

Sanlam Multi-Strategy Fund

Q3 2020 | Quarterly newsletter

Market recap

In July currency markets saw the lion's share of interest/activity with the US\$ weakening by 5% versus Sterling over the month. A second wave of Covid-19 infections hit countries far and wide and some of the recent loosening of restrictions was paused or reversed. As the US Election draws ever closer market participants are beginning to turn their attentions to what has all the makings of a very nasty campaign.

August saw the return of two way sanctions by the United States and China and the confirmation that the UK was now in the deepest recession on record. Markets performed well into the first half of the month focussing instead on the hopes for a possible vaccine and the possibility of moving through the pandemic. Sterling rallied back against the dollar to pre-pandemic levels on the back of dollar weakness and a better inflation print in the UK. The lack of progress with regards to a Brexit deal and worries about a possible second lockdown in the UK halted the markets' advance into month end.

During September the US election cycle kicked into high gear, culminating in the first televised debates between president Trump and Joe Biden at month end. It did not take long before the issues of the day were pushed aside in favour of both men hurling insults at each other. Volatility increased in the UK as steadily rising levels of COVID-19 infections across the country spurred the government to introduce national restrictions, known as the "rule of six" and the forced closure of hospitality venues at 10pm. The prime minister also said that they are looking at introducing local lockdowns in more severely affected areas to try and stem the transmission rate of the virus.

Fund review

The quarter got off to a good start as restrictions were lifted and large sections of the economy headed back to work. The job of rebuilding the economy began in earnest. Topics that were put on the back burner while the fight against COVID-19 was raging started to come into focus again. Talk of possible vaccines, Brexit negotiations, US elections, inflation and economic growth dominated the narrative. Most markets, with the exception of the UK saw positive numbers for the quarter albeit with increased volatility as the news broke that infections started rising again in late August.

In this environment we continued to follow our disciplined, rules-based approach to manage our exposure in line with the models. In mid-September we took advantage of a strong market to reset our downside protections using put options across a range of markets.

The Multi-Strategy Fund gained 3.02% with an average volatility of 6.7% over the quarter. Real assets and synthetic equity were the largest positive contributors to performance in the third quarter as the markets continued to rebound from the Q1 lows. Investment grade debt benefitted from tightening spreads. Hedges were the main detractor over the period.

Performance data

	Inception Date	QTR	YTD	1yr	3yrs	5yrs	Since Inception
B GBP Accumulation	31/01/13	3.0	1.4	4.1	4.7	5.4	4.0
A GBP Accumulation	11/11/13	2.8	0.8	3.3	3.9	4.6	3.1
B USD Accumulation	29/11/13	3.2	2.4	5.5	6.3	6.6	4.6

Performance beyond one year is annualised

12 Months to	Sep-20	Sep-19	Sep-18	Sep-17	Sep-16
B GBP Accumulation	4.1	4.5	5.6	6.0	6.8
A GBP Accumulation	3.3	3.8	4.8	5.2	6.0
B USD Accumulation	5.5	6.3	7.3	7.3	6.9

Past performance is not an indicator of future performance.

Source: Sanlam, Morningstar and Lipper as at 30/09/2020.

Key facts

Fund AuM £	£400.0
Fund AuM \$	\$516.2
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

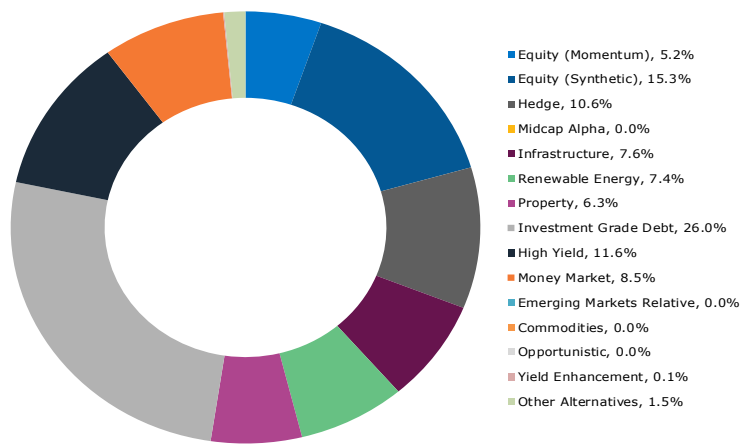
	Q3 2020	YTD
Global Equity Momentum	-0.19%	-0.18%
Hedge	-0.48%	0.67%
Synthetic	1.02%	-1.64%
Infrastructure	0.07%	-0.01%
Renewable Energy	1.22%	1.39%
Specialist Property	0.28%	0.11%
Other Alternatives	0.05%	-0.09%
Investment Grade Debt	0.63%	0.72%
Commodities	0.00%	0.00%
High Yield	0.21%	-0.17%
Midcap Alpha	0.00%	-0.12%
Emerging Markets Relative	0.00%	0.00%
Opportunistic	0.00%	0.81%
Money Market	0.08%	0.09%
Yield Enhancement	0.04%	0.09%
Cash (incl Exp)	-0.16%	-0.34%
Total	2.78%	1.18%
Sanlam Multi Strategy Fund	3.02%	1.38%
Differential	0.25%	0.16%

Top 10 holdings

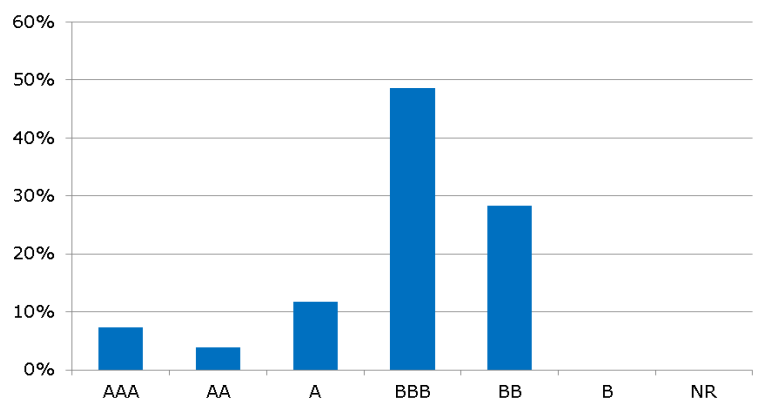
3.02%	HSBC Holdings Plc	6.5	05/20/2024
2.77%	Abertis Infraestructuras	3.875	11/27/26
2.77%	Vodafone Group Plc	4 7/8	10/03/2078
2.72%	Grainger Plc	3.3/8	04/24/2028
2.66%	Intercontinental Hotels	3.875	11/28/22
2.57%	Whitbread Group Plc	3.375	10/16/25
2.50%	JP Morgan Chase Float		05/10/22
2.40%	HICL Infrastructure Plc		
2.31%	Rolls-Royce Plc	3.375	06/18/26
2.24%	3i Infrastructure Plc		

Source: Sanlam as at 30/09/2020.

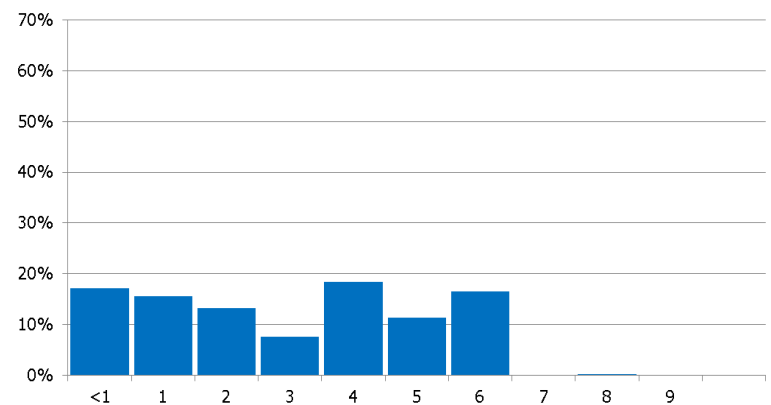
Fund allocation



Bond credit quality



Bond duration



Outlook

As we progress into year end the market focus will remain on the US elections, US/China trade disputes, possible vaccines and the resurgence of corona virus infections across the world. In the UK there remains the unresolved issue of BREXIT with the deadline fast approaching and whether the governments newly introduced preventative measures to reduce the spread of the virus will gain the necessary traction. Markets will be looking for additional government support to fuel the recovery and to protect jobs and livelihoods and will in all probability remain volatile as we close out the year.

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.

Contact us

Bruce Simpson

Head of Distribution: South Africa

+44 (0)20 7280 8774

bruce.simpson@sanlam.co.uk

Liz Adnitt

Sales Director

+44 (0) 20 3116 4071

liz.adnitt@sanlam.co.uk

Tom Whitfield

Sales Manager

+44 (0) 20 3116 4016

tom.whitfield@sanlam.co.uk

Sanlam Investments

Monument Place
24 Monument Street
London
EC3R 8AJ

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 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 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. AM1020(213)0121UKInst.