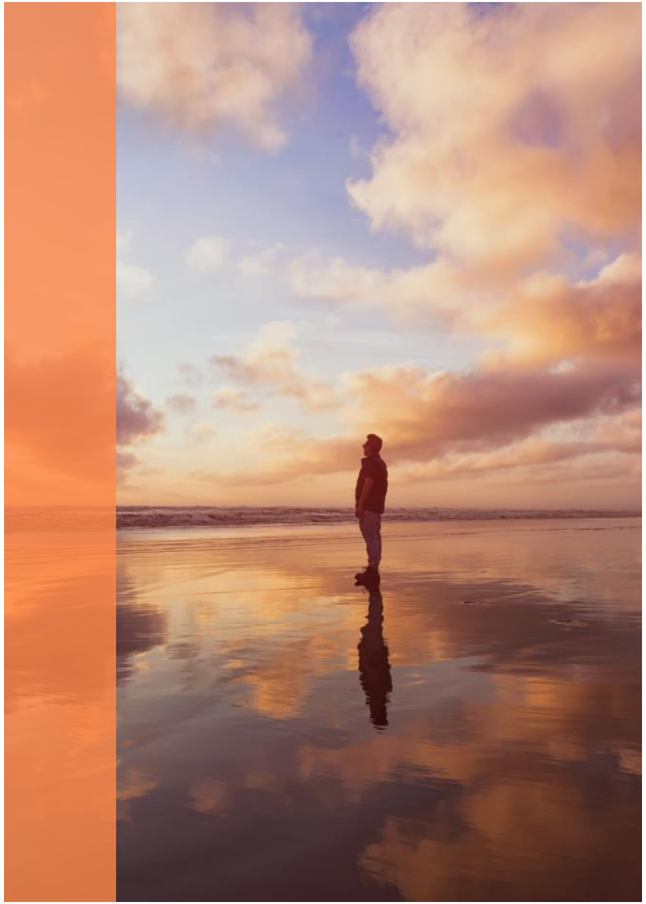
MATRIX FUND MANAGERS

Lourens Pretorius

Leon Michaelides

Carmen Nel

Source: Matrix Fund Managers as at end February 2022



AMPLIFY SCI*
DEFENSIVE BALANCED FUND

Managed by MATRIX FUND MANAGERS

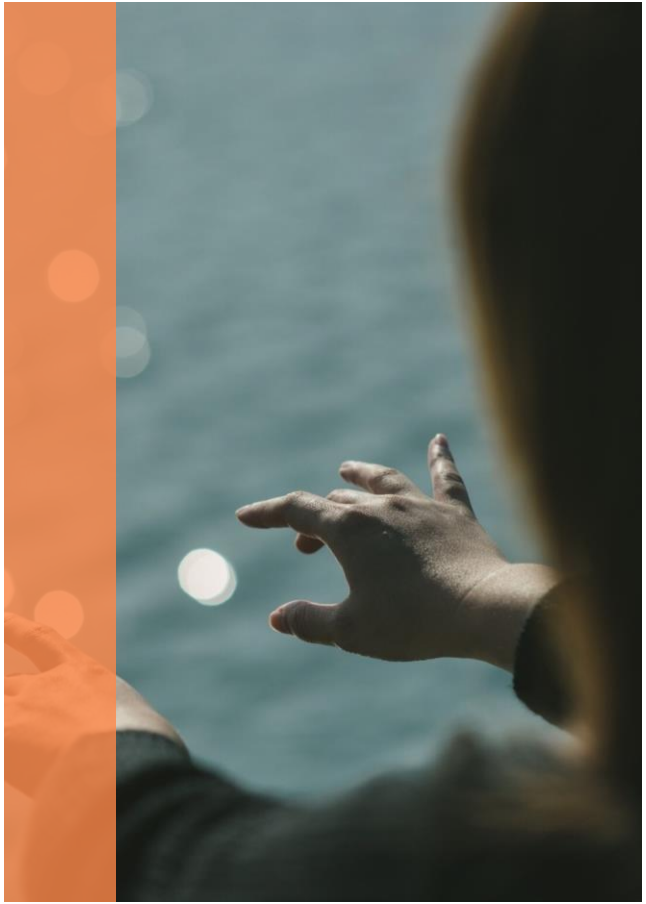
Aims for consistent, low-risk returns making it ideal for investors seeking stable

A cautious multi-asset low equity solution seeking to:

Deliver consistent and stable returns
With a low level of volatility

Preserve capital in real terms
Over the medium term to long term

AMPLIFY



AMPLIFY SCI*
ABSOLUTE FUND

Managed by
MATRIX
FUND MANAGERS

Strives to outperform inflation by 4% p.a. over the long term

A multi-asset medium equity solution striving to:

Deliver positive real returns
Outperforming CPI+4% over rolling 5 years

Minimise risk of capital loss
Over the medium term

AMPLIFY

MATRIX FUND MANAGERS

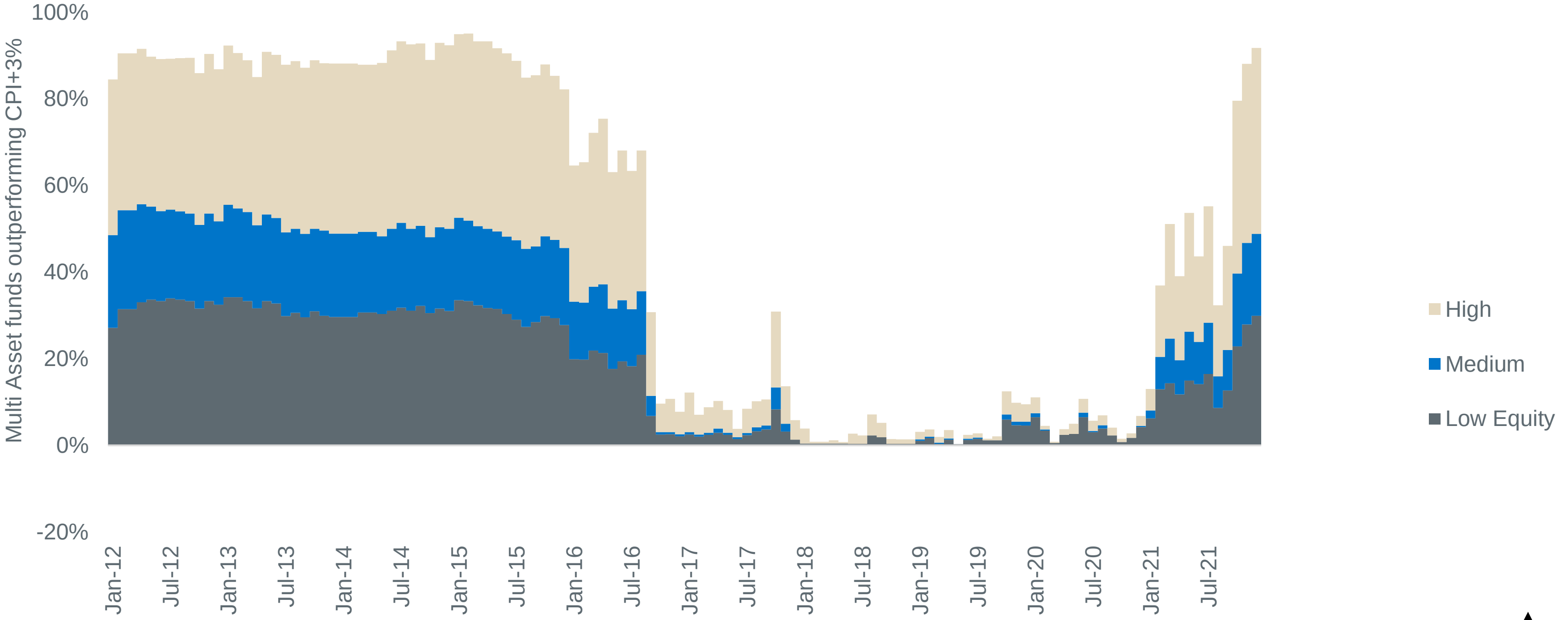
Mandate targets and limits

Unit Trust	ASISA Category
Amplify SCI* Defensive Balanced Fund	Multi Asset – Low Equity
Amplify SCI* Absolute Fund	Multi Asset – Med Equity

ASISA SA Multi Asset Category	Return Target (after fees)	Equity Limit (incl Foreign)	Foreign Limit
Low Equity	CPI + 3% pa | Rolling 3 years	40%	45%
Medium Equity	CPI + 4% pa | Rolling 3 years	60%	45%

MULTI ASSET FUNDS

Percentage outperforming CPI +3% over rolling 3 years

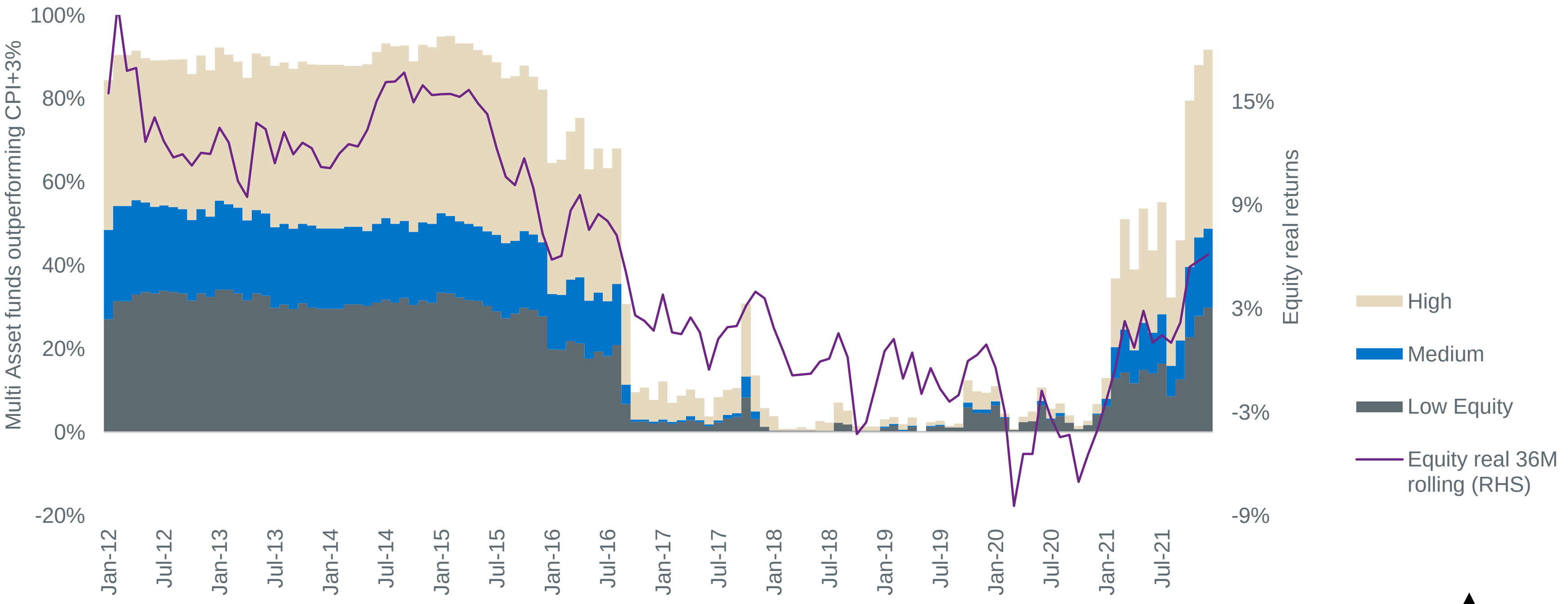


Source: Matrix Fund Managers as at end February 2022

AMPLIFY

MULTI ASSET FUNDS

Percentage outperforming CPI +3% over rolling 3 years

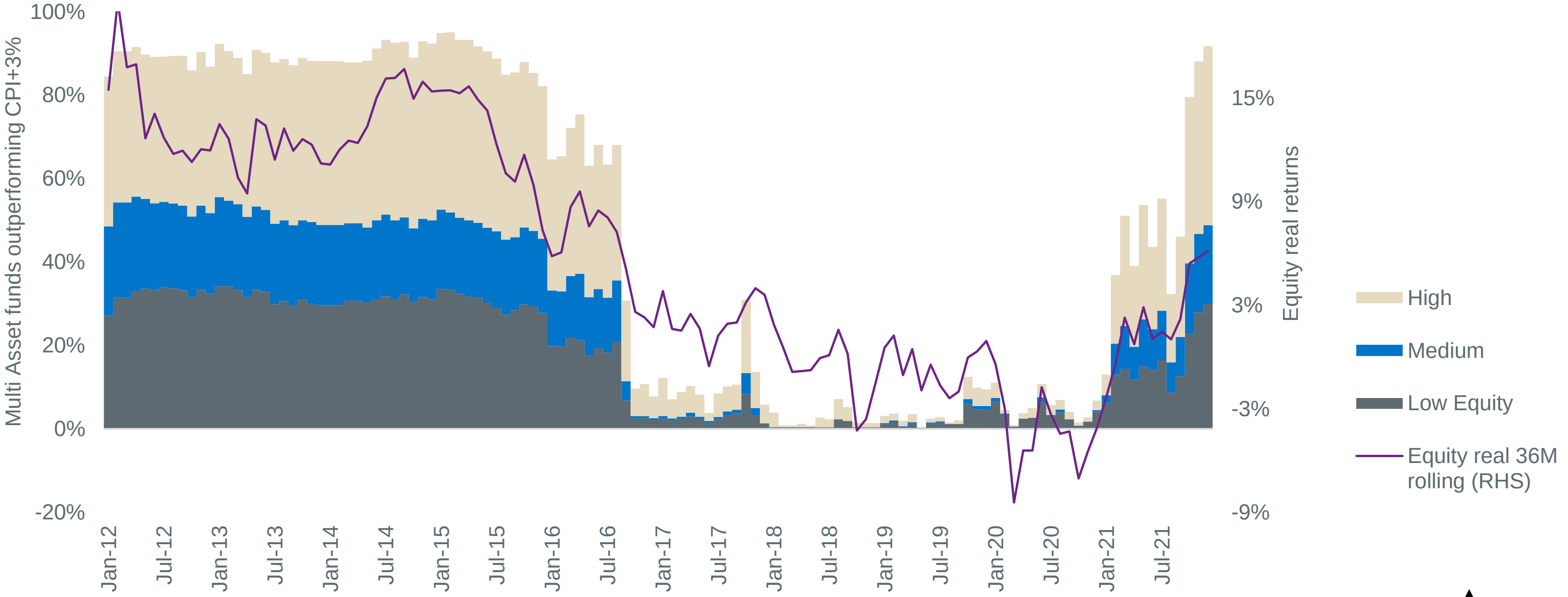


Source: Matrix Fund Managers as at end February 2022

MULTI ASSET FUNDS

Percentage outperforming CPI +3% over rolling 3 years

Most multi asset funds rely on equity performance to beat inflation targets

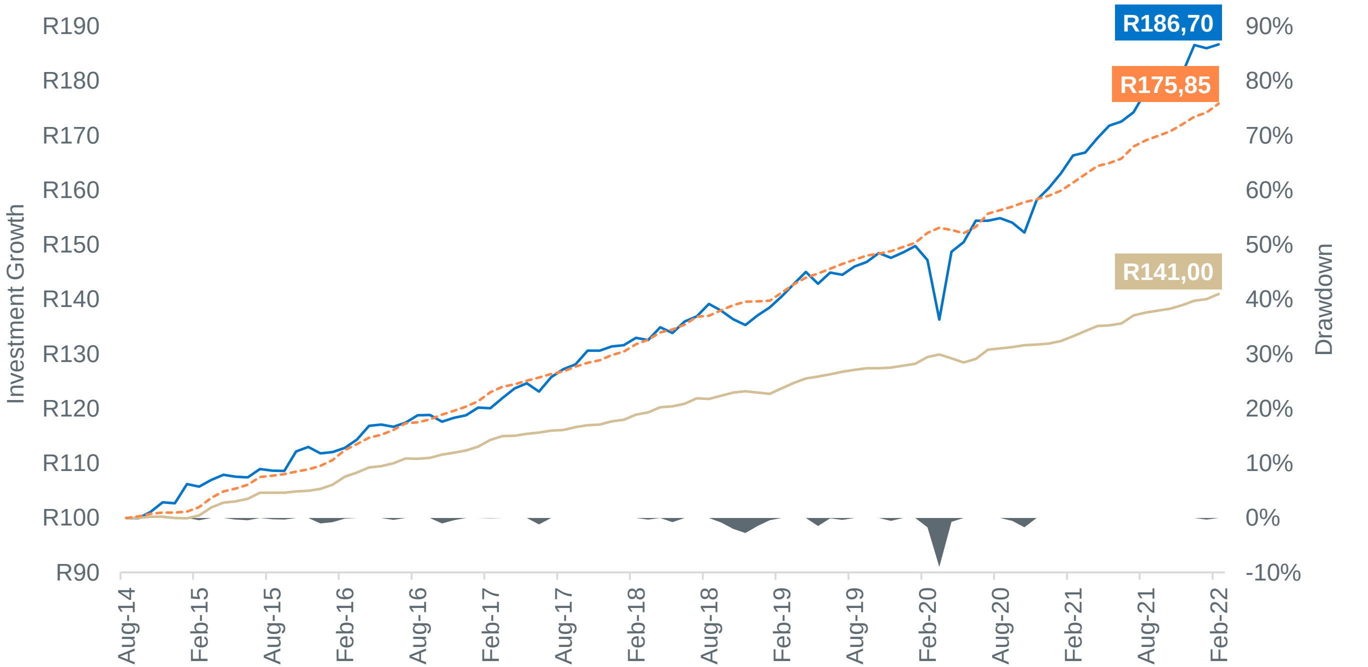


Source: Matrix Fund Managers as at end February 2022

AMPLIFY

HIGH CONSISTENCY

Achieving CPI +4% p.a. since inception, after fees

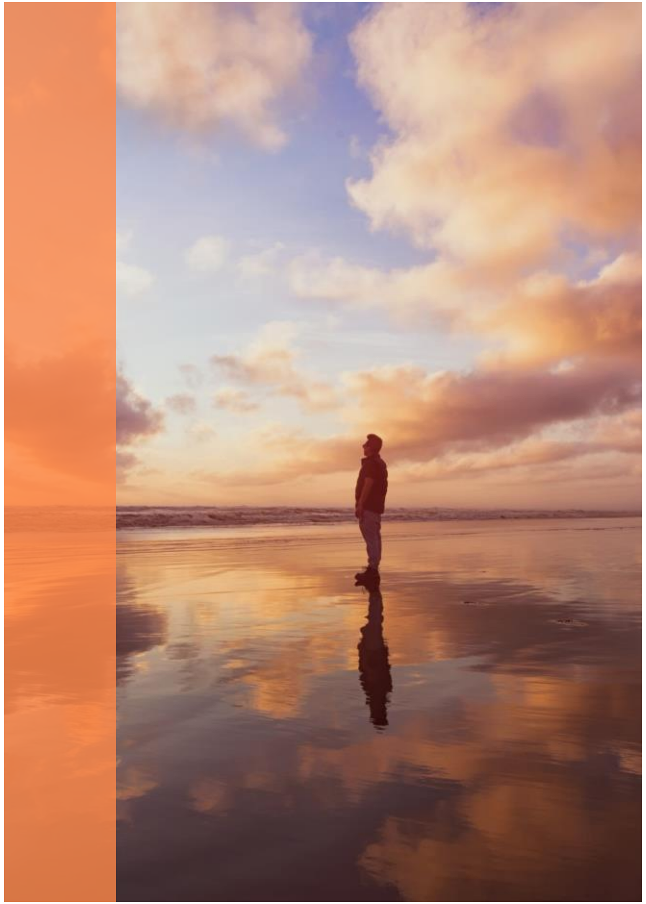


Growth target

CPI +3%

per annum, after fees

Source: Matrix Fund Managers as at end February 2022



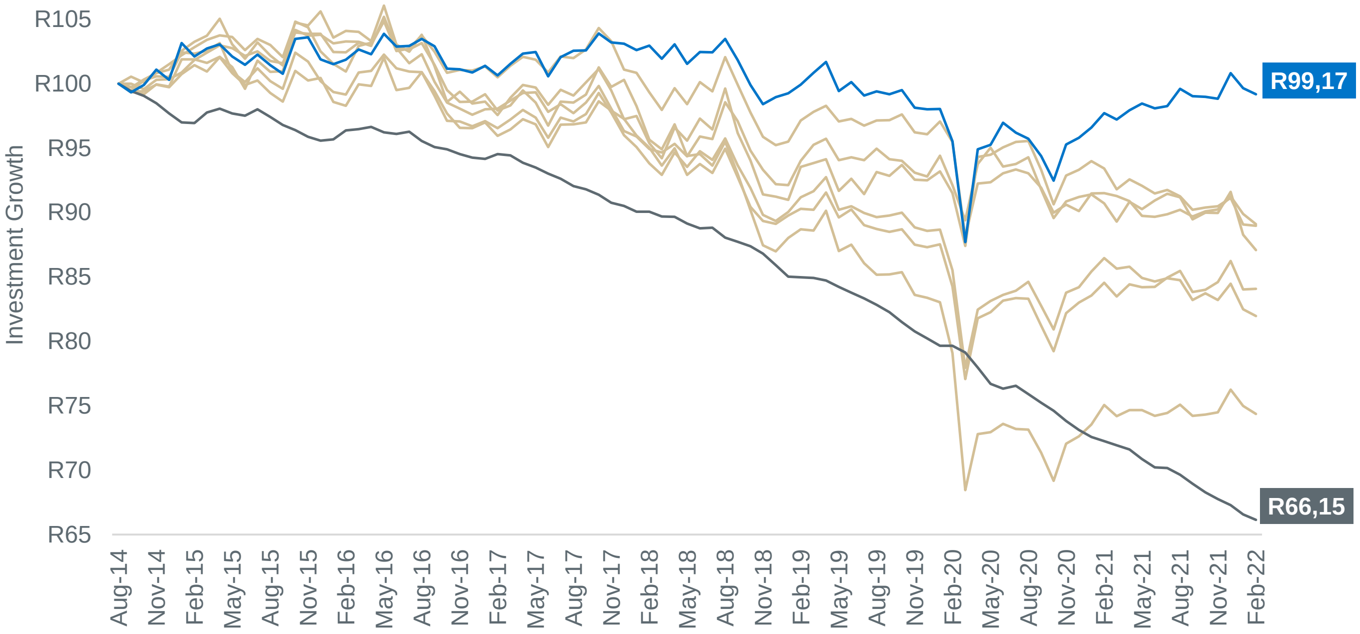
WHY IS CONSISTENCY IMPORTANT?

- Risky asset classes (like equity) expected to outperform over the long term
- BUT, not all investors can afford a long-term view
  - Post or near retirement savers need to live off savings
  - Become net sellers of assets to provide income
  - Especially applicable to ILLA investors
- Sequence risk in ILLA portfolios
  - Capital drawdowns in the early years of retirement can impact on future levels of income
  - Need consistent inflation beating returns

AMPLIFY

MANAGING SEQUENCE RISK

The risk of withdrawals damaging the investor's return

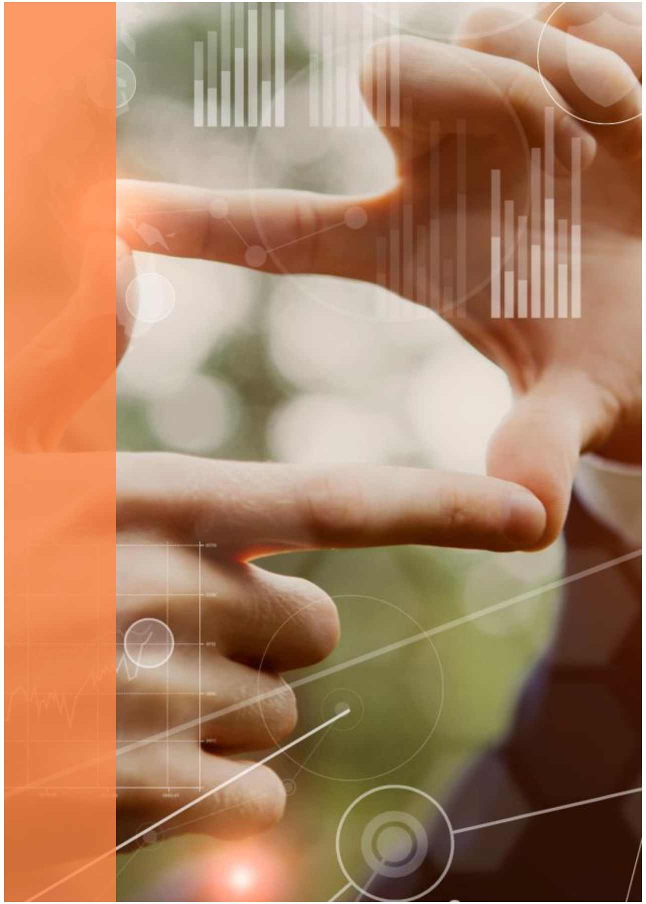


Example

- R100 lumpsum
- 7% p.a. withdrawal
- Increasing by CPI +1%

Source: Matrix Fund Managers as at end February 2022 | **SA Multi Asset Low Equity category

AMPLIFY



WHAT MAKES MATRIX MULTI ASSET PORTFOLIOS DIFFERENT?

ACTIVE ASSET ALLOCATION

- Inflation PLUS is our benchmark
  - Not a typical strategic asset allocation model
- Our process is forward looking
  - Asset classes go through regime changes
  - Past performance, risk and optimal strategic asset allocation models provide some insights and “sanity checks”
- We take shorter term asset class views
  - 12M asset class return scenarios that are regularly updated

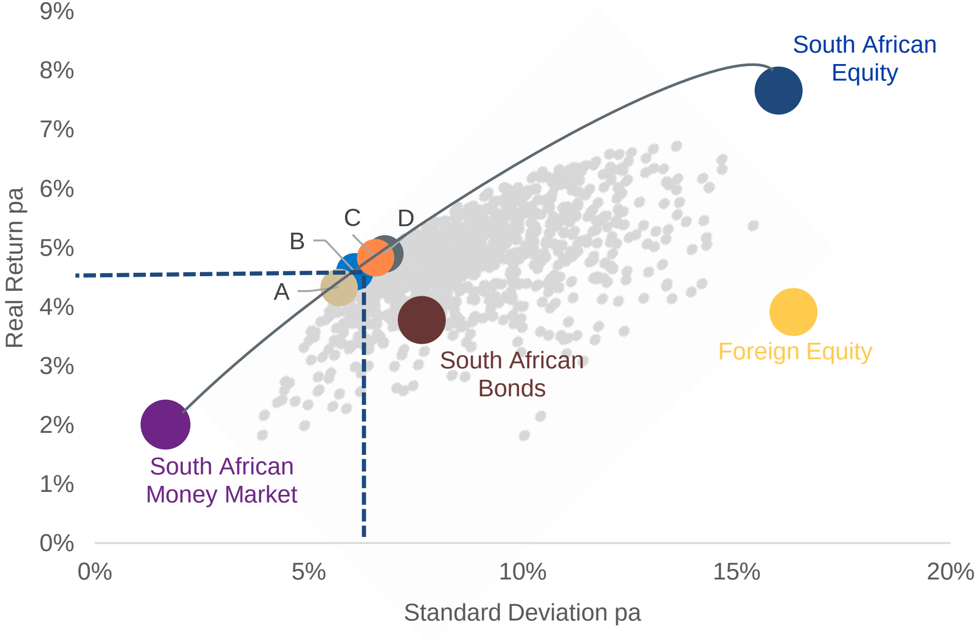
AMPLIFY

TYPES OF ASSET ALLOCATION

	Strategic Asset Allocation	Tactical Asset Allocation	Matrix Active Asset Allocation
Asset Class Exposure	• Consistent weights • Rebalance often	• Small tweaks to consistent weights	• Build exposure bottom up • Based on best chance of beating CPI+ target
Process	• Typically statistical • Based on long term past performance • E.g. Modern Portfolio Theory	• Use SAA as "neutral" • Typically [-5;+5%] tweaks around neutral • Tweaks based on forward expectations	• Forward looking • Rolling 12M return scenarios • Bottom up to meet CPI+ target with high likelihood
Benchmark	• Composite Index • E.g. 40 : 5 : 35 :20 (Eq : Prop : Bonds : MM)	• Composite Index	• CPI plus over rolling 36 months

Source: Matrix Fund Managers

STRATEGIC ASSET ALLOCATION

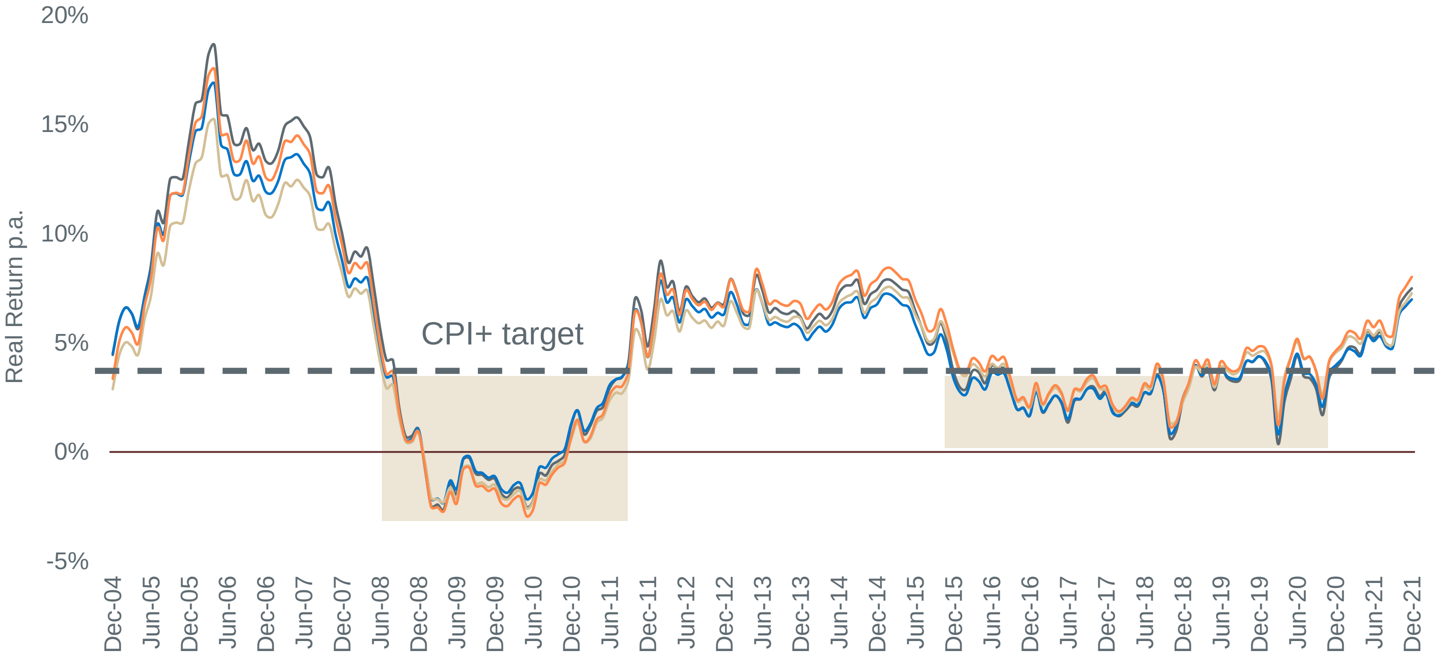


	Portfolio			
	A	B	C	D
South African Equity	20%	25%	25%	30%
Foreign Equity	15%	10%	15%	10%
South African Bonds	30%	35%	30%	35%
South African Money Market	35%	30%	30%	25%

Source: Matrix Fund Managers as at end February 2022 | 20 Years of monthly market data since January 2002

STRATEGIC ASSET ALLOCATION

36 Month rolling real returns



Risk prolonged periods of low or negative real returns

Source: Matrix Fund Managers as at end February 2022 | Monthly market data since January 2002

UNPACKING

Active Asset Allocation

Real return target

- Primary goal: Inflation plus …
- 12 month outlook

Expected asset class returns

- Base case and alternate outcomes
- Informs reward vs risk view

Compare asset classes

- Relative to return objective
- Relative to each other

Construct portfolio

- Meeting return objective
- Best return vs. risk

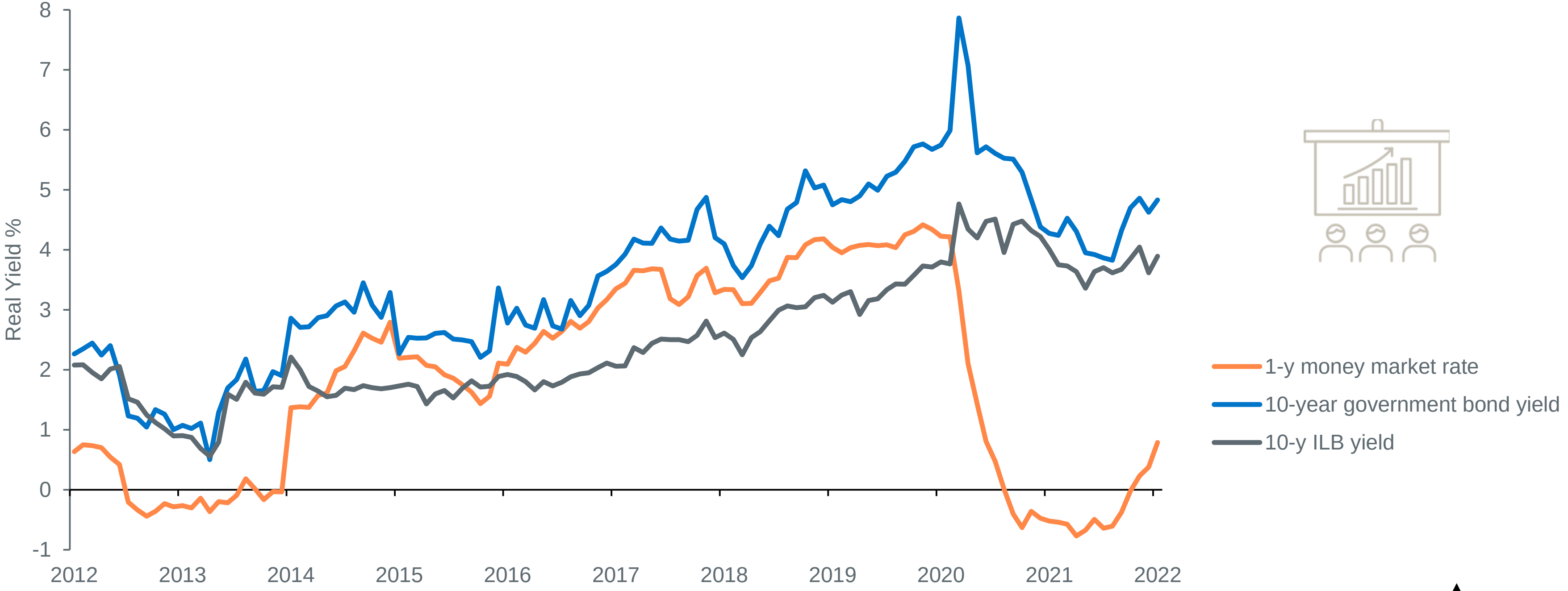
Compare against SAA

- Why different?
- Sufficiently diversified?

Continuous
Re-evaluation

REAL YIELD PER ASSET CLASS

Example: South African fixed income real returns



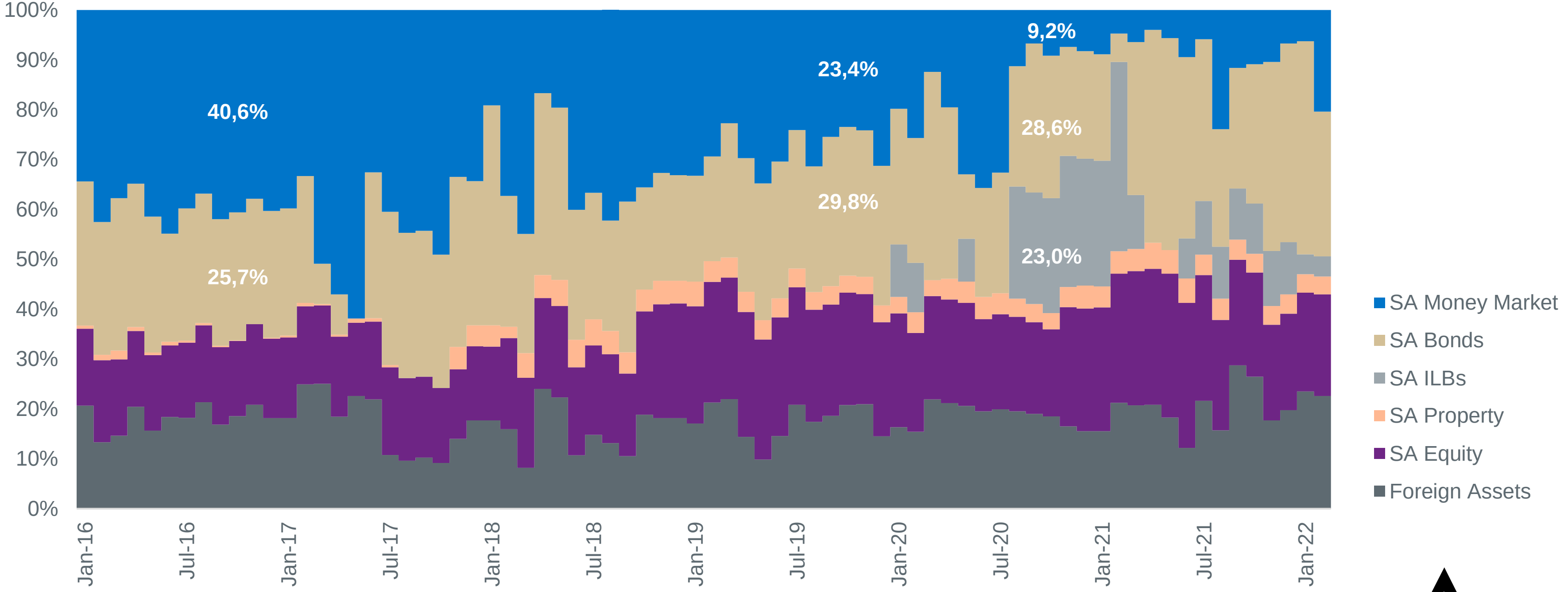
Source: Matrix Fund Managers as at end February 2022

AMPLIFY

AGILE AND ACTIVE APPROACH

ASSET ALLOCATION

Amplify SCI* Defensive Balanced Fund A1

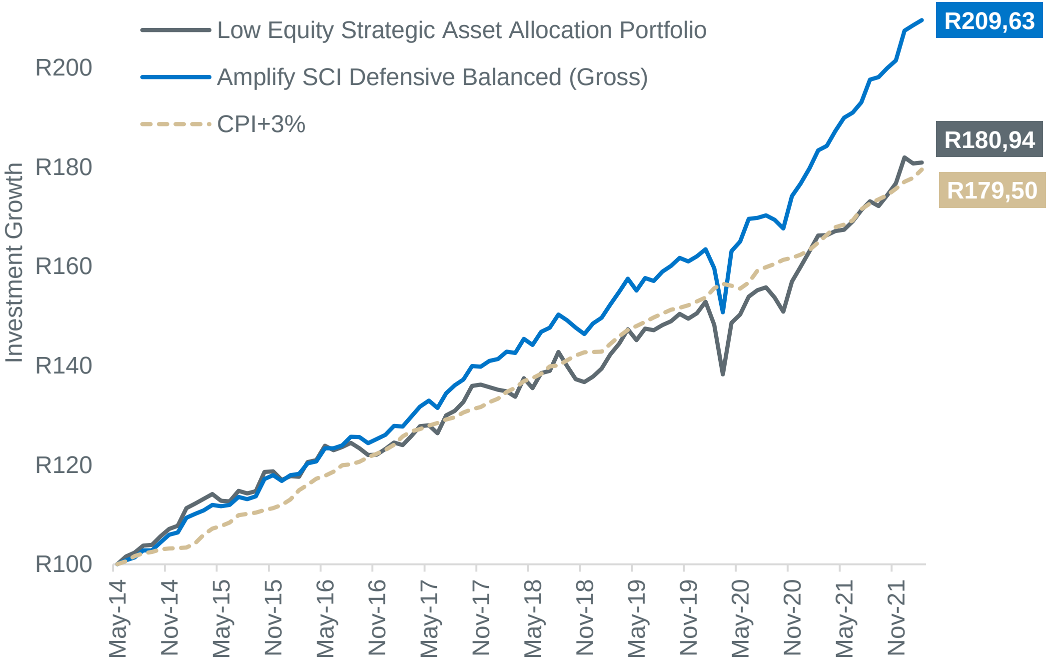


Source: Matrix Fund Managers as at end February 2022

AMPLIFY

THE BENEFITS

Matrix Active Asset Allocation



Low Equity Strategic Asset Allocation[1]					
STEFI	ALBI	SAPY	SWIX TR	MSCI World	USD-ZAR
15%	30%	5%	25%	13%	12%

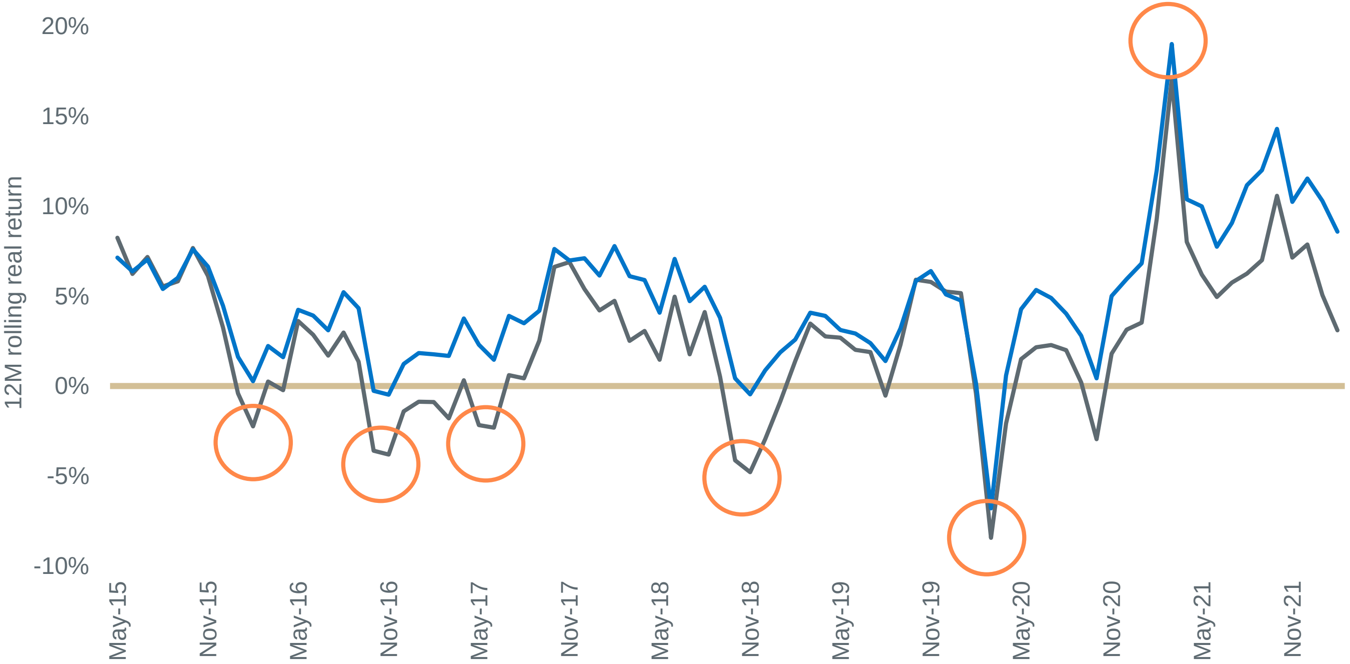
Performance Analysis		
	[1]SAA	Fund[2]
1 Year	8.8%	14.3%
3 Years	8.4%	11.3%
5 Years	7.9%	10.4%
Since Inception	8.0%	10.0%

Source: Matrix Fund Managers as at end February 2022 | Inception date: 01 September 2014 | Annualised performance (%): Highest 22.4; Lowest -4.6

[2]Amplify SCI* Defensive Balanced Fund gross performance since June 2014 (Performance from June 2014 to 1 September 2014 is that of the segregated mandate managed with exactly the same mandate as the Amplify SCI* Defensive Balanced Fund

THE BENEFITS

Matrix Active Asset Allocation



Limited drawdowns, with similar upside

12M SAA Real Return

12M Amplify SCI* Defensive Balanced Fund Real Return (gross)[1]

Source: Matrix Fund Managers as at end February 2022 | [1]Amplify SCI* Defensive Balanced Fund gross performance since June 2014

THE BENEFITS

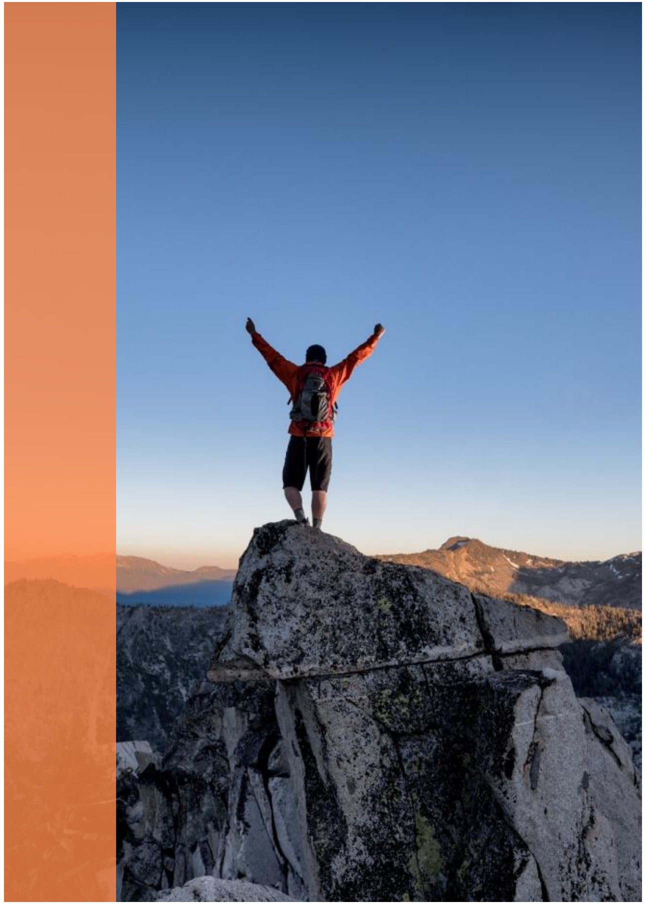
Matrix Active Asset Allocation

PERFORMANCE

Amplify SCI* Defensive Balanced Fund A1

Annualised performance					
	YTD	1 Year	3 Years	5 Years	Since Inception
Amplify SCI* Defensive Balanced Fund A1	0,08	12,24	9,94	9,23	8,72
Peers: (ASISA) SA Multi-Asset Income	-0,72	9,17	7,71	6,94	6,60

Source: Morningstar as at end February 2022 | Inception date: 01 September 2014 | Annualised performance (%): Highest 22,41; Lowest -4,56



AMPLIFY SCI*
DEFENSIVE BALANCED FUND

Managed by MATRIX FUND MANAGERS

Consistent, low-risk returns making it ideal for investors seeking stable returns

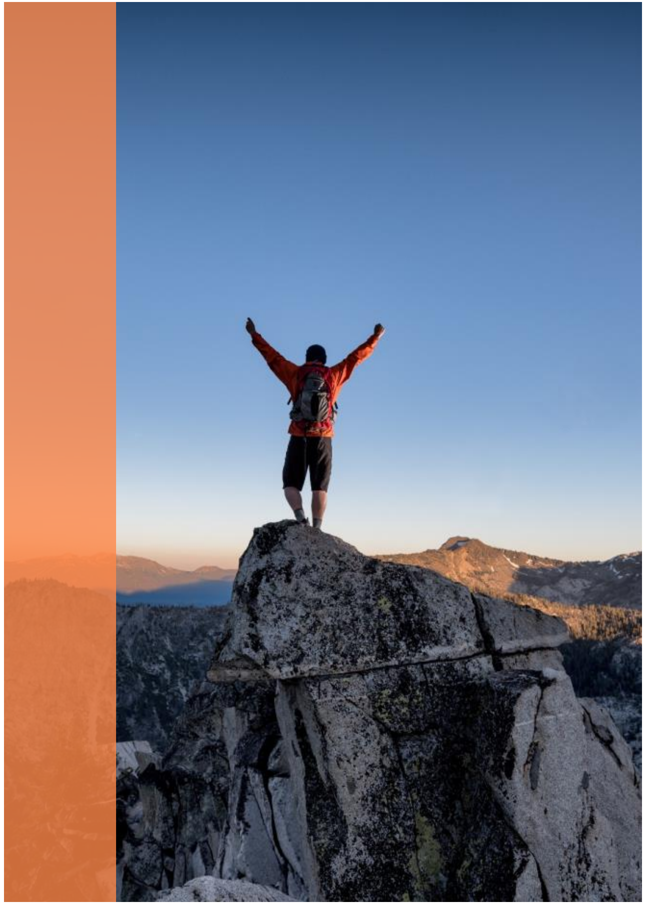
Who should invest in this solution?

Risk profile
Cautious

Time horizon
Longer than 3 years

Unique aspect
Consistent returns of CPI+3%

AMPLIFY



AMPLIFY SCI*
ABSOLUTE FUND

Managed by MATRIX FUND MANAGERS

Strives to outperform inflation by 4% p.a. over the long term

Who should invest in this solution?

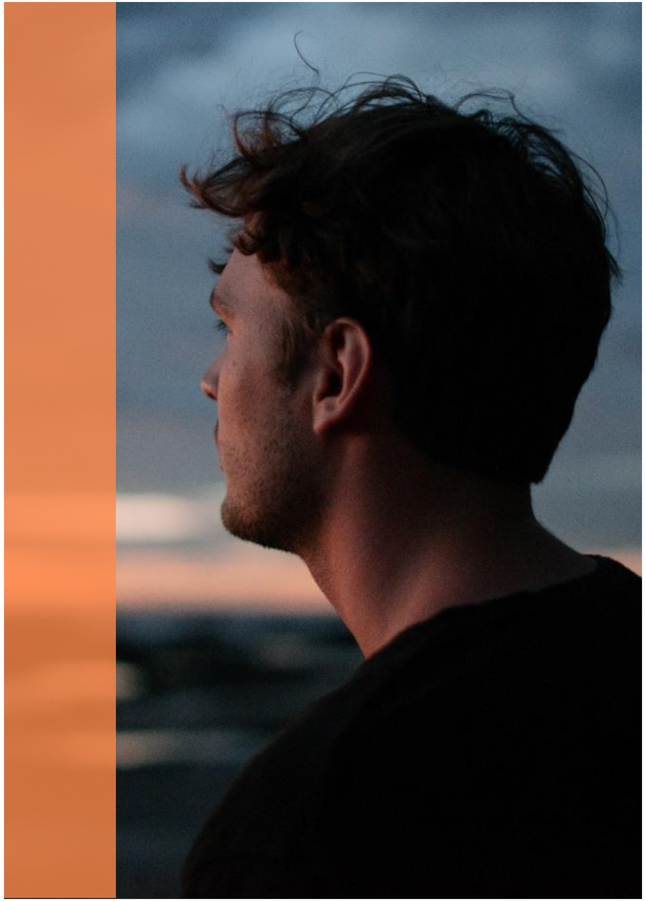
Time horizon

Longer than 4 years

Unique aspect

Consistent returns of CPI+4%

AMPLIFY



Disclaimer

Although all reasonable steps have been taken to ensure the information on this presentation is accurate, the Sanlam Collective Investments (RF) (Pty) Ltd (Sanlam Collective Investments) does not accept any responsibility for any claim, damages, loss or expense; however it arises, out of or in connection with the information. Sanlam Collective Investments retains full legal responsibility for the third-party-named portfolio. No member of Sanlam gives any representation, warranty or undertaking, nor accepts any responsibility or liability as to the accuracy of any of this information. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (“FAIS”). Use or rely on this information at your own risk. Consult your financial advisor before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Past performances is not necessarily a guide future performances, 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. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. 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. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors and may from time to time invest in foreign instruments and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement and potential limitations on the availability of market information. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Should a fund be subject to performance fees, the way in which it is calculated can be viewed on the Minimum Disclosure Document of the respective fund and a copy of the Performance Fee Frequently Asked Questions can be obtained from the Sanlam Investments website: www.sanlaminvestments.com.

- The portfolio management of respective portfolio is outsourced to relevant authorised Financial Service Provider in terms of the FAIS Act, 2002:
- Abax Investments is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 856)
- Acumen Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 14927)
- Laurium Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 34142)
- Marble Rock is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 45906)
- Matrix Fund Managers is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 44663)
- Obsidian Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 32444)
- Oystercatcher Investments is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 50509)
- Peregrine Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 32444)
- Terebinth Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 47909)
- Truffle Asset Management is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 36584)

While CIS in hedge funds differ from CIS in securities (long-only portfolios) the two may appear similar, as both are structured in the same way and are subject to the same regulatory requirements. The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may, in exceptional circumstances, suspend repurchases for a period, subject to regulatory approval, to await liquidity and the manager must keep the investors informed about these circumstances. Further risks associated with hedge funds include: investment strategies may be inherently risky; leverage usually means higher volatility; short-selling can lead to significant losses; unlisted instruments might be valued incorrectly; fixed income instruments may be low-grade; exchange rates could turn against the fund; other complex investments might be misunderstood; the client may be caught in a liquidity squeeze; the prime broker or custodian may default; regulations could change; past performance might be theoretical; or the manager may be conflicted.

Annualised return is the weighted average compound growth rate over the period measured.
Cumulative return is aggregate return of the portfolio for a specified period.

*Sanlam Collective Investments

INTELLIGENT IMPACT THAT MATTERS