

Sanlam Multi-Strategy Fund

Q4 2020 | Quarterly newsletter

Market recap

October saw the acceleration of the second wave of COVID-19 infections across the UK and Europe prompting governments to re-introduce tougher restrictions and raising the prospect of a double-dip recession. Over the month Eurostoxx 50 and the FTSE 100 indices slumped -7.3% and -4.8% respectively. In the US the impending US elections and a rise in COVID-19 infections put the S&P under pressure causing it to fall 2.7%.

In November markets had to navigate the results of a contentious US election with both parties claiming victory before the count was finished and president Trump alleged large scale voting fraud without evidencing any of the accusations laid against the democratic party. Markets trended upward as the last postal votes were counted with Joe Biden eventually pronounced the victor. Markets looked through the election controversies towards a possible Biden stimulus package to kickstart the US economy once he takes office. The risk-on environment was further helped along by the news that the Pfizer and AstraZeneca-Oxford vaccines entered the final approval process with medical regulators paving the way for large scale vaccination programs to begin. Most developed markets ended the month with double digit returns.

Early in December the world saw the approval of two vaccines and governments started to focus on the vast logistical undertaking of vaccinating the citizens of their respective countries. A way out of the pandemic and a possible return to normal life lifted peoples spirits as well as markets and spurred them on to new highs. The re-introduction of tougher restrictions across the UK and elsewhere due to the detection of new and more infectious strains of the corona virus caused some volatility, but markets quickly looked through that and recovered. Late in December also saw the agreement of a deal between the UK government and the EU removing some of the uncertainty that has been plaguing domestic markets for some time.

Fund review

This quarter the markets had to content with Brexit negotiations coming to a head and a deal being agreed, resurgent corona virus infection rates across the world , a contentious US election campaign and its aftermath, the approval of corona virus vaccines and further lockdowns. In November markets turned largely positive with most developed markets returning double figures for the quarter.

In this environment we continued to follow our disciplined, rules based approach and increased our equity exposure in the momentum strategies inline with markets and added to real asset and fixed income holdings selectively. We also took advantage of lower volatility to reset some of our downside protections in the form of long put options.

The Multi-Strategy Fund gained 5.98% with an average volatility of 5.6% over the quarter. Synthetic equity and real assets were the largest positive contributors to performance in the fourth quarter as markets continued to advance into year end. Investment grade debt benefitted from tightening spreads. Hedges were the only detractor over the period.

Performance data

	Inception Date	QTR	YTD	1yr	3yrs	5yrs	Since Inception
B GBP Accumulation	31/01/13	5.9	7.4	7.4	5.8	6.3	4.7
A GBP Accumulation	11/11/13	5.7	6.5	6.5	4.9	0.1	3.7
B USD Accumulation	29/11/13	6.3	8.8	8.8	7.4	0.1	5.4

Performance beyond one year is annualised

12 Months to	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16
B GBP Accumulation	7.4	10.5	-0.2	8.1	6.1
A GBP Accumulation	6.5	9.7	-1.0	7.3	5.3
B USD Accumulation	8.8	12.3	1.3	9.6	6.6
Founder GBP Acc.	6.7	9.9	-0.7	7.6	5.6

Past performance is not an indicator of future performance.

Source: Sanlam, Morningstar and Lipper as at 31/12/2020.

Key facts

Fund AuM £	£441.2
Fund AuM \$	\$603.1
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

*Distribution yield is the amount received by an investor, and is the sum of distributions paid over the past 12 months, based on the frequency and divided by the last price

For professional investors only

Performance attribution

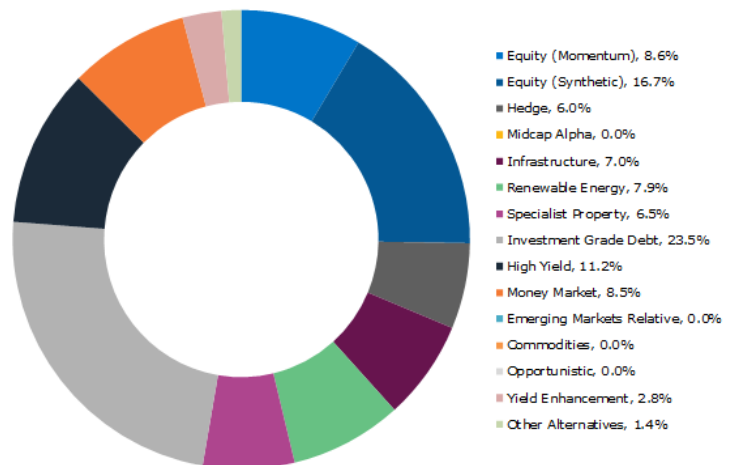
	Q4 2020	YTD
Global Equity Momentum	0.24%	0.07%
Hedge	-1.78%	-1.09%
Synthetic	2.65%	0.96%
Infrastructure	0.62%	0.61%
Renewable Energy	0.99%	2.38%
Specialist Property	0.20%	0.33%
Other Alternatives	0.19%	0.10%
Investment Grade Debt	0.75%	1.52%
Commodities	0.00%	0.00%
High Yield	0.72%	0.52%
Midcap Alpha	0.00%	-0.12%
Emerging Markets Relative	0.00%	0.00%
Opportunistic	0.96%	1.77%
Money Market	-0.01%	0.19%
Yield Enhancement	-0.09%	-0.01%
Stock Hedge	0.54%	0.62%
Cash (incl Exp)	-0.13%	-0.46%
Total	5.85%	7.36%
Sanlam Multi Strategy Fund	5.90%	7.31%
Differential	0.05%	-0.10%

Top 10 holdings

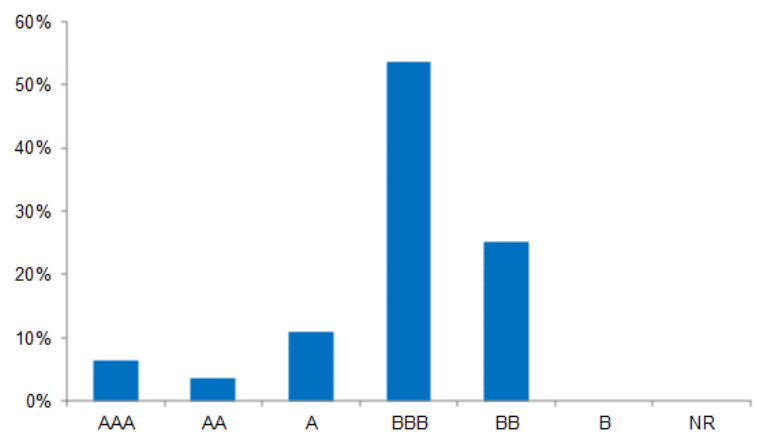
2.71%	HSBC 6 1/2 05/20/24
2.53%	GRILN 3 3/8 04/24/28
2.50%	ABESM 3 3/8 11/27/26
2.49%	VOD 4 7/8 10/03/78
2.42%	TITIM 5 7/8 05/19/23
2.41%	WTBLN 3 3/8 10/16/25
2.39%	IHGLN 3 7/8 11/28/22
2.38%	Orsted AS
2.35%	NGGLN 5 5/8 06/18/73
2.32%	AVLN 6 5/8 06/03/41

Source: Sanlam and Statpro as at 31/12/2020.

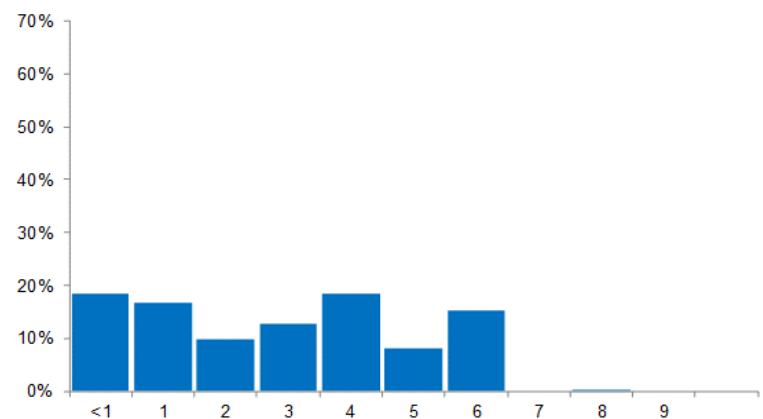
Fund allocation



Bond credit quality



Bond duration



Outlook

The COVID-19 pandemic of 2020 will continue to cast a long shadow over markets. Investors must grapple with the impact and implications of massive stimulus and unprecedented support packages; both their continuation and indeed their removal. Social considerations remain high in the agenda and government policy will play an increasing important role in setting the investment landscape. Fixed income continues to be a challenging market as authorities have stepped back from normalisation policies and we have seen yields move back towards the lows of the decade. Whilst this is nothing new the risk remains that stimulus, de-globalisation and reduced central bank independence lead to a return of sustained inflationary pressures. A positive that emerged recently is that environmental and social impact has moved up the agenda and is becoming a default requirement for many investors. This trend is highly supportive of investments in real assets.

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 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. AB0121(243)0421UKInst.