

Under the spotlight: Sanlam multi-asset range quarterly update

Q1 2021

This quarterly update is relevant for investors in the Sanlam multi-asset range. Below you will find an insight into the investments within the funds and how they have been managed over the prior quarter.

Indicative holdings

The following individual securities were held within the Balanced fund on the last day of the quarter, 31 March 2021. The other funds in the range may hold a slightly different list of assets, in line with their specific risk grades.

UK equity

Howden Joinery Group Plc
Intercontinental Hotels Group
Integrafin Holdings Plc
Prudential Plc
Relx Plc
Rightmove Plc
Taylor Wimpey Plc
Unilever Plc

Digital Realty Trust Inc
Grainger Plc
Mapletree Logistics Trust
Unite Group Plc

High yield bonds

AA Bond 6.5% 31/01/2026
Barclays 6.375% Perp
FCE Bank 2.727% 03/06/2022
GKN Holdings 4.625% 12/05/2032
Marks & Spencer 4.5% 10/07/2027
MPT 3.692% 05/06/2028
Permanent TSB Group Holdings 2.125% 26/09/2024
Rolls-Royce 3.375% 18/06/2026
Sainsbury's Bank 6% 23/11/2027

Corporate bonds

Aviva 5.125% 04/06/2050
BP Capital Markets PLC 4.25% Perp
Daimler International Finance 1.25% 05/09/2022
Hiscox 2% 14/12/2022
InterContinental Hotels Group 3.75% 14/08/2025
Just Group 9% 26/10/2026
Just Group PLC 8.125% 26/10/2029
KPN NV 5.75% 17/09/2029
Legal & General 5.625% Perp
M&G PLC 5.625% 20/10/2051
Natwest Group 3.622% 14/08/2030
Pension Insurance Corp 7.375% Perp
Phoenix Group Holdings 4.125% 20/07/2022
Rothesay Life 3.375% 12/07/2026
SSE 3.74% Perp
Tesco 3.322% 05/11/2025
Whitbread Group 3.375% 16/10/2025

US equity

Alphabet Inc
Akamai Technologies Inc
Becton Dickinson And Co
Booking Holdings Inc
Electronic Arts Inc
Facebook Inc
Johnson & Johnson
Medtronic Plc
Microsoft Corp
Oracle Corp
Yum! Brands Inc

European equity

Anheuser-Busch Inbev Sa/Nv
Bayer Ag
Heineken Nv
Koninklijke Philips Nv
Novartis Ag
Roche Holding Ag

Asia Pacific equity

Kao Corp

Emerging market equity

Alibaba Group Holding Ltd
Tencent Holdings Ltd

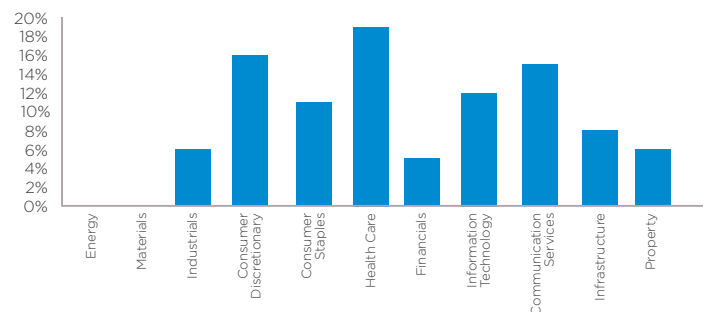
Infrastructure

Brookfield Infrastructure Part
Hicl Infrastructure Plc
3i Infrastructure Plc

Property

Indicative equity breakdown by sector

The breakdown by sector of equity holdings within the Balanced fund as at 31 March 2021.



Returns over the quarter

The following table shows the breakdown by asset class of each fund's returns, including the effects of fees, midday pricing and transaction costs.

	Contribution to return			
	Defensive	Cautious	Balanced	Growth
Fund return as per Net Asset Value (NAV)	0.3	0.4	0.8	1.0
Equity (Equity, Property, Infrastructure)	0.9	1.0	1.3	1.5
US	0.5	0.7	1.0	1.2
UK	0.2	0.3	0.5	0.6
Europe (ex. UK)	-0.1	-0.2	-0.3	-0.5
Asia Pacific	-0.1	-0.2	-0.3	-0.3
Emerging markets	0.0	0.0	0.1	0.1
Property	0.1	0.0	0.0	0.0
Infrastructure	0.3	0.3	0.3	0.4
Bonds	0.4	0.3	0.2	0.1
Government		0.0		
Corporate	0.2	0.1	0.1	0.0
High yield or not rated	0.2	0.2	0.1	0.1
Gold	-0.7	-0.6	-0.5	-0.3
Cash	0.0	0.0	0.0	0.0
Fees	-0.2	-0.2	-0.2	-0.2
Midday pricing and transaction effects	-0.1	0.0	0.0	0.0

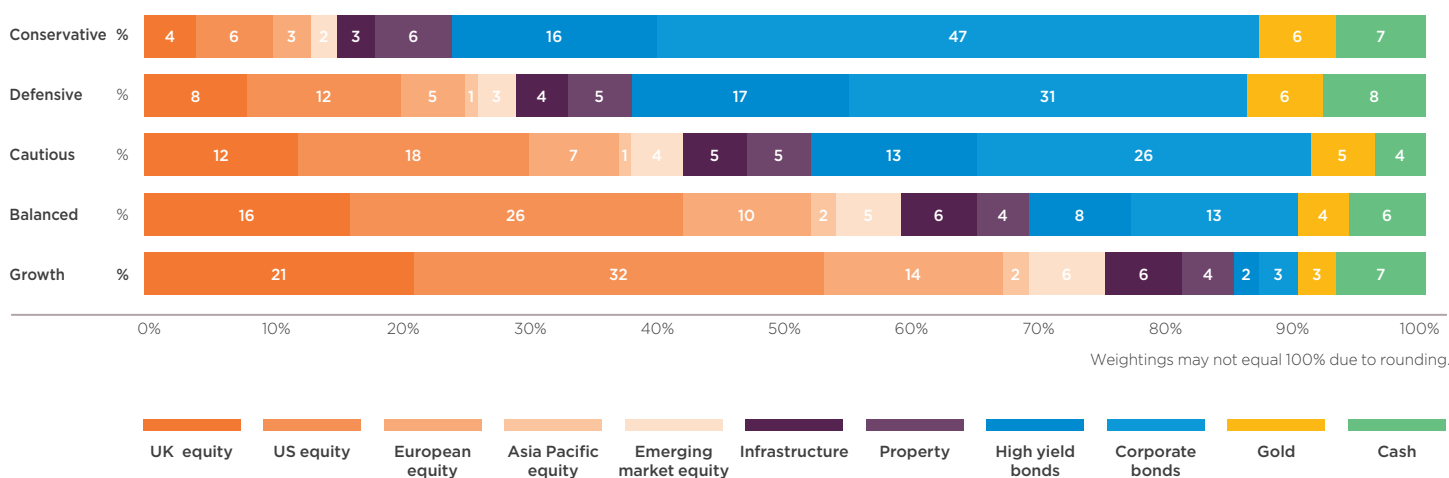
Source: Sanlam Investments UK Limited as at 31 March 2021. Performance data is not shown for IFSL Sanlam Conservative Fund, which launched on 7 September 2020 and therefore does not have a complete year of performance data.

Past performance is not a reliable indicator of future performance.

Fund	Discrete years performance %				
	31.03.2020 - 31.03.2021	31.03.2019 - 31.03.2020	31.03.2018 - 31.03.2019	31.03.2017 - 31.03.2018	31.03.2016 - 31.03.2017
IFSL Sanlam Defensive Fund	16.6				
IA Mixed Investments 20-60% Shares	20.1	-7.1	2.9	0.8	13.0
IFSL Sanlam Cautious Fund	19.3	-3.4			
IA Mixed Investments 20-60% Shares	20.1	-7.1	2.9	0.8	13.0
IFSL Sanlam Balanced Fund	21.3	-5.5			
IA Mixed Investments 40-85% Shares	26.5	-7.7	4.4	1.6	17.5
IFSL Sanlam Growth Fund	24.0	-6.3			
IA Flexible Investment	29.3	-8.0	3.3	2.3	19.2

Asset class breakdowns

The breakdown of each fund by asset class as at 31 March 2021.



Trading activity over the quarter

During the quarter we placed the following trades in respect of the funds:

Timing	Rationale	Added exposure	Reduced exposure
25 March	Topped up on weakness	Added to Tencent	
22 March	Valuation-based tactical changes	Added to Google Bought MPT bond	Trimmed Facebook
18 March	Topped up on weakness	Added to Microsoft	
05 March	Increased inflation-linked high-yield fixed income exposure	Bought Philips Bought Mapletree Logistics Added to Unite, Grainger and Digital Realty	Trimmed Booking
26 February	Valuation-based trim		Trimmed Howden Joinery
22 February	Topped up on weakness	Added to Facebook	
19 February	Valuation-based sale		Sold Acciona
12 February	Unwound tactical underweight	Added to Brookfield Infrastructure	
10 and 16 February	Topped up on weakness	Added to Akamai	
09 February	Valuation-based trims; scope to add back on weakness		Trimmed Microsoft Trimmed Google
02, 04 and 10 February	Improved risk/return profile of fixed income holdings	Bought Natwest bond	Sold Lloyds Contingent Convertible bond Sold Vodafone bond Sold Northumbrian Water bond
20, 25 and 26 January	Improved risk/return profile of fixed income holdings	Bought AA bond Bought Just Group bond Bought SSE bond	Trimmed Vodafone bond
14 January	Improved growth and valuation	Added to Facebook Bought Akamai	Trimmed Acciona Sold Danone

Fund manager commentary

During the first quarter of 2021 equity strength moderated relative to prior periods. Markets were buoyed by the successful launch of vaccination programmes underpinned by a message of continued support from central banks. Some volatility spilled over from bond markets which felt the pinch as government bonds sold off throughout much of February and March. As such, higher risk grades with larger equity allocations and smaller bond weights performed strongest.

Across the risk grades, the best performing sectors were infrastructure (+4%), US equities (+4%) and UK equities (+3%). Strong performance in infrastructure was powered by holdings in Acciona (+19%) & Brookfield Infrastructure (+8%) whilst Alphabet (+17%) & Oracle (+8%) led the way in the US and Prudential (+15%) & Taylor Wimpey (+9%) drove UK performance. Lower risk grades benefited from a zero weight in government bonds which suffered heavy losses for the quarter whilst high-yielding (+1.4%) and investment grade bonds (+0.4%) benefited from strong stock selection.

Asia Pacific equities (-15%) were the weakest region, driven solely by Kao (-15%) which struggled throughout the quarter. Gold (-11%) was also weak throughout Q1. Both higher growth companies (e.g. Alphabet, Oracle) and more value-orientated companies (e.g. Prudential, Taylor Wimpey) had their moments in the spotlight throughout this quarter and the funds benefited from holdings in both categories.

About the range

The Sanlam multi-asset range uses the same investment philosophy and process behind our discretionary portfolios but with lower management fees. The range consists of five actively managed funds with different long-term return and risk objectives and so may appeal to a variety of clients depending on their individual risk appetite.

The funds invest predominantly in direct bonds and equities, with a smaller allocation to other asset classes such as property, alternative strategies and commodities. Whether you are looking for a more bond-focused fund, an equity-focused fund, or a fully diversified mix of assets, our multi-asset range aims to provide a suitable solution.

The Conservative fund has the ability to allocate 100% of its assets to bonds in order to meet its investment objective. Similarly, the Growth fund can hold 100% in equities in order to meet its objective.

Investing involves risk. Past performance is not a reliable indicator of future results. Do remember that the value of participatory interests or the investment and the income generated from them may go down as well as up and is not guaranteed, therefore, you may not get back the amount originally invested and potentially risk total loss of capital. Therefore the Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Funds will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events. The Funds invest in other currencies. Changes in exchange rates will therefore affect the value of your investment. In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner. The Funds have exposure to bonds, the prices of which will be impacted by factors including; changes in interest rates, inflation expectations and perceived credit quality. When interest rates rise, bond values generally fall. This risk is generally greater for longer term bonds and for bonds with higher credit quality. The Funds may invest a large part of its assets in other funds for which investment decisions are made independently of the Fund. If these investment managers perform poorly, the value of your investment is likely to be adversely affected. Investment in other Funds may also lead to duplication of fees and commissions. The IFSL Sanlam Growth, Balanced and Cautious Funds invest in emerging markets which are typically riskier than more established markets. Difficulty in trading may arise, resulting in a negative impact on your investment. For the IFSL Sanlam Cautious and Defensive Funds, all or part of the fees and expenses may be charged to the capital of the Fund rather than being deducted from income. Future capital growth may be constrained as a result of this. Investment Fund Services Limited (IFSL) are the Authorised Corporate Director of the IFSL Sanlam Funds. This document is provided to give an indication of the investment and does not constitute an offer/invitation to sell or buy any securities in any fund managed by us nor a solicitation to purchase securities in any company or investment product. It does not form part of any contract for the sale or purchase of any investment. The information contained in this document is for guidance only and does not constitute financial advice. The fund price is calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income and expense accruals. Trail commission and incentives may be paid and are for the account of the manager. Performance figures quoted are from Sanlam and are shown net of fees. Performance figures for periods longer than 12 months are annualized. NAV to NAV figures are used. Calculations are based on a lump sum investment. Please note that all IFSL Sanlam Funds carry some degree of risks which may have an adverse effect on the future value of your investment. Any offering is made only pursuant to the relevant offering document, together with the current financial statements of the relevant fund, and the relevant subscription/application forms, all of which must be read in their entirety together with the IFSL Sanlam OEIC prospectus and the KIID. All these documents explain different types of specific risks associated with the investment portfolio of each of our products and are available free of charge from the Manager or at www.ifslfunds.com. No offer to purchase securities will be made or accepted prior to receipt by the offeree of these documents, and the completion of all appropriate documentation. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision as not all investments are suitable for all investors. AB0421(288)0721UKRet