

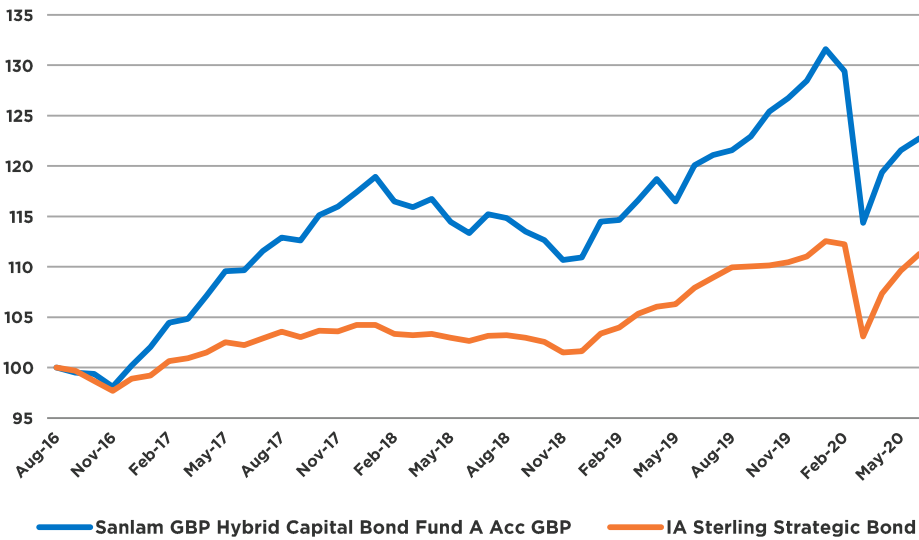
Sanlam GBP Hybrid Capital Bond Fund

June 2020 | Factsheet

Overview

The fund aims to generate 5% per annum income, net of all expenses, from a hybrid capital portfolio with medium volatility. The fund is designed for investors with medium to long term liquidity requirements (5 years +). The Fund will invest only in GBP Sterling-denominated debt securities which are listed or traded on Recognised Exchanges worldwide. The investments of the Fund represent a hybrid capital portfolio. Hybrid capital is defined as a debt instrument ranking below ordinary senior debt but above common equity. There will be no restriction on the duration of the Fund. The Fund's investment in debt and debt-related securities shall include both primary market and secondary market securities. The Fund may invest in Contingent Convertible Securities (CoCos) provided however that the Fund's overall exposure will not exceed 30% in respect of these instruments. It is not currently proposed that the Fund will use derivatives for investment purposes.

Performance – past performance is not a guide to future performance



Please see the table overleaf for all available share classes and fees, or contact us for details.

Source: Sanlam, Link, Bloomberg

Performance (%)

	Inception	1mth	3mth	6mth	YTD	1Yr	Since Inception
Fund (A GBP Acc)	30/08/2016	1.0%	7.3%	-4.4%	-4.4%	2.2%	5.5%
Sector (IA £ Strategic Bond)		1.5%	7.9%	0.2%	0.2%	3.1%	2.8%

Since Inception figures are annualized

	Inception	-	12 months to Jun 16	12 months to Jun 17	12 months to Jun 18	12 months to Jun 19	12 months to Jun 20
Fund (A GBP Acc)	30/08/2016	-	-	-	3.3%	5.9%	2.2%
Sector (IA £ Strategic Bond)		-	-	-	0.4%	5.1%	3.1%

12 Month Performance Periods to Last Month End

Key facts

Fund AuM	£130.9m
Number of Holdings	38
Fund Manager	Peter Doherty
Fund Launch Date	Aug-16
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS IV
IA Sector	Sterling Strategic Bond
Morningstar Category	Other Bond
Dealing Deadline	12:00 (GMT)
Settlement Time	T+3
Valuation Point	23:00 (GMT)

Investment team

Peter Doherty
Head of Fixed Income

Guillaume Desqueyroux
Fund Manager



Risk analysis

Volatility (last 12m)	13.3%
Volatility (inception)	8.1%
Best Mthly Return	4.4%
Worst Mthly Return	-11.6%
Max Draw down (12m)	-13.1%
Duration (Years)	6.2

Lower risk
Typically lower rewards

Higher risk
Typically higher rewards



The fund will invest in debt 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 yield is gross and could be higher than what you will receive in the future. The fund may invest in derivatives for the purpose of hedging, efficient portfolio management and/or investment purpose. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The Fund may engage in transactions in financial derivative instruments for Share Class hedging purposes only. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The Fund may invest in Contingent Convertible Securities (CoCo's). The value of CoCos is unpredictable and will be influenced by many factors including, without limitation (i) the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the CoCos; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general. The investor may not receive return of principal if expected on a call date or indeed at any date. 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. AM0620(173)0920UKInst

Monthly commentary

June saw the continuation of the global equity and credit market recovery as social constraints were relaxed and optimism on the speed of economic recovery fuelled positive investor sentiment. BOE Governor Andrew Bailey changed policy course, saying that rate increases would only follow BOE balance sheet reduction. This really pushes out the likelihood of increases in UK rates to at least 2022 and probably more like 2023 / 24. This means that "carry" will be as important as ever across the next 12-18 months and in turn, maintaining 5 % net income will be an achievement.

Dividend Income remains very much under pressure across Europe and the UK and the ongoing delivery of secure income from the Hybrid Capital market has to be highlighted as an ongoing positive differentiator. The Q2 net income distribution of £1.17 per share of the GBP Income share class is very slightly below the 5% annual net income target, reflecting a period of higher cash balance during the early part of Q2, but looking forward we fully expect to get back to target net income.

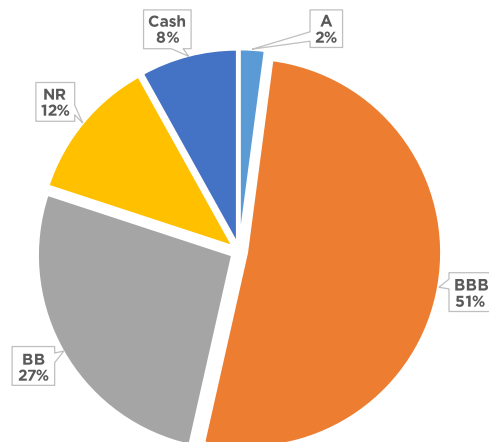
The £ Hybrid Capital new issue market in June was extremely busy. Aviva, Legal and General, BUPA, all came to market with significant sized deals and we were able to participate in good amounts. We increased our Tier 1 exposure to 25 % through the Legal and General new issue, plus an addition to our position in Pension Corporation.

Finally - we are expecting to move to multi-currency underlying portfolio in the near future. Any currency exposure will be hedged out and there will be no material change in quality of credits. The opportunity comes from a wider investment universe in USD and EUR markets which will allow us to diversify geographically, lowering UK-centric risk.

Top 5 holdings

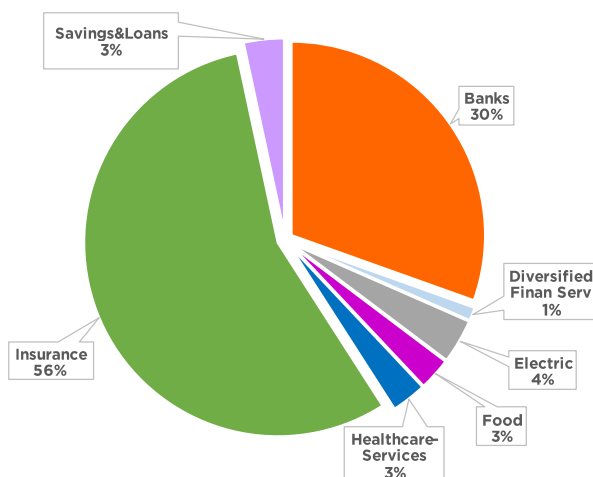
Stock Name	Weight %
Lloyds Bank Plc	6.6%
Aviva 6.875%-Fr E	6.5%
Rothsay Life	4.6%
Just Group Plc	4.4%
Sainsburys Bank Plc	4.3%

Sanlam credit rating*



* The "Sanlam Credit Rating" is an internal assessment of the creditworthiness of the security using proprietary internal credit analysis. Full details can be provided upon request.

Sector exposure (as % of NAV)



Source: Sanlam, LINK, Bloomberg

Fund information and charges

	Inception Date	ISIN	Bloomberg	SEDOL	Initial Charge	AMC	OCF	Price	Minimum investment	Type of Share
A GBP Accumulation	30/08/2016	IE00BZ6VKP67	TDWHFCA	BZ6VKP6	None	0.50%	0.89%	122.74	£1,000	Accumulation
B GBP Income	30/08/2016	IE00BZ6VKQ74	TDWHFCB	BZ6VKQ7	None	0.50%	0.89%	102.93	£1,000	Income
E USD Income	21/05/2019	IE00BHR3YZ37	TDWHCEI	BHR3YZ3	None	0.50%	0.89%	101.81	\$1000	Income

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Effective from 20th April 2020, the Investment Manager for this fund changed from Tideway Investment Partners LLP to Sanlam Investments UK Limited.
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