

Sanlam Real Assets Fund

February 2019 | Factsheet

Overview

The investment focus is on listed securities that derive their value from underlying real assets. These exhibit distinct attractive characteristics that differentiate themselves from other asset classes. Our investments can be via REITs, investment trusts or specialist companies with a focus on physical assets. As the overriding mandate is real asset exposure, there is no restriction on access vehicles. The fund is targeting regular income and capital growth through investments in real asset securities, with a target return of CPI+4% over a full investment cycle. We have strong experience in real assets as a key part of the Sanlam Multi-Strategy Fund .

Investment themes

Pillars of a functioning economy

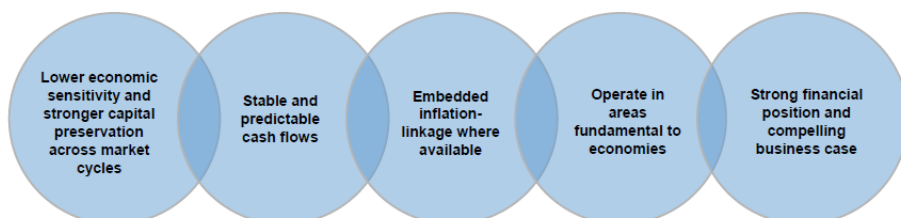


Changing demographics increases pressure on, and demand for, services such as education, healthcare, housing and energy. Our Fund exploits these investment themes through real assets exposure.

Real asset characteristics

- Diversification from traditional investments
- Long-term cash flow streams
- Attractive yields and total returns
- Global investment theme
- Greater capital preservation over cycles
- Lower volatility in asset values
- Degrees of inflation-linkage

Stock selection process



Investment ideas are generated internally with a strong emphasis on in-house deep dive research

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 fund can invest in derivatives. Derivatives are used to protect against fluctuations in currencies, credit risk and interest rates or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The Fund's expenses are charged to capital. This has the effect of increasing dividends while constraining capital appreciation. Part of the fund is invested in bonds. 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 Yield is gross and is calculated on historic dividend income from the preceding 12 months. Since the yield is based on past information it is provided as a guide and should not be taken as a guaranteed yield. If fees are charged to the capital account then this could reduce the amount invested. Income may fluctuate in accordance with market conditions and taxation arrangements. 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.

Key facts

Fund AuM	£96.5m
Strategy AuM	£96.5m
Number of Holdings	26
Portfolio Yield	4.2%
Fund Manager	Mike Pinggera
Benchmark	CPI+4%
Fund Launch Date	21 August 2018
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS V
IA Sector	IA Specialist
Morningstar Category	Alt - Other
Dealing Deadline	11:00 (GMT)
Settlement Time	T+3
Valuation Point	Midday (GMT)

Sector exposure

Sector	Weight %
Energy	31.7%
Property	31.6%
Utilities	12.1%
Transport	10.7%
Other	8.3%
Communications	2.4%
Health	2.4%
Education	0.9%

Sources for data: Sanlam, Bloomberg

Monthly commentary

Transparency

Equity markets continued their recovery into February despite a mixed backdrop on the political stage. With less than one month remaining on the Brexit clock, the picture appears no clearer, yet the US-China trade negotiations seem to be progressing. Amidst this, real assets continued to perform well, and positive contributions came from infrastructure, renewables and property. Other alternatives contributed negatively over the month.

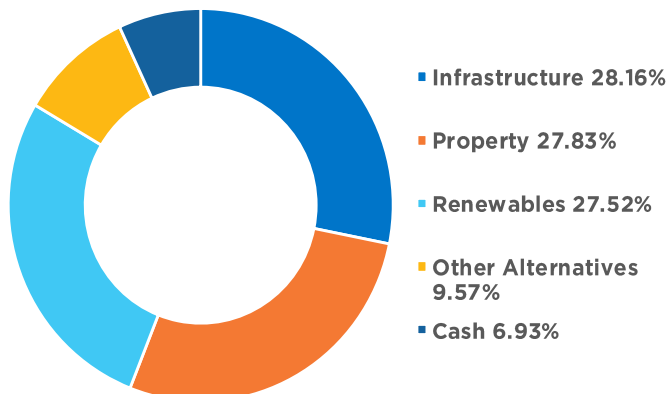
During the month we had corporate updates from a number of our renewable energy investments. The updates highlighted that it has been less windy than forecast but that higher power prices over the period have limited the impact on cash flows.

In the other alternatives, news that Airbus will end production of the A380 investors saw some turbulence in the aircraft leasing sector with concerns over demand for the plane and the impact on residual values. However, with over eight years still remaining on existing leases and a usable life of an aircraft of 25 years, the near term concerns appear a little overdone.

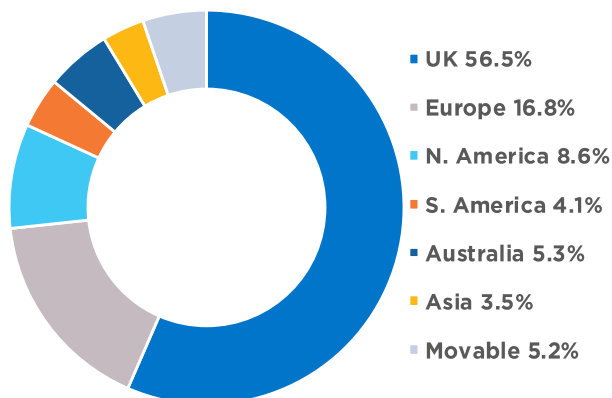
Activity

Two of our holdings announced plans to raise new funds to finance the purchase of new assets and pay down revolving credit facilities.

Real asset types



Geographic exposure



Sources for data: Sanlam, Bloomberg

Fund information and charges

	Inception Date	ISIN	Bloomberg	SEDOL	Initial Charge	AMC	OCF	Price	Minimum investment	Type of Share
A Income GBP	02/11/2018	IE00BDFDL125	SANRAAG	BDFDL12	None	0.75%	0.97%	10.4202	No Minimum	Income
AH Income USD	Awaiting Investment	IE00BDFDLG76	SANRAAH	BDFDLG7	None	0.75%	0.97%	n/a	No Minimum	Income

Contact us

Liz Adnitt
Sales Director
T +44 (0) 20 3116 4071
Email : Liz.Adnitt@sanlam.co.uk

Alexandra Dacres-Hogg
Sales Manager
T +44 (0) 20 3116 4041
Email : Alexandra.Dacreshogg@sanlam.co.uk

Sanlam Investments, Monument Place, 24 Monument Street, London, EC3R 8AJ
T +44 (0) 20 3116 4300

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