

Sanlam Multi-Strategy Fund

Q2 2020 | Quarterly newsletter

Market recap

In April the price war between Russia and Saudi Arabia combined with the impact of coronavirus and technical factors surrounding expiry of futures contracts created the perfect storm in the oil market. The result was a collapse in prices that saw some variants trading at negative levels; something that has never been seen before. However, despite this detraction the main story was the ongoing pandemic. However, as the days and weeks passed we were pleased to see a good level of corporate communications which allowed us to begin to understand the impact of recent events and indeed identify the potential winners and losers.

During May the softening of lockdown restrictions in many countries and stimulus efforts provided a helpful backdrop to markets. Europe made progress on a support package while the FED discussed introducing a cap on government bond yields. The short-term message of support was clear, but the long-term costs/implications remain decidedly unclear. President Trump provided most of the negatives by reverting to his favoured tactic when under pressure; pick a fight with any and everyone. China, Twitter and the World Health Organisation were his chosen targets. Brexit negotiations also made a brief appearance on the news screens - there was nothing positive to say but it was another sign of normalisation.

June saw a continued softening of the lockdown, but not without issues. Rising cases in Germany and America as well as a regional outbreak in Leicester all serve to highlight that the path to recovery is long and far from smooth. On the positive side economic data releases have shown significant improvements as they bounced off the lows. Elsewhere the usual stories continue to bubble along with US/China trade talks, Brexit and the upcoming US election all making an appearance on the news feeds.

Fund review

The quarter started with large portions of the world moving from being in full lockdown to gradually easing restrictions on citizens in the hope to kickstart the economy. Markets grappled with the economic effects of the COVID19 pandemic on the one hand versus the huge stimulus packages unleashed by governments across the world in response to the crisis. Most markets chose to look through the near-term effects of the virus and focus on the longer-term effects of the stimulus and proceeded to rally off the March lows. Towards the end of the quarter fears of a second wave took centre stage as secondary outbreaks in some countries caused regions to go back into lockdown.

During the market recovery in the second quarter we followed our disciplined rules-based approach and added to equity exposure in line with the models. We took advantage of elevated volatility levels in the markets to add structured equity exposure; we bought long dated near the money call options which we funded through the sale of deep out of the money put options. We added selectively to real assets during the period and extended our bond maturity profile with the purchase of a number of new positions offering attractive yields.

Against this volatile backdrop the Multi-Strategy Fund gained 5.49% with an average volatility of 10.85% over the quarter. All strategies contributed positively except yield enhancement and hedge positions.

Performance data

	Inception Date	QTR	YTD	1yr	3yrs	5yrs	Since Inception
B GBP Accumulation	31/01/13	5.5	-1.6	2.5	3.9	4.6	3.8
A GBP Accumulation	11/11/13	5.3	-2.0	1.7	3.1	3.8	2.7
B USD Accumulation	29/11/13	5.6	-0.8	4.0	5.6	5.8	4.3

Performance beyond one year is annualised

12 Months to	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16
B GBP Accumulation	2.5	4.9	4.4	10.2	1.2
A GBP Accumulation	1.7	4.2	3.6	9.4	0.4
B USD Accumulation	4.0	6.7	6.0	11.2	1.2

Past performance is not an indicator of future performance.

Source: Sanlam, Morningstar and Lipper as at 30/06/2020.

Key facts

Fund AuM	£385.6
Distribution Yield*	3%
Benchmark	CPI
Return Target	CPI+4%
Fund Manager	Mike Pinggera
Fund Launch Date	31 January 2013
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS
IA Sector	Absolute Return
Morningstar Category	Alt - Multistrategy
Dealing Deadline	11:00 (GMT)
Settlement Time	T+3
Valuation Point	Midday (GMT)
Distribution	Monthly

Performance attribution

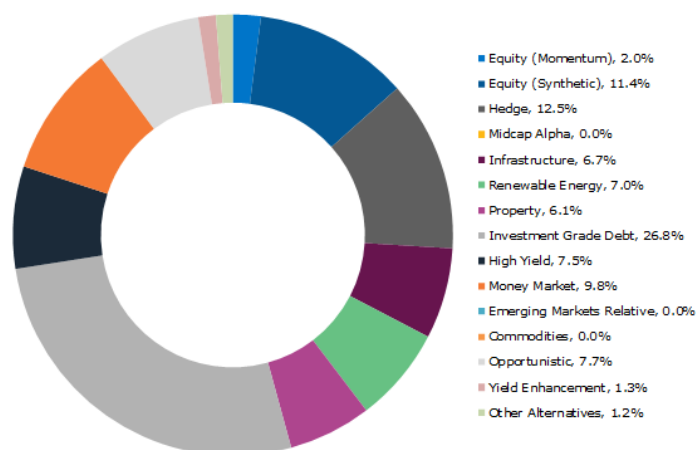
	Q2 2020	YTD
Global Equity Momentum	0.28%	0.01%
Hedge	-2.22%	1.16%
Synthetic	2.16%	-2.63%
Infrastructure	1.01%	-0.08%
Renewable Energy	0.75%	0.17%
Specialist Property	1.15%	-0.17%
Other Alternatives	0.21%	-0.14%
Investment Grade Debt	1.35%	0.08%
Commodities	0.00%	0.00%
High Yield	0.71%	-0.38%
Midcap Alpha	0.00%	-0.12%
Emerging Markets Relative	0.00%	0.00%
Opportunistic	0.80%	0.81%
Money Market	0.10%	0.01%
Yield Enhancement	-0.03%	0.04%
Cash (incl Exp)	-0.26%	-0.18%
Total	6.08%	-1.55%
Sanlam Multi Strategy Fund	5.49%	-1.59%
Differential	-0.56%	-0.09%

Top 10 holdings

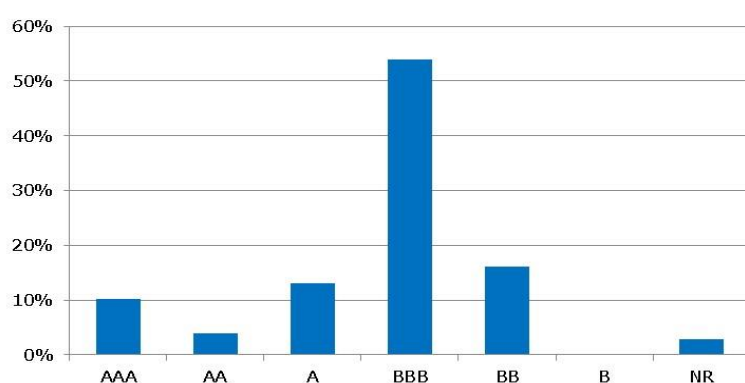
3.08% HSBC Holdings Plc 6.5 05/20/2024
2.80% Abertis Infraestructuras 3.875% 11/27/26
2.80% Vodafone Group Plc 4 7/8 10/03/2078
2.76% Grainger Plc 3.3/8 04/24/2028
2.71% Intercontinental Hotels 3 7/8 11/28/2022
2.65% Whitbread Group Plc 3 3/8 10/16/2025
2.60% JP Morgan Chase Float 05/10/22
2.39% 3I Infrastructure Plc
2.35% HICL Infrastructure Plc
2.07% Renewables Infrastructure Group

Source: Sanlam as at 30/06/2020.

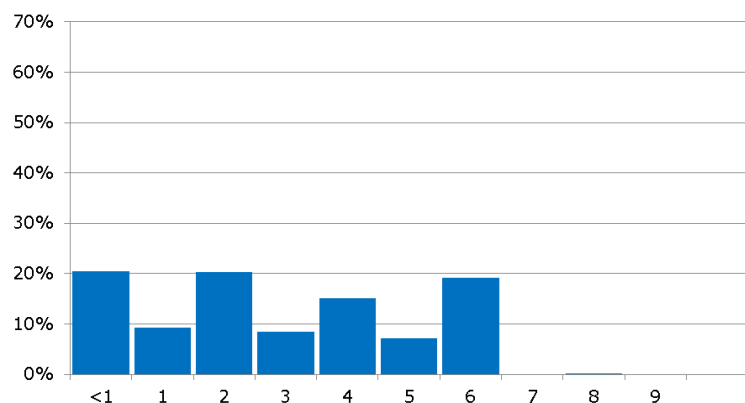
Fund allocation



Bond credit quality



Bond duration



Outlook

In the near term the focus will be firmly on the reopening of economies as lockdown measures continue to fall away and economies try to return to some semblance of normality in a post COVID19 world. The main risk to recovery will be the emergence of a second wave of infections causing countries to reinstate lockdown measures to control the spread of the virus. The markets have been unnerved recently by news of renewed outbreaks and increasing infection rates most notably in Beijing, some US states, South America and Russia. These serve as a timely reminder that volatility will remain a feature for some time to come.

The fund continues to be positioned with the profile of a diversified convertible. We favour option-based equity exposure (rather than pure directional investments) alongside income producing real assets and short duration bonds.

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Important Information

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.

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 24 Monument Street, London, EC3R 8AJ.

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. _SAH0720(184)1020UKInst.