

Sanlam Real Assets Fund

Q3 2019 | Quarterly newsletter

Market recap

July brought a new political figure and agenda to UK. Boris Johnson won the Tory leadership contest to become PM and set out a new Brexit plan with just 3 months left on the clock. Meanwhile the Federal Reserve instigated its first rate cut since 2008, labelling it as a 'mid-cycle adjustment'. This monetary policy move was well received in the US and the S&P 500 posted a solid gain over the month. In Britain, the new pro-Brexit rhetoric led to sterling weakness; sterling reached a 2-year low against the dollar. However, the weak pound also provided a boost to the FTSE in the latter part of the month.

During August, President Trump's combative trade rhetoric continued to weigh on equity markets. The month saw the S&P Index down -1.58% and the MSCI World down -2.05%. In the UK, new PM Boris Johnson initiated a suspension of Parliament in an attempt to accelerate negotiations and agree a deal before the end of October. This drove sterling down further against both the dollar and the euro. Despite further sterling weakness trade tensions and the politics of Brexit led to the FTSE declining -4.08% over the month.

September brought another flurry of news. The supreme court ruled that the suspension of parliament was unlawful, and MPs consequently returned to the house of commons. Boris Johnson's future as PM was called into question, and talk turned to another Brexit extension. Europe was quick to state the blame rests with the UK should there be a no deal. In the US, easing trade tensions were supportive for equity markets and the MSCI World and S&P 500 indices ended the month up 2.13% and 1.87% respectively. Towards the end of the month, a whistle-blower uncovered a transcript of a Trump conversation with the Ukrainian president that led to an investigation over violations of US law. An impeachment inquiry has now begun.

Fund review

For the third quarter of the year the fund continued its strong track record, achieving 4.2% return against the MSCI World's 0.5%. This was attained with significantly lower volatility – at quarter end the fund exhibited 90-day volatility of 4.09% vs the MSCI world at 11.27%. Once again global trade anxiety rattled equity markets in August. This period marked the third time since launch where the fund demonstrated resilience and a low correlation to equities during times of market stress. Over the quarter, positive contributions came from all of our strategies - infrastructure, renewables, property and other alternatives.

The real assets fund diversified further over the period with 4 new holdings taking the portfolio to 33 holdings. The new positions included: a global infrastructure company with operations in over 40 countries; a European student accommodation business; a global REIT specialising in data centres; and one of the world's largest utility and renewable energy companies. These portfolio additions further broadened the fund's geographic diversification from 29 countries to 54 and expanded the underlying asset types from 55 to 62. All of the new investments are closely aligned to our pillars of a functioning economy theme.

Over the quarter the fund participated in 9 company fundraises which were seeking over £1bn of fresh capital. Proceeds from this activity went towards reducing outstanding debt balances and acquiring attractive pipelines of investments. This included acquisitions of freight railroad networks, music catalogues, infrastructure debt, supermarkets, tanker ships and European onshore wind farms.

Performance

| | Inception | 1mth | YTD | 1yr | 3yrs | 5yrs | Since Inception |
|-------------------|-----------|------|------|------|------|------|-----------------|
| SI USD Acc | 21/08/18 | 1.5 | 16.2 | 13.1 | n/a | n/a | 14.0 |
| CPI* | | 0.1 | 1.1 | 1.6 | n/a | n/a | 1.9 |

| 12 Months to | Sep-19 | Sep-18 | Sep-17 | Sep-16 | Sep-15 |
|-------------------|--------|--------|--------|--------|--------|
| SI USD Acc | 13.1 | n/a | n/a | n/a | n/a |
| CPI* | 1.61 | n/a | n/a | n/a | n/a |

*Equally weighted composite taken from the CPI rate of the component countries of the G10 Region

**Portfolio yield is calculated by adding the net dividend amounts for all dividend types (excluding special dividends) that have gone 'ex' over the past 12 months based on the dividend frequency. This total excludes taxes, any related dividend fees or tax related credits. As the fund has not yet had a full 12 month record of distributions we are unable to show an accurate distribution yield value

Key facts

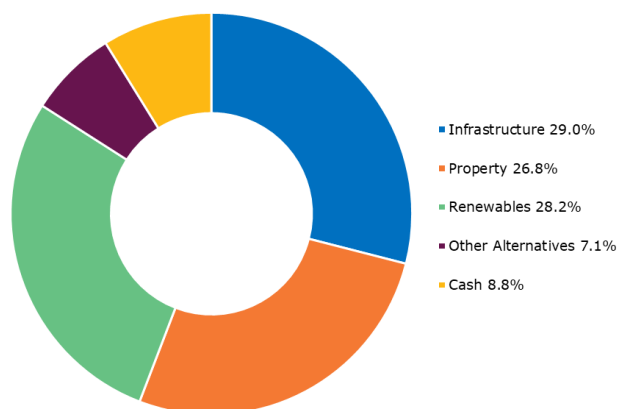
| | |
|-----------------------------|----------------|
| Fund AuM | £210.1m |
| Strategy AuM | £210.1m |
| Number of Holdings | 33 |
| Portfolio Yield** | 3.8% |
| Fund Manager | Mike Pinggera |
| Benchmark | CPI* |
| Return Target | CPI+4% |
| Fund Launch Date | 21 August 2018 |
| Domicile | Ireland |
| Base Currency | Sterling |
| Fund Type | OEIC, UCITS |
| IA Sector | IA Specialist |
| Morningstar Category | Alt - Other |
| Dealing Deadline | 11:00 (GMT) |
| Settlement Time | T+3 |
| Valuation Point | Midday (GMT) |
| Distribution | Monthly |

For professional investors only

Performance attribution

| | Q3 2019 | YTD |
|--------------------|---------|--------|
| Infrastructure | 0.79% | 3.64% |
| Property | 1.70% | 3.53% |
| Renewable Energy | 1.74% | 7.05% |
| Other Alternatives | 0.29% | 0.91% |
| SI USD NAV Return | 4.22% | 16.24% |
| Differential | -0.19% | 0.66% |

Fund allocation

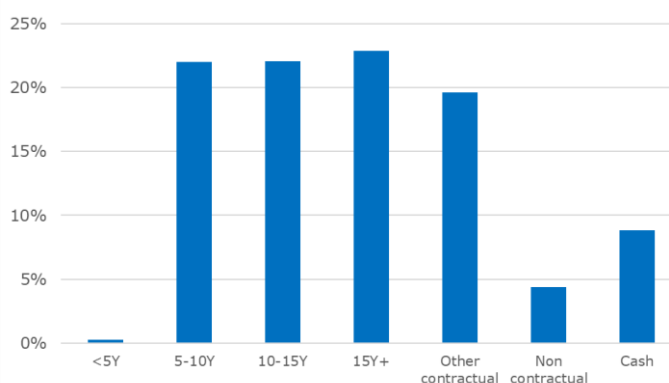


Top 10 holdings

| | % NAV |
|-------------------------------------|-------|
| Brookfield Renewables | 4.86 |
| Greencoat UK Wind | 4.74 |
| Brookfield Infrastructure | 4.67 |
| Orsted A/S | 4.64 |
| The Renewables Infrastructure Group | 4.62 |
| HICL Infrastructure | 4.60 |
| GCP Infrastructure | 4.42 |
| 3i Infrastructure | 4.38 |
| Vonovia | 4.37 |
| Sequoia Economic Infrastructure | 4.24 |

Source: Sanlam as at 30/09/2019.

Average Contract Durations



Outlook

The first nine months of the year produced positive returns in most asset classes, but not without significant volatility. The mixed messages from equity and bond markets are signalling that the remainder of the year is not likely to be any easier. The political manoeuvring as we approach the looming Brexit deadline is likely to cause significant volatility in local equity and currency markets. Slowing global growth, trade wars, monetary policy and the path of interest rates will continue to dominate the narrative globally as we head into year end.

Taking this environment into consideration, the fund continues to hold and pursue investments that fit our theme of "pillars of a functioning economy" with long-term, stable and predictable cash generative assets with defensive characteristics.

Contact us

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Important Information

The Fund may invest in derivatives for the purposes of efficient portfolio management and hedging only. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.

Part of the fund may invest in fixed income 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 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 the Manager, the Investment Manager or at www.sanlam.ie.

Issued and approved by Sanlam Investments which is authorised and regulated by the Financial Conduct Authority. Sanlam Investments is the trading name for our two Financial Conduct Authority (FCA) regulated entities: Sanlam Investments UK Limited (FRN 459237), having its registered office at 24 Monument Street, London, EC3R 8AJ and Sanlam Private Investments (UK) Ltd (FRN 122588) having its registered office at 16 South Park, Sevenoaks, Kent, TN13 1AN.

The Fund is a sub-fund of the Sanlam Universal Funds plc, a company incorporated with limited liability as an open-ended umbrella investment company with variable capital and segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank. The Fund is managed by Sanlam Asset Management (Ireland) Limited, Beech House, Beech Hill Road, Dublin 4, Ireland, Tel + 353 1 205 3510, Fax + 353 1 205 3521 which is authorised by the Central Bank of Ireland, as a UCITS Management Company and Alternative Investment Fund Manager, and is licensed as a Financial Service Provider in terms of Section 8 of the South African FAIS Act of 2002. Sanlam Asset Management is a registered business name of Sanlam Asset Management (Ireland) Limited. Sanlam Asset Management (Ireland) has appointed Sanlam Investments UK Ltd or Sanlam Private 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 Sanlam Universal Funds plc prospectus, the Fund supplement 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.ie. 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. _SAH1019(113)0120UKInst