

Sanlam Hybrid Capital Bond Fund

Monthly Commentary

April 2022

Fund performance

	Inception	1mth	3mth	6mth	YTD	1Yr	Since Inception
Fund (A GBP Acc)	30/08/2016	-2.3%	-8.2%	-9.3%	-9.5%	-7.7%	4.4%
Sector (IA E 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)	9.0%	1.7%	0.6%	15.7%	-7.7%
Sector (IA E 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 30/04/2022. 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

April saw a continuation of the sharp correction across the wider fixed income markets as the global geopolitical outlook remained very uncertain and inflation numbers continued to surprise to the upside in major economies. Our thoughts and prayers remain with the people of Ukraine.

US 10-year yields moved up another 60bps and 10-year UK yields rose by 30 bps. In addition, equity markets continued the sell off, with S&P 500 down over 8% in the month.

This combination is obviously very negative for credit markets with an increasing feeling of there being “nowhere to hide” as correlations go up and pretty much all assets continue to be under pressure.

As ever the silver lining is higher future returns from cheaper and cheaper assets. We see no evidence of any balance sheet stress in the mainstream large cap Banks and Insurers.

Higher rates and steeper curves mean higher earnings for the financial sector, with the risk to the downside coming from a recession leading to credit losses, a scenario which is at least 18 months away.

In summary, the credit markets remain under real pressure, but available yields are back to mid / high single digits which offers some medium term support.

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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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