



FOR IMMEDIATE RELEASE

Sanlam announces the First ever Balanced UCITS Fund managed solely by Artificial Intelligence

Sanlam Global Investment Solutions (SGIS) has today announced that the **Sanlam Managed Risk UCITS Fund** is now managed solely by **Artificial Intelligence (AI)** – making it the **first Balanced Fund in the world fully driven by AI**.

The financial markets have been through significant change in recent years. With unprecedented central bank participation, markets now move faster than ever before. Investment strategies need to keep pace in order to provide investors with the optimal client experience.

The Sanlam Managed Risk UCITS Fund, previously managed by a systematic investment process, is now managed by an advanced Artificial Intelligence (AI) & Machine Learning (ML) investment engine.

David Itzkovits – Head of Investments for SGIS, comments, *“The goal at SGIS was to find a solution that can adapt as quickly as the markets change. Our **AI capability** does this by applying the latest **ML** techniques that have multiple years of live operational experience and a real, impressive track record. The AI investment engine derives its decision making in a different way to other investments and should be viewed within a client’s overall investment strategy as a diversifier of existing human manager risk. Because in today’s world, it’s not man vs. machines, it’s man with machines vs. man without.”*

Cobus Kruger, Chief Executive Officer of SGIS, comments, *“the purpose of AI is to help humans more efficiently process and interpret the vast amounts of data. Machine Learning autonomously learns and adapts to new data without being pre-programmed and at speeds that are far beyond human capacity. These two factors together should provide good value and help deliver better, more consistent outcomes for investors.”*

AI & ML can be applied in investment management broadly in two ways:

i. **Enhancement of a manager’s current investment process** – By producing timelier asset allocation and stock allocation buy/sell signals on a portfolio of instruments chosen directly by the investment manager.

Or the way in which the Sanlam Managed Risk Fund is utilizing it,

ii. **Total automation of the investment process** – Meaning the AI selects the optimal portfolio allocation based on a pre-defined investment strategy with objectives, constraints and investable instruments.

Gideon Nell – Head of Global Distribution for SGIS, added, *“At SGIS, we have been on a quest to supply investors with a truly differentiated investment solution designed to eliminate human emotions, actively adapt to changing markets and help to materially improve the consistency of achieving investment goals with significantly reduced downside risk. We believe the AI capability ticks all these boxes and in the form of the **Sanlam Managed Risk UCITS***

Fund, provides a transparent easily accessible vehicle. The absence of human input to make investment decisions continues to support our belief in behavioural finance”.

Further Information:

More about the Sanlam Managed Risk UCITS Fund:

Proposition

A Next Generation Balanced solution to help diversify your Balanced/Mixed-Asset fund manager risk.

Philosophy

- Investors consider capital loss as their primary risk, not volatility
- Behavioural finance has proven that human emotions can impact investment decisions negatively
- Diversification alone does not provide effective risk management when assets become highly correlated
- Equities typically outperform all other asset classes over the long-term
- Fixed income may not supply investors with the same capital gains, low volatility and liquidity benefits as it has done over the past 30 years

Process

100% Artificial Intelligence driven investment process, utilising passive equity for growth and a protection strategy that is negatively correlated to equities

Purpose

Aims to provide a return similar to long-term equity returns over a market cycle with 10% volatility

Performance



Past performance disclaimer. The Fund was launched on 28.06.13 and therefore no earlier UCITS Fund performance numbers are available. The simulated performance prior to launch utilises a Global Institutional Account with a similar composition to the Sanlam Managed Risk Fund and uses the same risk management strategy as previously used by the Sanlam Managed Risk Fund. Therefore we believe the performance numbers quoted are a fair indication of what the performance of this Fund would have been. The Global Institutional Account consists of 60% US, 30% International (non-US) Developed and 10% Emerging Markets exposure utilising the MSCI World, S&P500 and EEM indices. Past performance should not be taken as an indicator of future performance. From 12 June 2017, the Fund will be managed based on the AI risk management strategy.



Reasons why:

1. Strong & highly rated parent company (USD10bn market cap, USD104bn AUM, AA-Fitch)
2. No human emotion (AI investment process)
3. No key-man risk (AI investment process)
4. Not at risk of bond bear market (Holds no bonds)
5. Risk management strategy negatively correlated to equities
6. Less risk than just equities
7. Highly flexible (10-90% equity range)
8. Simple and totally transparent portfolio
9. Daily liquidity at NAV
10. 4 Star rating (Morningstar)

Sanlam Global Investment Solutions (“SGIS”) – www.sanlamgis.com

SGIS is wholly owned by the Sanlam Group, and focuses on providing a superior client experience & innovative investment solutions. Additionally we provide global distribution for the international asset management capabilities of the Sanlam Group. Sanlam, founded in 1918, is a diversified financial services group with 17,000 employees worldwide, AA- rated by Fitch, listed with \$10 billion market cap, \$104 billion AUM

A.I. Machines – www.A-I-Machines.com

A.I. Machines is a London based financial technology business with multiple years of operating advanced artificial intelligence and machine learning based investment strategies. A.I. Machines delivers innovative asset allocation and portfolio risk management solutions and is authorised and regulated by the Financial Conduct Authority in the UK.

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