

# Suspended Property funds Q&A

## SANLAM INVESTMENT AND PENSIONS UPDATE APRIL 2020

This document is to provide information only on the recent property fund suspensions and how this might affect some transactions on your Sanlam policy/account. You should always seek financial, legal or tax advice before making decisions on your policy/account.

### What has happened?

Recently, there have been a number of fund suspensions in the UK property sector because the Covid-19 virus has impacted the independent valuers' ability to value UK property held as underlying investments in the funds. This lack of accurate valuations is in turn making the calculation of share or unit prices difficult, which would leave investors open to a material risk if they were trying to buy or sell these assets. To address this, suspensions have been put in place.

### How does this impact my Sanlam policy/account?

This will depend on the product range and the investment held within the respective product. Below, we have detailed what can and cannot be done within the different product sets.

### Which funds have been suspended?

We have been informed that the Bank of Montreal Property Growth & Income Fund, the Kames UK Property Income and M&G Property funds have suspended trading. These funds make up part of the asset allocation of the Intrinsic Conservative Growth, Balanced Growth, Moderately Aggressive and Dynamic Growth Model Portfolios that Sanlam Investments manage as well the Sanlam Active Model portfolios (excluding the Orange model which does not hold any of these funds). Exact exposure will vary by model.

For further information on why these funds have been suspended, please consult your financial adviser.

### For Sanlam Portal clients in Sanlam Active models or in Intrinsic models

For the affected model portfolios, while there is a suspension in place, the allocations for the BMO, Kames and M&G funds will temporarily be placed in cash until the fund suspension is lifted. While this will mean a small increase in the allocation to cash, it allows us to continue to accept regular payments into and make regular payments out of your account(s).

Please note: if you wish to fully close your account or switch to a different investment, the amount in the suspended fund will remain invested and will be paid out/switched at a later date when the fund suspension has been lifted.

**Important:** In line with the Portal terms and conditions, we will process a switch request to move from the affected model to a fund or funds. However, two models cannot be held in the same account so model to model switching could not take place until the fund suspension has been lifted.

Once the suspension is lifted we will look to rebalance the portfolio to realign with the original asset allocation parameters.

### For Sanlam Platform clients in Sanlam Active Portfolios

When a notification of a fund suspension is received by Hubwise, who administer the Sanlam Platform, they will immediately place that fund into a 'suspended file' meaning that no trades in that fund are permitted. Trades for the other funds in the portfolio would subsequently be increased by the pro-rated percentage that was previously allocating to the suspended asset. The below example shows how this works in practice:

Example - Your current model is made up as follows:

Fund 1	20%
Fund 2	10%
Fund 3	5%
Fund 4	20%
Fund 5	30%
Fund 6	15%

If fund 3 is suspended from trading, the other funds would be automatically adjusted to compensate for this suspension so the adjusted model portfolio asset allocation would be as follows:

Fund 1	21.05%
Fund 2	10.53%
Fund 3	0%
Fund 4	21.05%
Fund 5	31.58%
Fund 6	15.79%

Any future rebalances, top ups, regular contributions or withdrawals would be applied to the adjusted weightings. Please note: if you were to fully surrender your policy or try to switch to different investments the amount in the suspended fund would not be able to be switched and would have to be moved by you at a later date when the fund suspension has been lifted.

**To note:** If you were to switch from an affected Sanlam Active Model to a Sanlam Investment Solution fund, this fund switch can be done and the investment would qualify for the lower charges. However, you will need to move the money from the suspended fund to the new funds once the suspension has been lifted.

### **For clients invested in Insured Mirror funds via the Specialist Range.**

The Bank of Montreal Property Growth and Income Fund, the Aviva Property Fund, SIP Property fund and the Janus Henderson UK Property Fund have suspended trading. What this means for your investment is that you will not be able to make redemption requests, switch or transfer units out of the funds during the period of suspension. The fund price will remain static until the suspension is lifted.

### **For clients invested in the Insured Active Model Portfolios via the Sanlam Specialist range**

For the affected model portfolios, while there is a suspension on the BMO Property and Income Fund, regular contributions can continue in the insured model portfolios and existing regular withdrawals will also continue. Clients with regular withdrawals are being contacted to detail how their regular withdrawals will be facilitated.

### **When will the suspensions be lifted?**

The funds will be suspended as long as the market conditions remain as they are, unfortunately we cannot put a specific timescale on this. The funds will continue to be monitored regularly and we will inform you once the suspension has been lifted.

Please note: if you wish to fully close your account or switch to a different investment, the amount in the suspended fund will remain invested and would be paid out/switched at a later date when the fund suspension has been lifted.

### **What action do you need to take?**

1. There is no need for any action at present.
2. If you have concerns please speak to your financial adviser in the first instance.

### **Who should we contact if we do not have a financial adviser?**

Our Client Contact team will be able to provide information on your policy/account but please note, Sanlam Investments and Pensions are not regulated to provide financial advice. Should you wish to appoint an adviser we have wealth planners within Sanlam who might be able to assist you, subject to their terms and conditions, please drop us an email on [getintouch@sanlam.co.uk](mailto:getintouch@sanlam.co.uk).

Alternatively, you could look to appoint an adviser by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk) and ask for them to get in contact with us to sign our terms of business and a letter of authority from you showing they are acting on your behalf. Please note that there might be costs involved in appointing a new financial adviser and this should be discussed and agreed with them.

The client contact team can be reached by emailing them on [clientservices@sanlam.co.uk](mailto:clientservices@sanlam.co.uk).

**Please note:** this is for information only as at April 2020 and not to be considered financial advice. The value of investments and any income from them can fall and you may get back less than you invested. Sanlam & Sanlam Investments and Pensions are trading names of Sanlam Life & Pensions UK Limited (SLP (Registered in England and Wales, No 980142)) and Sanlam Financial Services UK Limited (SFS (Registered in England and Wales, No 2354894)). SLP is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. SFS is authorised and regulated by the Financial Conduct Authority. Registered Office: St. Bartholomew's House, Lewins Mead, Bristol, BS1 2NH.