



THE SANLAM ARTIFICIAL INTELLIGENCE INVESTMENT CAPABILITY

At Sanlam, we aim to offer differentiated investment management solutions with strong risk management characteristics, some of which utilise Artificial Intelligence (Ai) to help deliver improved investment outcomes.

The purpose of the Sanlam Artificial Intelligence Investment Capability is to help smooth the investment journey with stronger risk-adjusted returns and improved investment outcomes over a market cycle, irrespective of market conditions.

Although the concept of Ai may prompt questions such as: “How can a machine know what my investment goals are?” and “What if Ai uses all my money to buy magic beans?”, our answer is simple: **Keep It Simple, Stupid**. In other words, the best way to run a portfolio or fund (solutions) built on Ai, is to follow one of the most important rules of finance – simplicity is key. Our solutions simply consider the data and adapt as markets evolve to ensure smart investment choices and improved outcomes.

With emotionless-decisions, lower fees, and quicker response time to minimise capital loss and time-in-loss risk, our diverse range of Ai-driven solutions ensure to cater for different investor risk profiles and outcomes. **Why not trust Ai to help diversify your current human investment manager risk?**

AI IS EVERYWHERE

The concept of Artificial Intelligence is often

deeply misunderstood. Movies and pop culture often portray Ai as an extraneous concept, evoking images of sentient robots overthrowing their human creators and taking over the world. Those images seep into our psyches and make us anxious about granting too much control over our daily lives to computers and Ai-powered systems.

However, the simplest definition of Ai is that it is a “form of intelligence shown by machines”. By this simple standard, what all that fear-mongering fails to recognise, is that Ai has been present for more than 70 years...

HOW DOES IT WORK?

Ai refers to the theory and development of computer systems that complete tasks which usually require human intelligence and capability, such as recognising speech and making decisions. Modern-day machines are capable of learning by themselves and can improve their own methods by recognising patterns in data and re-writing their own new algorithms.

Every week, the Ai engine performs deep analysis and runs a vast amount of calculations to evaluate the state of capital markets. Based on those calculations and predictions,



it adjusts its asset allocation and portfolio instrument selection.

While that series of calculations would seem complicated if you tried to follow all the 0's and 1's involved, the Ai engine's output is incredibly simple. For example, in the Sanlam Ai Global Managed Risk (GMR) UCITS fund, if the Ai engine spits out a reading that's as bullish as possible, the fund will go 90% long on stocks in the coming week; if it's at its maximum bearish level, the fund will be long just 10%, keeping the rest of your money on the side-line. The engine will repeat that exercise automatically every seven days, always taking an effective long position 10% to 90% and everything in between.

ARTIFICIAL INTELLIGENCE AS A TRUSTED INVESTMENT SOLUTION

How can investment solutions powered by Ai compete against human investment solutions?

Rational vs Emotional

Ai never feels emotion and does not suffer behavioural biases. While the GMR Fund's Ai engine, for example, rationally and apathetically observes the market every week before setting its allocation, human managers are highly vulnerable to emotions and biases such as fear, greed or herd mentality, particularly in extremely bearish or bullish market environments.

Eliminating Human Involvement Risk

The Ai engine's autonomous recalibration approach allows independence from human involvement. It therefore eliminates key person risk that comes with traditional fund management where performance and future of the fund is highly dependent on the fund manager.

Maximising Gains, Minimising Losses

Ai powered systems thrive when used for repetitive tasks that require precise results. The Ai investment engine stays on top of the market by recalibrating every single week (that's 52 times per year), in a way that even the most active human manager would

never do. Typical asset allocation decisions by managers are done quarterly.

The most basic goal of investing is to minimise your risk of loss during while maximising your growth over a market cycle.

Just as Ai revolutionised so many other industries, it's now doing the same for investment management.

Ai in our Daily Lives

Ai is an omnipresent concept. Whether we are aware or not, Ai is an integral part of our daily routines:

- Social media platforms use Ai to do everything from analysing text to map the home population density of their users, to recognising and delivering content and ads to meet user interests.
- Amazon and Netflix use Ai to improve customer experience. Amazon enables users to receive a custom-tailored shopping experience based on the products they buy and browse for. Netflix curates other programming to suit your interests.
- Ai has also become a go-to technology for Transportation purposes. Airplanes have long used automation to help pilots fly planes, from primitive autopilot technology nearly a century ago to Ai-assisted flights today. A 2015 New York Times report found that the average flight of a Boeing plane involves only seven minutes of human-steered flight. Just as we trust our lives to Ai when we fly, we are also entering the era of self-driving cars, one that will trust our lives to yet another form of Ai-powered transportation.

And if you still have lingering questions about trusting your investments to Ai instead of a human manager, ask yourself this: **If you're willing to board a plane and put your life in the hands of a machine, why not trust Ai to help you make better decisions with some of your money?**



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