

Sanlam Real Assets Fund

October 2018 | 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 FOUR Multi-Strategy Fund.

Investment themes

Pillars of a functioning economy

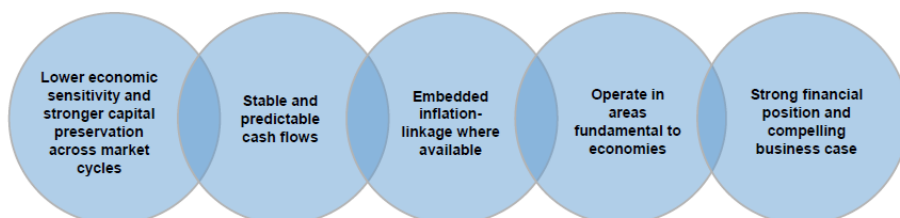


Changing demographics increases pressure on, and demand for, services such as education, healthcare, housing and energy. Our Fund exploits these investment themes through real assets exposure.

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

Key facts

Fund AuM	£71.4m
Strategy AuM	£71.4m
Number of Holdings	25
Yield	4.3%
Fund Manager	Mike Pinggera
Benchmark	CPI+4%*
Fund Launch Date	21 August 2018
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS IV
IA Sector	IA Flexible
Morningstar Category	£ Flexible Allocation
Dealing Deadline	11:00 (GMT)
Settlement Time	T+3
Valuation Point	Midday (GMT)
Distribution	Monthly

Sector exposure

Sector	Weight %
Property	31.1%
Energy	30.5%
Utilities	13.7%
Transport	10.8%
Other	9.0%
Health	2.1%
Communications	1.8%
Education	0.9%

Sources for data: Sanlam, Bloomberg

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 interests 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 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

Monthly commentary

Transparency

The real assets fund saw negative contributions from all four strategies in the fund. Nevertheless, due to the funds lower beta and yield support the real asset fund captured significantly less of the downturn than equity markets during the period.

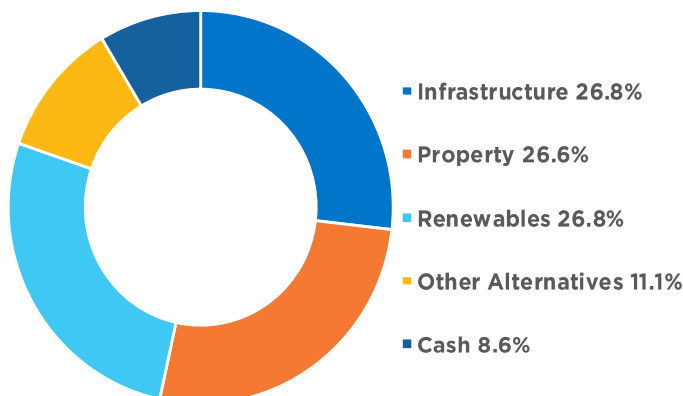
Demand for real assets has remained strong, with the three recent fund raises receiving subscriptions in excess of the initial fund raising targets. One of which increased its issue size in light of a strong investment pipeline. This positive sentiment is encouraging, especially at a time where tighter monetary policy and trade tensions are causing turbulence in global markets.

The fund was not completely immune from this however with property the largest negative contributor over the month detracting just over 1% from performance. In the UK, the Chancellor's Autumn budget announced plans to bring an end to PFI, with a further comment that existing contracts will be honoured. This has had very little effect on the stocks exposed to PFI in the portfolio. Infrastructure came in softer at -0.87%.

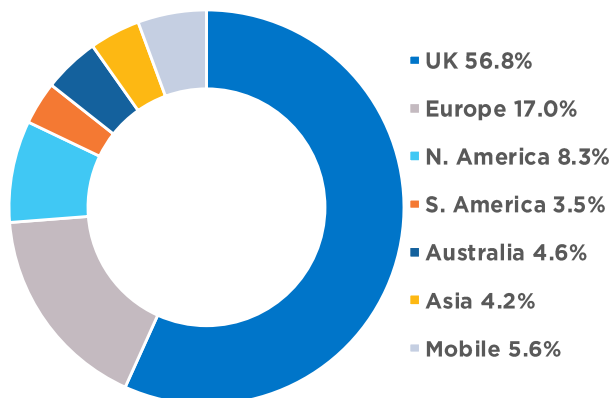
Activity

We added a new holding in the ship leasing sector to the portfolio via a primary market placing, the proceeds of which are to be deployed into an attractive pipeline of assets.

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	Awaiting Investment	IE00BDFDL125	SANRAAG	BDFDL12	None	0.75%	0.97%	n/a	No Minimum	Income
AH Income USD	Awaiting Investment	IE00BDFDLG76	SANRAAH	BDFDLG7	None	0.75%	0.97%	n/a	No Minimum	Income

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