Sanlam Investments

Sanlam Credit Fund
Monthly Commentary
April 2022

Fund performance

	Inception	1mth	3mth	6mth	YTD	1Yr	Since Inception
Fund (A GBP Acc)	30/08/2016	-1.0%	-3.2%	-3.6%	-3.9%	-2.6%	3.1%
Sector (IA £ Strategic Bond)		-2.1%	-4.8%	-6.1%	-6.3%	-5.2%	1.9%

	12 months to Apr 18	12 months to Apr 19	12 months to Apr 20	12 months to Apr 21	12 months to Apr 22
Fund (A GBP Acc)	3.6%	2.3%	1.6%	9.5%	-2.6%
Sector (IA £ Strategic Bond)	1.8%	2.6%	1.2%	9.4%	-5.2%

- Performance beyond one year is annualised.
- **Past performance is not an indicator of future performance.**
- Source: Sanlam, Morningstar and Lipper as at 30/04/22. Figures for periods longer than 12 months are annualized. NAV to NAV figures are used. Net of charges, assumes net income reinvested. Class A net returns are used to illustrate the funds longest track record in the table above.

Fund commentary
Another very difficult month for risk assets generally, and for corporate bonds specifically.

In an attempt to apply some data points to the weakness, the Nasdaq fell by just over 13% during April, the worst monthly performance since the GFC, excluding 2020.

In what is typically a seasonally strong month for corporate bonds, unfortunately the macro environment put paid to that narrative, with the Bloomberg GBP Aggregate Corporate Index generating excess returns of -135bp during the month, bring year-to-date excess returns to -308bps.
April total returns were -332bps

Corporate bonds once again experienced a disorderly mark down mostly driven by the shock that is being forced upon it from interest rate volatility. Growth concerns in Europe (through the Russian invasion into Ukraine) and China (zero covid policy) pushed investor confidence down further.

Bond markets are fragile because the ECB is getting impatient to end what has been a decade of unconventional support, alongside the Fed and MPC who are likely to raise interest rates in the early days of May.

A slower China has global implications, with weaker end demand for exporting nations, and lingering supply chain stresses. How much of an economic slowdown looks priced-in for corporate bond sectors? The Investment Team think rather a lot, which is why over the course of the past few weeks the cash component of the Fund has slowly but surely been deployed in the market, and the yield has risen markedly, but not at the expense of duration.

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Fund commentary (cont.)

Earnings season is now underway, and will be watched very closely, how have firms' earnings held up amid the overwhelming effects of cost pressures that companies face today. Results so far, suggest relatively stable earnings margins.

As a new month begins, the Investment Team take a degree of comfort from the now relatively attractive re-pricing of corporate bonds. Individual bond selection and industry allocation remain the key focus.

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Important Information

The fund will invest in debt securities. The government or company issuer of a bond might not be able to repay either the interest or the original loan amount and therefore default on the debt. This would affect the credit rating of the bond and, in turn, the value of the fund. Investment in bonds and other debt instruments (including related derivatives) is subject to interest rate risk. If long-term interest rates rise, the value of your shares is likely to fall. The Fund may engage in transactions in financial derivative instruments for hedging purposes only. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.

The value of this portfolio is subject to fluctuation and past performance is not necessarily a guide to future performance. The performance is calculated for the portfolio and the actual individual investor performance will differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. All terms exclude costs. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. 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 Manager has the right to close any Portfolios to new investors to manage them more efficiently in accordance with their mandates. Collective Investment Schemes are traded at ruling prices and can engage in borrowing and scrip lending. Collective Investment Schemes (CIS) are generally medium to long term investments. A schedule of fees and charges and maximum commissions is available on request free of charge from sanlam.co.uk. A full summary of investor rights can be obtained from https://www.linkgroup.eu/policy-statements/irish-management-company/. Document is provided in English.

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Tideway UCITS Fund ICAV an Irish collective asset-management vehicle registered under the laws of Ireland having its registered office at 1st Floor, 2 Grand Canal Square, Grand Canal Harbour Dublin 2, Ireland. The ICAV is an umbrella type Irish collective asset-management vehicle with segregated liability between funds incorporated under the Irish Collective Asset-management Vehicles Act 2015 of Ireland and authorised by the Central Bank of Ireland. The Fund Manager is Link Fund Solutions (Ireland) Limited a company incorporated under the laws of Ireland having its registered office at 1st Floor, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland which is authorised by the Central Bank of Ireland. Link Fund Solutions (Ireland) Limited has appointed Sanlam Investments UK Ltd as Investment Manager to this fund.

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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.

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