

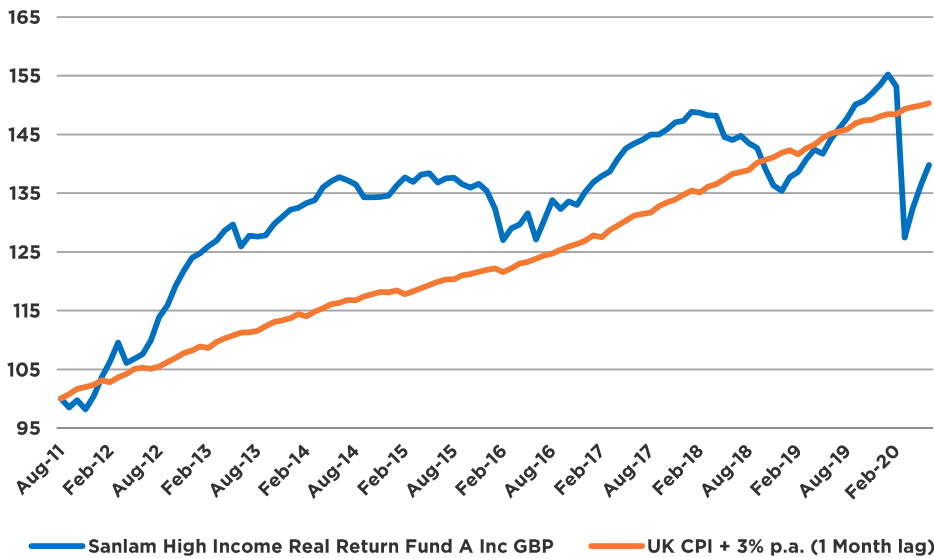
# Sanlam High Income Real Return Fund

June 2020 | Factsheet

## Overview

The Sanlam High Income Real Return Fund employs a multi asset strategy centred around the generation of consistent high income through careful security selection combined with a high degree of diversification. The Fund aims to generate net income equivalent to UK Consumer Price Index plus 3% per annum on a rolling basis. The Fund will invest on a long only basis in bonds, equities and other funds - collective investment schemes ("CIS"), which are listed or traded on Recognised Exchanges worldwide. The Fund may also gain exposure to property and infrastructure and invest up to 75% in bonds both corporate and government with a variety of fixed and floating coupon rates. The Fund may invest up to 50% in other funds (CIS) to gain exposure to asset classes listed in the Investment Policy above. Up to 30% may be invested in property and infrastructure, exposure being gained indirectly through equity and CIS securities whose principal business is real estate. The Fund may use derivatives to generate income and for hedging 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)	29/04/2016	2.5%	9.7%	-8.9%	-8.9%	-3.0%	3.9%
UK CPI + 3% p.a.		0.2%	0.6%	1.5%	1.5%	3.5%	4.7%

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)	29/04/2016	-	-7.1%	12.9%	0.4%	0.1%	-3.0%
UK CPI + 3% p.a.		-	3.3%	5.9%	5.4%	5.0%	3.5%

12 Month Performance Periods to Last Month End

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.

## Key facts

Fund AuM	£34.2m
Number of Holdings	29
Fund Manager	Peter Doherty
Fund Launch Date	Apr-16
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS IV
IA Sector	Targeted Abs. Return
Morningstar Category	Alt - Multistrategy
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)	18.0%
Volatility (inception)	7.7%
Best Mthly Return	3.9%
Worst Mthly Return	-16.8%
Max Draw down (12m)	-17.9%
Sharpe Ratio	0.42

Lower risk  
Typically lower rewards

Higher risk  
Typically higher rewards



## 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. We concluded in-depth research on opportunities across the credit markets, in particular focusing on a number of 3rd party managers with robust investment processes and good access to primary and secondary markets with different, uncorrelated underlying assets. We added risk in a timely manner in Bio Pharma Credit (BPCR) and Blackstone GSO (BGLF). These are long term hold positions, each of which have the potential to deliver income ahead of our target as well as add capital value through NAV growth and we could see more than 20 % total return over 12 – 18 months even with some ongoing economic stress due to Covid-19.

The direct credit market components of the fund continued the strong recovery and we took the opportunity to add positions in BRACKEN – part of the Together UK Credit business and then a new credit as a diversifier in both business line and geography – UAE Ports operator DP World.

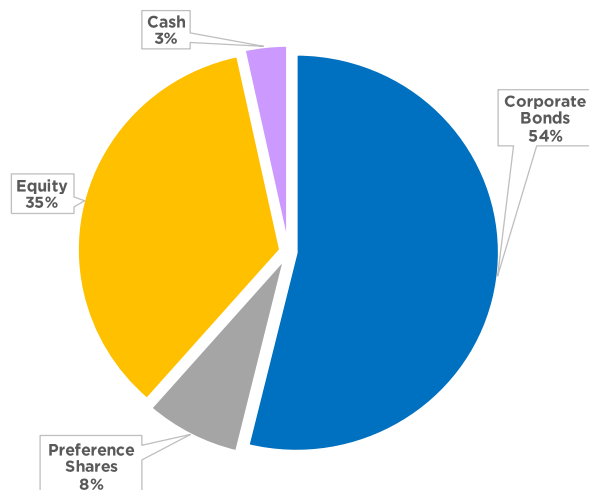
The Q2 net income distribution of £1.07 per share of the GBP Income share class is in line with the mandate of UK CPI + 3 %; on current run rate net income we are ahead of this.

To summarise, the combined net income from the portfolio and the par value of assets in the fund are capable of delivering terrific returns in the next 12 – 24 months. Of course, with an economic downturn or more Covid-19 stress in the global credit markets there may be more difficult times ahead. We are however, starting from a position of strength and now have the luxury of time working for us in a high accrual rate portfolio.

## Top 5 holdings

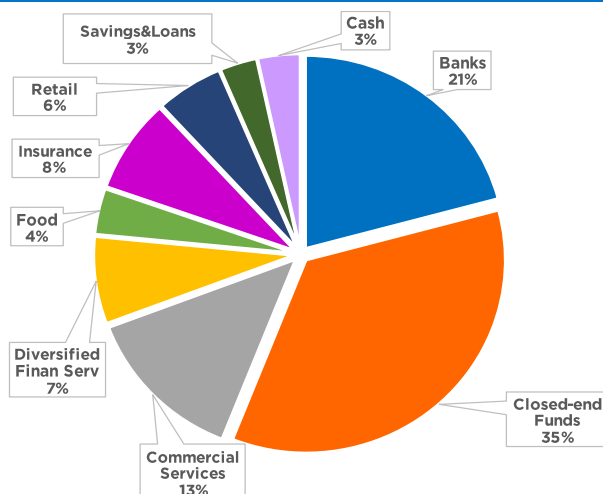
Stock Name	Weight %
Dresdner Fndg Trust I	6.5%
Punch Taverns Finance B	5.4%
Aquila European Renewable	5.2%
Hipgnosis Songs Fund Ltd	5.0%
Twentyfour In Ord Red Gbp	4.7%

## Asset allocation (as % NAV)



\* 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
<b>A GBP Income</b>	29/04/2016	IE00BYWZXV22	TDWRRAG	BYWZXV2	None	0.50%	1.11%	102.95	£1,000	Income
<b>B USD Accumulation</b>	29/04/2016	IE00BYWZXW39	TDWRRBU	BYWZXW3	None	0.50%	1.11%	109.62	\$2000	Accumulation

## Contact us

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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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