

SVS Sanlam European Equity Fund

Monthly Commentary

April 2022

Market/macro backdrop

European equity markets posted further losses in April 2022 as they were weighed down by the war in Ukraine, concerns about inflation and the growing 'cost of living crisis', and uncertainty about the timing and magnitude of interest rate rises in other markets, most notably the US. Stylistically, growth had another poor month globally, underperforming 'value' by a wide margin. Economic data in Europe indicates that many labour markets remain tight, but consumer confidence has taken a significant hit due to the war in Ukraine and the associated increases in food and energy costs. On the political front, President Macron was re-elected for a second five-year term, thus eliminating the tail risk of a far right government in France.

Performance vs sector/benchmark

The Fund produced a performance of **-3.2%** in April 2022 (B share class – source Morningstar). The MSCI Europe ex UK index produced a sterling total return of **-1.8%** (source: MSCI, Bloomberg).

	Inception	1mth	3mth	1yr	3yrs	5yrs	Since Inception
A GBP Income	17/05/90	-3.2	-5.9	-5.0	6.9	4.7	7.6
MSCI Europe ex UK		-1.8	-4.0	-0.7	6.8	5.8	0.0

	12 Months to	Apr-22	Apr-21	Apr-20	Apr-19	Apr-18
A GBP Income		-5.0	33.3	-3.5	-6.3	9.6
MSCI Europe ex UK		-0.7	33.3	-8.0	2.3	6.3

- Performance beyond one year is annualised.
- **Past performance is not an indicator of future performance.**
- Source: Sanlam, Morningstar and Lipper as at 30/04/2022. Figures for periods longer than 12 months are annualized. NAV to NAV figures are used. Net of charges.

Positive contributors (3 max)

[Heineken](#), [ASML](#) (not held), [Sanofi](#)

Negative contributors (3 max)

[Schneider Electric](#), [Nestlé](#) (not held), [VAT Group](#)

Significant portfolio changes - buy/sells (3 max each)

New positions in April included Tenaris, a leading manufacturer of pipes and related infrastructure for the global energy industry and other industrial applications. We also bought Novo Nordisk, a world leader in the treatment of diabetes and other chronic diseases.

We funded these changes by exiting our position in Atlas Copco.

Outlook

Unless there is a quick and peaceful resolution to Russia's invasion of Ukraine, the immediate outlook for European equities is challenging. Europe is heavily reliant on Russian energy and there is no practical way in which this lost capacity can be replaced easily or quickly in the short term. In the meantime, global energy prices are likely to remain elevated as Western nations scramble to secure what they can of the remaining non-Russian supply. Russia and Ukraine are also producers of other important global commodities such as wheat, so this will aggravate the existing cost of living crisis in Europe and the West more generally. Most multinationals that are able to exit or pause operations in Russia have already done so and there is little or no clarity on when or if these will restart. However, in a European context, we do not expect the economic impact of these exits to be significant.

Markets now face a cocktail of geopolitical, inflation (particularly in commodities) and interest rate concerns – and whilst Covid may be in retreat in some countries in Europe, it has certainly not gone away. The good news is that barring a wider war, something which the West clearly does not want, there is very little left to derail equity markets.

We will continue to focus the Fund on great global businesses that just happen to be based in Europe, cheap global thematic beneficiaries, and regional champions.

Important Information

The Fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.

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 (CIS) 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 the Authorised Corporate Director, the Investment Manager or at www.sanlam.co.uk. This document is marketing material and is not intended as a recommendation to invest in any particular asset class, security or strategy.

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Smith & Williamson Fund Administration Limited is the Authorised Corporate Director of the Smith & Williamson Unit Trusts.

Smith & Williamson Unit Trusts, a company constituted by trust deed as a UCITS scheme, authorised in the UK and regulated by the Financial Conduct Authority. The Fund is managed by Smith & Williamson Fund Administration Limited, 25 Moorgate, London, EC2R 6AY, Tel +44 (0)20 7131 4000, Fax +44 (0)20 7131 4001 which is authorised by the Financial Conduct Authority, as a UCITS Fund Manager and Alternative Investment Fund Manager. Smith & Williamson Fund Administration 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.

Please note that all 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 SVS Sanlam Unit Trusts 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.sanlam.co.uk. 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.

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