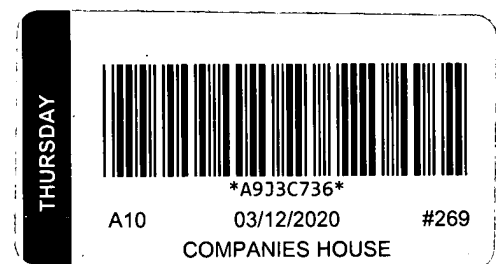




# Sanlam

## **SANLAM INVESTMENTS UK LIMITED**

Annual Report and Financial Statements  
for the year ended 31 December 2019



# Sanlam Investments UK Limited

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# Sanlam Investments UK Limited

## Directors and other information

### Board of Directors

Haydn Franckeiss  
Alfio Tagliabue  
Jonathan Polin  
Justin Greeley  
Thomas Carroll  
David Mason

### Company Secretary

Sanlam UK Limited  
St Bartholomew's House  
Lewins Mead  
Bristol BS1 2NH  
United Kingdom

### Registered office

Monument Place  
24 Monument Street  
London, EC3R 8AJ

### Registered number

05809399

### Independent Auditor

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol, BS1 6BX

### Primary Bank

Barclays Business Banking  
Barclays Bank PLC  
Leicester LE87 2BB  
United Kingdom

### Solicitors

Maclay Murray & Spens LLP  
1 London Wall  
London EC2Y 5AY

# Sanlam Investments UK Limited

## Strategic Report

### Principal activities and review of the business

The principal activity of Sanlam Investments UK Limited (the "Company" or "Sanlam Investments") during the year was that of fund management. The Company is a London based fund management firm and is authorised and regulated by the Financial Conduct Authority ("FCA").

### Business Review

Assets under management decreased from £5,184 million to £4,702 million. The Company has shareholders' funds of £5,059,709 (2018: £5,448,917) on its Balance Sheet as at the year-end.

Sanlam Investments strategy is to deliver leading edge investment solutions for its clients. The Company will continue to provide investment capability to the wider Sanlam Group companies as it has done historically. The Company provides critical mass, not only in terms of the development and growth of funds under management, but also in serving to attract and retain the best talent the marketplace has on offer. Both of these are essential to achieving future performance and business objectives.

On 26 February 2019, Sanlam FOUR Investments UK Limited changed its name to Sanlam Investments UK Limited.

### Results for the year and state of affairs

	2019	2018
Turnover	£9,511,716	£10,143,646
(Loss) / profit for the financial year	(389,208)	1,867,000
Shareholders' Funds	£5,059,709	£5,448,917
Average number of employees	36	42

### Dividends

The Company paid no dividend during the year and the Directors do not recommend a dividend for the year (2018: £NIL).

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to key employee retention, investment performance and the level of demand for our products. The Company is managed by a Management Committee incorporating heads of the primary departments. The Management Committee meet formally at least monthly and more regularly if required. Key business risks are monitored by the Management Committee. The Management Committee reports regularly to the Board of Directors. The Board of Directors meet formally at least quarterly and more regularly if required. Key business risks mentioned above are discussed and monitored at all Directors meetings.

### Key performance indicators (KPI's)

In terms of operations and financials, the key measure is actual performance against the business plan. As regards to the Company's services, investment performance, nurturing existing client relationships and attracting additional assets under management are key. To measure the company's performance in these areas management information that includes analysis of AUM, Revenue and Flow trends are performed. Sales activity reports prepared monthly help to monitor client key activities that promote growth and ultimately profitability.

### COVID-19

A coronavirus disease, Covid-19, began to spread globally in early 2020 and has been declared a pandemic by the World Health Organization. Its emergence and reactions to it have already had a profound effect on both the domestic and global economies and financial markets. The short-term and long-term impacts of the Covid-19 pandemic are by their nature uncertain and will be determined by many factors, including the effectiveness of government and other health measures to contain and prevent the spread of the virus and the effectiveness of economic stimulus, emergency relief, and other government programs implemented to mitigate the economic and financial impact of the Covid-19 pandemic.

The Covid-19 pandemic may impact the market, credit, liquidity and operational risks to which the Company is exposed. The Company is working with its important service providers to ensure continuity of services during the Covid-19 pandemic. The Company is continuously assessing and monitoring the impact that the Covid-19 pandemic may have on its ongoing performance.

At this time, there remains considerable uncertainty as to how long the Covid-19 pandemic will last and as to the extent and duration of the economic, financial and other disruptions caused by the pandemic. Consequently, there remains considerable uncertainty relating to precisely how the Covid-19 pandemic will impact the market, credit, liquidity and operational risks to which the Company is exposed and whether or to what extent any such impact will be temporary or lasting. These risks are subject to supervision and oversight by the Board.

# Sanlam Investments UK Limited

## Strategic Report continued

### COVID-19 continued

The Company will continue to monitor the impact of Covid-19 on our financial position through the usual governance mechanisms, including the regular oversight of financial performance, capital cover and other strategic monitoring triggers. In the immediate future, we are working hard to continue to look after our customers financial needs during the Covid-19 pandemic and will continue to monitor government advice closely to ensure we look after the health and wellbeing of our employees and the communities within which we work.

### Brexit

The UK formally stopped being a member of the European Union on 31 January 2020 with a transition period which is due to end on 31 December 2020. A considerable amount of uncertainty surrounds the Brexit process and the Company is keeping a watching brief on developments. Brexit is not expected to have a significant impact on the Company as its target client base is UK residents and there are no plans to move into Europe.

Whilst the withdrawal process from Europe remains open to negotiation and political influence there will be different interpretations of potential impact, risks and opportunities. Developments continue to be monitored and the Company is well prepared to take timely action.

Approved by the Board

24/06/2020



Jonathan Polin  
Director

# Sanlam Investments UK Limited

## Directors' Report

### Sanlam Investments UK Limited (the 'Company')

The Board of Directors (the "Directors") submit their report together with the audited financial statements for year ended 31 December 2019.

### Directors

The names of the persons who are Directors at the date of this report are listed on page 2. Changes during the period are:

Nicola Fraser - appointed 5 May 2020 - resigned 11 June 2020

Jeremy Gibson - resigned 7 October 2019

### Interests of directors

The Directors are not aware of any direct shareholding in the share capital of the Company and Sanlam Investments Holdings UK Limited (the "Holding Company") by any Director, during the year ended 31 December 2019 other than as described below:

#### Holdings of UK Equity Shares in Sanlam Investments UK Limited

	2019	2018
Thomas Carroll	26,667	26,667

During the year ended 31 December 2019, the following Director had holdings in the Holding Company. The unit holdings are shown below:

#### Holdings of Ordinary Shares in Sanlam Investments Holdings UK Limited

	2019	2018
Thomas Carroll	7,778	15,555

### Indemnification of Directors

The Directors are covered by professional indemnity insurance. No claims have been made under this indemnity in respect of the Company during the year ended 31 December 2019, (2018: £NIL) or since then to the date of this report.

## Sanlam Investments UK Limited

### Directors' Report continued

#### Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Going concern

The financial statements have been prepared on a going concern basis. The Directors have prepared financial projections which indicate that the business will have adequate financial resources and sufficient capital to support the Company's current foreseeable future financial needs. As a consequence, the Directors believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Directors have also considered specific Covid-19 stress scenarios which includes the impact of a further shock to equity markets and reduction in income. Under these stress scenarios the company's capital was projected to remain above regulatory requirements and sufficient liquidity existed to meet liabilities as they fall due.

Accordingly, the Board considers it has given due consideration to all the potential risks and possible actions available to it and has concluded that it remains appropriate to prepare these financial statements on a going concern basis.

#### Future Development

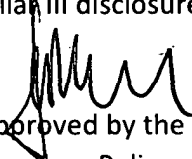
The Directors expect the Company to grow organically within the current principal activities. The decline in global markets/funds under management in the current year and COVID-19 present a challenge going forward. Inflows of assets under management are important for future growth and the Company is continually looking for ways to increase inflows.

#### Auditor

The auditor, Ernst & Young LLP, is the appointed independent auditor of the Company. Ernst & Young LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

#### Pillar III Disclosure

Pillar III disclosure can be found on the Sanlam UK website. Refer to [www.sanlam.co.uk](http://www.sanlam.co.uk)

  
Approved by the Board  
Jonathan Polin  
Director

24/06/2020



## **Sanlam Investments UK Limited**

### **Statement of Directors' responsibilities in respect of the Financial Statements**

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for the Company for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's report to the members of Sanlam Investments UK Limited

### Opinion

We have audited the financial statements of Sanlam Investments UK Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements;

- Give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of a matter

We draw attention to Notes 1 and 19 of the financial statements, which describes the going concern and considerations and economic disruption the company is facing as a result of COVID-19, which is impacting financial markets and personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Sanlam Investments UK Limited**

### **Independent Auditor's report to the members of Sanlam Investments UK Limited continued**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

## Sanlam Investments UK Limited

### Independent Auditor's report to the members of Sanlam Investments UK Limited continued

#### Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

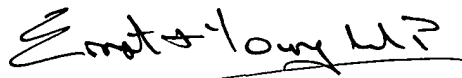
#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Page (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol

24 June 2020

## Sanlam Investments UK Limited

### Profit and Loss Account for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	9,511,716	10,143,646
Administrative expenses		(9,974,656)	(9,769,860)
Proceeds of sale of strategic bond business	3	-	2,000,000
<b>Operating (Loss) / profit on ordinary activities before tax</b>	4	<b>(462,940)</b>	<b>2,373,786</b>
Tax on (loss) / profit on ordinary activities	7	73,732	(506,786)
<b>(Loss) / profit for the financial year</b>		<b>(389,208)</b>	<b>1,867,000</b>

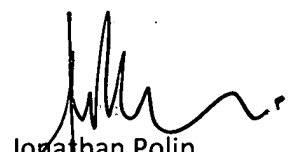
The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

The accompanying notes form an integral part of the financial statements.

# Sanlam Investments UK Limited

## Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	8	25,165	39,540
Intangible assets	9	745,333	953,333
Investment in subsidiary	16	1	1
		<u>770,499</u>	<u>992,874</u>
<b>CURRENT ASSETS</b>			
Debtors	10	4,693,188	3,828,453
Cash at bank		1,853,256	3,554,463
		<u>6,546,444</u>	<u>7,382,916</u>
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	11	2,252,967	2,922,606
		<u>2,252,967</u>	<u>2,922,606</u>
<b>NET CURRENT ASSETS</b>			
		<u>4,293,477</u>	<u>4,460,310</u>
Creditors - amounts falling due after more one year	12	4,267	4,267
		<u>5,059,709</u>	<u>5,448,917</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	2,813,017	2,813,017
Share premium account		3,171,158	3,171,158
Retained earnings		(924,466)	(535,258)
<b>SHAREHOLDERS' FUNDS</b>		<u>5,059,709</u>	<u>5,448,917</u>



Jonathan Polin  
Chief Executive Officer

Registered company number:  
05809399

Approved by the Board

24/06/2020

The accompanying notes form an integral part of these financial statements.

**Sanlam Investments UK Limited**

**Statement of Changes in Equity for the year ended 31 December 2019**

	Share Capital	Share Premium	Retained Deficit	Total shareholders' funds
<b>Balance as at 1 January 2018</b>	<b>2,813,017</b>	<b>3,171,158</b>	<b>(2,402,258)</b>	<b>3,581,917</b>
Profit for the year after taxation / total comprehensive profit	-	-	1,867,000	1,867,000
<b>Balance as at 31 December 2018</b>	<b>2,813,017</b>	<b>3,171,158</b>	<b>(535,258)</b>	<b>5,448,917</b>
Loss for the year after taxation / total comprehensive loss	-	-	(389,208)	(389,208)
<b>Balance as at 31 December 2019</b>	<b>2,813,017</b>	<b>3,171,158</b>	<b>(924,466)</b>	<b>5,059,709</b>

# Sanlam Investments UK Limited

## Notes to the Financial Statements

### 1. Accounting Policies

#### **Compliance with accounting standards**

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland. ("FRS102").

#### **Basis of preparation of financial statements**

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with FRS 102 and applicable law.

The Directors have also considered specific Covid-19 stress scenarios which includes the impact of a further shock to equity markets and reduction in income. Under these stress scenarios the company's capital was projected to remain above regulatory requirements and sufficient liquidity existed to meet liabilities as they fall due.

Accordingly, the Board considers it has given due consideration to all the potential risks and possible actions available to it and has concluded that it remains appropriate to prepare these financial statements on a going concern basis.

The functional and presentational currency is sterling reflecting the fact that substantially all revenue is received in GBP and the Company's place of business is the United Kingdom.

The Company is exempt from preparing consolidated financial statements in accordance with s400 of the Companies Act 2006 as the Company is included in the consolidated financial statements of its ultimate parent company, Sanlam Limited, a listed financial services company incorporated in the Republic of South Africa.

#### **Turnover**

Turnover comprises management fees and performance fees recognised as revenue by the Company in respect of services supplied during the year, exclusive of Value Added Tax. Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance.

#### **Intangible Assets**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses, see below for further details on impairment. The intangible asset had a useful life of 8 years at the date of transfer.



**Notes to the Financial Statements continued**

**1. Accounting Policies - Continued**

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value which is reassessed annually, over their expected useful lives on the following bases:

Office equipment - 5 years straight line

Fixtures & fittings - 5 years straight line

Computer equipment - 3 years straight line

**Impairment**

At each reporting date, the Company reviews the carrying amount of its applicable assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss and the carrying amount of the asset is reduced to its recoverable amount, as calculated. An impairment loss is recognised immediately in the Profit and Loss Account.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in the Profits and Loss Account.

For debtors if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

**Investment in subsidiary**

Investments in subsidiary companies are carried at the lower of cost and net realisable value in the Balance Sheet. Provision is made only when in the opinion of the Directors, there has been a permanent diminution in value.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Sanlam Investments UK Limited

## Notes to the Financial Statements continued

### 1. Accounting Policies - Continued

#### Pensions

The Company operates defined contribution pension schemes and the pension charge represents the amounts payable by the Company to the Sanlam Investments Pension Scheme in respect of the year.

#### Cash flow Statement

The Company has taken advantage of the exemption given by FRS 102 1.12 (b) to subsidiary undertakings, where the Company is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view. A cash flow statement is prepared by the ultimate parent company that includes the cash flows of the Company. Details of the ultimate parent company are given in note 15 to the financial statements.

#### Foreign Currencies

The financial statements are presented in GBP being the presentational and functional currency. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the spot rate at reporting date. Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. All differences are recognised in the Profit and Loss Account. Non-monetary items measured at historical cost are translated into the functional currency at the historical exchange rate that existed on the transaction date. Non-monetary items carried at fair value, if any, are translated at the spot rate of the date the fair value was determined. All exchange differences are recognised in the Profit and Loss Account.

#### Income tax - Corporation Tax

The tax expense may comprise current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The income tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

# Sanlam Investments UK Limited

## Notes to the Financial Statements continued

### 1. Accounting Policies - Continued

#### Administrative expenses

Administrative expenses principally represent amounts invoiced and incurred in respect of staff resources and general overheads to facilitate the administration of the Company. Amounts expensed are based on actual costs incurred or on predetermined recharges of allocated resources.

### 2. Turnover

The whole of the turnover is attributable to the Company's principal continuing activity. The entire turnover arose within the United Kingdom.

	2019	2018
	£	£
Management Fees	9,483,257	8,897,440
Performance Fees	28,459	1,246,206
	<u>9,511,716</u>	<u>10,143,646</u>

### 3. Proceeds of sale of strategic bond business

	2019	2018
	£	£
Proceeds of sale of strategic bond business	<u>-</u>	<u>2,000,000</u>

On 4 September 2018 the company sold the strategic bond business for £2 million. As a condition of the sale, the company has agreed that if the fund's asset base was / had been less than £100 million on the anniversary of the date of sale, then the company shall repay the purchaser a portion of the upfront consideration. The value of the fund at 31 December 2019 was £468,544,016 and Sanlam Investments is now no longer liable for any repayments as the claw back anniversary has now passed.

### 4. (Loss)/profit on ordinary activities before tax

The (loss)/ profit before tax is stated after charging / (crediting):

	2019	2018
	£	£
Amortisation of intangible assets	208,000	208,000
Depreciation of tangible fixed assets	24,055	31,743
Net foreign exchange (gain) / loss	(7,595)	8,014
Auditors remuneration:		
- Audit fees*	30,390	29,431
- Other assurance services	4,750	4,615

\*Included in these amounts are the audit fees on behalf of the Holding Company

# Sanlam Investments UK Limited

## Notes to the Financial Statements continued

5. Staff Costs	2019	2018
	£	£
- Wages and salaries	4,506,063	4,442,483
- Social security costs	422,179	471,381
- Other pension costs	261,788	273,183
	<u>5,190,030</u>	<u>5,187,047</u>

The average number of employees, including directors, during the year was as follows:

	2019	2018
Number of employees, including Directors	36	42

## 6. Directors Remuneration

The directors emoluments are based upon an agreed apportionment of directors costs across the businesses in which they perform their services as a director.

Salary costs include the following:	2019	2018
	£	£
a) Directors' remuneration		
- Directors' emoluments	539,694	567,850
- Bonuses	130,000	159,250
- Pension contributions	56,987	18,660
- Other benefits	3,415	3,630
- Loss of Office	6,872	-

Included in Director's remuneration is £nil (2018: £Nil) accrued in respect of share based payments. No directors received options during the year. The amount in respect of the highest paid director comprising just remuneration is £319,167 (2018: £344,800). No directors exercised options during 2019 (2018: No directors).

## 7. Taxation

The tax on (loss)/profit for the period shown in the Profit and Loss Account is:

	2019	2018
	£	£
<b>Corporation Tax</b>		
UK Corporation Tax on (loss)/profit for the year	-	447,285
<b>Total current tax charge</b>	<u>-</u>	<u>447,285</u>
Deferred Tax	(73,732)	59,501
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(73,732)</u>	<u>506,786</u>

## Sanlam Investments UK Limited

### Notes to the Financial Statements continued

#### 7. Taxation (Continued)

The reconciliation between the total tax (credit)/charge for the year and the standard rate of corporation tax in the UK applied to the profit for the year is as follows:

	2019	2018
	£	£
Operating (Loss) / profit on ordinary activities before tax	(462,940)	2,373,786
(Loss)/profit on ordinary activities multiplied by the average rate of 19% (2018: 19%)	(87,959)	451,019
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3,467	12,255
Movement in unrecognised deferred tax asset	10,760	52,442
Exempt income	-	(380,000)
Chargeable gains	-	371,070
<b>Tax (credit)/ charge for the year</b>	<b><u>(73,732)</u></b>	<b><u>506,786</u></b>

#### Deferred Tax

	2019	2018
	£	£
Fixed asset and intangible timing differences	(125,183)	(162,705)
Post April 2017 tax losses carried forward	139,414	103,204
<b>Total deferred tax asset/(liability)</b>	<b><u>14,231</u></b>	<b><u>(59,501)</u></b>

The total Income Statement movement (as reflected above) is a reduction in the liability for fixed and intangible asset timing differences (£37,522) as depreciation/amortisation aligns the carrying values of assets with their tax written down values, plus the further recognition of post-April 2017 losses (£36,210).

A deferred tax asset has not been recognised in respect of the balance of pre-April 2017 losses £1,528,776 (2018: £1,205,922) and all other short term timing differences £283,404 (2018: 490,890). The total unrecognised gross balance at 31 December 2019 was £1,812,180 (2018: £1,696,812)

#### Tax

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. Further changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016, reducing the UK corporation tax rate to 17% from 1 April 2020. Any deferred tax assets or liabilities recognised are reflective of these rates. On 12 March 2020, the Chancellor announced that the planned reduction of the UK corporation tax rate to 17% would not proceed. Given that this change had not been enacted (or substantively enacted) at the Balance Sheet date, it has not been reflected. Any impact of this change will be reflected in 2020 onwards and is estimated to be a net increase in the asset recognised of £1,600.

# Sanlam Investments UK Limited

## Notes to the Financial Statements continued

### 8. Tangible fixed assets

	Computer Equipment £	Furniture and Fittings £	Office Equipment £	Total £
<b>Cost</b>				
At 1 January 2019	129,310	157,225	25,289	311,824
Additions	8,077	-	1,603	9,680
<b>At 31 December 2019</b>	<b><u>137,387</u></b>	<b><u>157,225</u></b>	<b><u>26,892</u></b>	<b><u>321,504</u></b>
<b>Depreciation</b>				
At 1 January 2019	99,800	148,547	23,937	272,284
Charge for the year	16,549	7,000	506	24,055
<b>At 31 December 2019</b>	<b><u>116,349</u></b>	<b><u>155,547</u></b>	<b><u>24,443</u></b>	<b><u>296,339</u></b>
<b>Net book value at 31 December 2018</b>	<b>29,510</b>	<b>8,678</b>	<b>1,352</b>	<b>39,540</b>
<b>Net book value at 31 December 2019</b>	<b><u>21,038</u></b>	<b><u>1,678</u></b>	<b><u>2,449</u></b>	<b><u>25,165</u></b>

### 9. Intangible Assets

	2019 £	2018 £
<b>Cost</b>		
<b>At 1 January and 31 December</b>	1,664,000	1,664,000
<b>Amortisation</b>		
Accumulated Amortisation at 1 January	710,667	502,667
Charge	208,000	208,000
Accumulated Amortisation at 31 December	<b><u>918,667</u></b>	<b><u>710,667</u></b>
Carrying amount at 31 December 2018	953,333	1,161,333
<b>Carrying amount at 31 December 2019</b>	<b><u>745,333</u></b>	<b><u>953,333</u></b>

On 1 August 2015, an intangible asset of £1,664,000 was transferred from SILL. It was transferred at its fair value. The intangible asset represents the acquisition of the rights to provide discretionary investment management services in respect of certain model portfolios. This purchase of an operating segment was initially recognised at cost as an intangible asset in SILL, representing SILL's right to provide the services and receive fee income.

## Sanlam Investments UK Limited

### Notes to the Financial Statements continued

#### 9. Intangible Assets (Continued)

The Company has determined that the intangible asset has a finite useful economic life of 8 years as at date of transfer. This period reflects the Company's estimate of the average life of a typical arrangement for the provision of investment manager services. At the reporting date, the Company reviewed the carrying amount of the intangible asset and determined that there were no indications of an impairment loss.

#### 10. Debtors

	2019	2018
	£	£
Amounts receivable from related parties	3,821,755	2,530,696
Other taxation and social security	14,231	-
VAT Debtor	17,044	145,913
Prepayments and accrued income	395,567	713,723
Other debtors	444,591	438,121
	<u>4,693,188</u>	<u>3,828,453</u>

#### 11. Creditors - amounts falling due within one year

	2019	2018
	£	£
Amounts payable to related parties	153,817	561,441
Other taxation and social security	152,540	219,672
Accruals and deferred income	1,707,878	2,061,066
Trade creditors	238,732	80,427
	<u>2,252,967</u>	<u>2,922,606</u>

#### 12. Creditors - amounts falling due after more one year

	2019	2018
	£	£
Share capital treated as financial liabilities (See note 17)	6	6
Premium on shares classed as financial liabilities	4,261	4,261
	<u>4,267</u>	<u>4,267</u>

#### 13. Pensions Commitments

The Company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £261,788 (2018: £273,183).

## Sanlam Investments UK Limited

### Notes to the Financial Statements continued

#### 14. Related Party Transactions

All related party transactions have been entered into and concluded under normal market conditions. Related party transactions are identified as transactions with Group Companies and other entities with significant influence, as well as transactions with key personnel. The Company has entered into the following agreements and transactions with related parties:

##### **Agreed services**

Agreements have been entered into with the following related parties:

- Sanlam Asset Management (Ireland) Limited
- Sanlam UK Limited
- Sanlam Private Investments (UK) Limited
- P2 International Limited
- Sanlam Life & Pensions UK Limited
- English Mutual Limited
- Sanlam Wealth Planning UK Limited
- Sanlam Life Insurance Limited
- Nucleus UK Limited

##### **Sanlam Asset Management (Ireland) Limited**

Sanlam Investments UK Ltds principal activity is to provide investment management and investment allocation services for Sanlam Asset Management (Ireland) Limited, a company incorporated in the Republic of Ireland.

##### **Sanlam UK Limited**

Sanlam Investments agreed a revenue sharing arrangement with Sanlam UK Limited in relation to certain fees Sanlam Investments received for providing discretionary management services. These fees were charged by Sanlam UK Limited pursuant to an Introducer/SLA Agreement

The Company recognised LTIP charges of £154k to Sanlam UK during the year. At 31 December 2019, a balance of £154k remained outstanding for these charges.

##### **Sanlam Private Investments (UK) Limited**

Sanlam Investments has an agreement to the right to provide discretionary investment management services in respect of certain model portfolios. The counterpart to that agreement is Sanlam Private Investments (UK) Limited, a fellow Group Company who pays a set fee for these services on an annual basis.



# Sanlam Investments UK Limited

## Notes to the Financial Statements continued

### 14. Related Party Transactions (Continued)

#### P2 International Limited, Sanlam Life & Pensions UK Limited, English Mutual Limited and Sanlam Wealth Planning UK Limited

P2 International Limited, a Bermuda exempted company within the Sanlam Group provides risk management services to Sanlam Investments in relation to certain of the funds for which Sanlam Investments is the Investment Manager. Sanlam Investments provide the discretionary management services to: P2 International Limited, Sanlam Life & Pensions UK Limited, English Mutual Holdings Limited and Sanlam Wealth Planning UK Limited.

#### Nucleus UK Limited

Sanlam Investments provide discretionary management services to Nucleus Financial Planning Group PLC and the fee is received on the provision of these services.

#### Income

		2019	2018
	<u>Relationship</u>	£	£
Sanlam Asset Management (Ireland) Ltd	Group Company	4,987,638	6,362,271
Sanlam Life and Pensions Ltd	Group Company	1,298,701	1,353,330
Sanlam Universal Funds Plc	Group Company	1,552,821	1,003,857
Sanlam Private Wealth UK LTD	Group Company	500,000	499,807
Nucleus Financial Planning Group	Group Company	487,431	379,193
Sanlam Wealth Planning UK Limited	Group Company	182,584	162,734
English Mutual Ltd	Group Company	-	19,186
P2 International Ltd	Group Company	15,087	17,255
		<u>9,024,262</u>	<u>9,797,633</u>

#### Expenses

		2019	2018
	<u>Relationship</u>	£	£
Sanlam UK Limited	Group Company	1,256,406	1,208,729
Sanlam Life & Pensions UK Limited	Group Company	110,981	40,571
P2 International Ltd	Group Company	9,000	37,886
		<u>1,376,387</u>	<u>1,287,186</u>

## Sanlam Investments UK Limited

### Notes to the Financial Statements continued

#### 14. Related Party Transactions (Continued)

##### Receivable from Related Party:

		2019	2018
	<u>Relationship</u>	£	£
Sanlam UK Limited	Group Company	1,598,500	1,526,509
Sanlam Asset Management (Ireland) Limited	Group Company	368,832	571,460
Sanlam Universal Funds PLC	Group Company	191,048	131,635
Nucleus Financial Planning Group PLC	Group Company	54,100	60,565
Sanlam Investments Holdings UK Limited	Holding Company	80,168	74,778
Sanlam Investment Management (Pty) Ltd	Group Company	184,622	58,071
Sanlam Wealth Planning UK Limited	Group Company	114,322	51,561
Sanlam Private Investments UK LTD	Group Company	1,214,448	32,574
P2 International Ltd	Group Company	1,715	15,143
Sanlam International Investments Limited (SIIL)	Group Company	14,000	8,400
		<u>3,821,755</u>	<u>2,530,696</u>

##### Payable to Related Party

		2019	2018
	<u>Relationship</u>	£	£
Sanlam Investment Management (Pty) Ltd	Group Company	-	(289,115)
Sanlam Life & Pensions UK Limited	Group Company	(153,655)	(42,674)
Sanlam Wealth Planning UK Limited	Group Company	(125)	(17)
English Mutual Ltd	Group Company	-	(229,635)
Sanlam UK Limited	Group Company	(37)	-
		<u>(153,817)</u>	<u>(561,441)</u>

#### 15. Holding Company

Sanlam Limited, a listed financial services company incorporated in the Republic of South Africa, is the ultimate parent of the Company and consolidates these financial statements and is the parent of the only group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of Sanlam Limited's financial statements may be obtained from its registered office at 2 Strand Road, Bellville, South Africa. Sanlam Investments Holdings UK Limited, a financial services company incorporated in England, is the immediate parent of the company and is registered at Monument Place, 24 Monument Street, London, England, EC3R 8AJ.

## Sanlam Investments UK Limited

### Notes to the Financial Statements continued

#### 16. Investment in subsidiary

The Company is currently the sole shareholder and direct parent company of SILL, a company incorporated with limited liability in England and Wales. The registered office of SILL is Monument Place, 24 Monument Street, London, EC3R 8AJ.

#### 17. Share Capital

	2019	2018
	£	£
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £0.10 each	2,813,017	2,813,017
<b>Shares classified as debt</b>		
Focussed Strategy shares		
<b>Allotted, called up and fully paid</b>		
100,000 Global Equity shares of £0.00001 each	1.00	1.00
145,000 Multi-Strategy shares of £0.00001 each	1.45	1.45
100,000 US Equity shares of £0.00001 each	1.00	1.00
100,000 Strategic Bond Equity shares of £0.00001 each	1.00	1.00
80,904 UK Equity share of £0.00001 each	0.81	0.81
100,000 European Equity shares of £0.00001 each	1.00	1.00
	<u>6.26</u>	<u>6.26</u>

During the year ended 31 December 2019 and 31 December 2018 the Company issued no Ordinary shares. On the 7 December 2018 45,000 Multi Strategy Focussed Strategy shares were issued.

Focus strategy shares are issued to members of SIUK investment teams, namely the Global Equity Team, the Multi-Strategy Team and the US Equity Team. Shareholders participate in up to 30% of the economic interest of their respective team's business subject to achieving AUM based hurdles and employment conditions set out in the articles. Vesting of shares begins after three years of service by respective shareholders where after shareholders have the option to put a max of 10% and minimum of 5% per annum to Sanlam Investments Holdings UK Limited at fair value.

# Sanlam Investments UK Limited

## Notes to the Financial Statements continued

### 17. Share Capital (Continued)

The respective share rights of the Ordinary shares, Equity Shares and the Focussed Strategy shares are as follows

#### **Dividends**

On declaration of a dividend, certain holders of the Focussed Strategy shares, subject to certain hurdle rates, will receive dividends up to 30% of the proportion of the profits of the Company available for distribution and resolved to be distributed by the Board which are attributable to the sector of the business relevant to their respective share class. The holders of the Ordinary shares will receive the remainder of the dividends pro rata to their holdings of Ordinary Shares.

#### **Votes**

Each holder of Ordinary shares is entitled to one vote per share held. The holders of the Focussed Strategy shares are not entitled to vote.

#### **Winding up**

On a winding up of the business, the holders of the Focussed Strategy shares will receive such proportion of the distribution being made as represents up to 30% of the proportion of the fair value of the sector of the business relevant to their respective share class. The holders of the Ordinary shares will receive the remainder of the distribution, pro rata to their respective holdings.

#### **Redemption**

The Focussed Strategy shares are redeemable at fair value at the option of the holder in tranches of up to 10% per annum and not less than 5%, commencing 2 to 3 years after issue and restricted to 50% of the shares issued. The Focussed Strategy shares are redeemable on the departure of a shareholder from the business, the redemption being dependent on the terms of departure.

### 19. Subsequent Events

Subsequent to the Company's year end, the full extent of the Coronavirus (Covid-19) pandemic has begun to emerge with significant volatility in financial markets around the world and Government-imposed restrictions on movement. Despite the significant stimulus packages announced by governments around the globe it is likely that many developed economies will enter a period of downturn, the severity and length of which are unknown.

**19. Subsequent Events (Continued)**

The extent of the future impact on the Company cannot be estimated with any certainty. However as at the date of approving these financial statements, performance for the first five months of the year is unfavourable to the 2020 business plan however the business remains profitable. As noted in the going concern section in the Directors' Report, stress tests have been performed related to Covid-19 and under these stress scenarios, the Company's capital is projected to remain above regulatory requirements and sufficient liquidity exists to meet liabilities as they fall due.

As at 31 May 2020, the Company had a total capital ratio of 13% (minimum requirement 8%). The Company's financial performance, liquidity and capital position continues to be actively monitored and any necessary action will be taken in order to ensure that a strong capital position is maintained as the pandemic develops.