

# Sanlam Real Assets Fund

Q2 2021 | Quarterly newsletter

## Fund highlights

In April our European data infrastructure business conducted a large rights issue raising €7bn in new equity capital. The proceeds were being used to finance previously announced acquisitions of highly-contracted towers and fibre portfolios in new European markets. Alongside the continued solid demand trends for data consumption and 5G momentum, the business anticipates these recent deals will help to deliver the company's medium term expectations of 21% annual revenue growth to 2025.

In May quarterly corporate updates highlighted continued robust and stable performance, and progress on implementing further ESG initiatives. During the month our European residential property company announced a bid for one of its largest peers in Germany. The proposed deal, worth in excess of €18bn, would create Europe's largest residential real estate business and was recommended by both management teams. If approved, the transaction would bring greater scope to expand the modernisation pipeline of the combined property portfolio, and consequently drive rental growth and capital values. Our businesses are now seeking to add value through sustainability initiatives.

In June one of our globally diversified infrastructure businesses progressed with the IPO of its clean energy unit during the month. The deal valued the business at c.€8.8bn, which owns and operates 11GW of installed renewable capacity across 16 countries. The proceeds of the IPO will be put towards improving the balance sheet strength of the infrastructure business which itself will continue to maintain a stake in the new listed clean energy company.

## Fund review

The Sanlam Real Assets Fund returned 2.31% in the second quarter of 2021 vs MSCI World which was up 7.74%. Market participants continued to paw over every economic data release in the hope of understanding where we are in the re-opening process and more importantly, where we are heading. We ended the period with equity markets extending to new all-time highs and a somewhat unclear economic environment. Over the second quarter the fund saw positive contributions from infrastructure, specialist property and other alternatives whilst the renewables segment detracted from performance. Specialist property was the main positive contributor with strong performance coming from Tritax Big Box and Digital Realty Trust. On the other side, the renewable energy segment saw sector valuations soften over the period from prior high levels and strong historical performance. Orsted and Brookfield Renewable Partners were two of the larger detractors. The 90-day volatility of the fund averaged at 7.2% over the quarter versus 11.8% for the MSCI World Index (from 8.9% and 13.5% quarter on quarter respectively).

### Performance

	Inception	QTR	YTD	1yr	3yrs	5yrs	Since Inception
SI USD Acc	21/08/18	2.3	2.9	15.5	n/a	n/a	10.9
CPI*		0.4	0.6	0.8	n/a	n/a	1.2
A GBP Inc	02/11/18	2.2	2.6	14.5	n/a	n/a	10.3
CPI*		0.4	0.6	0.8	n/a	n/a	3.1

Performance beyond one year is annualised

12 Months to	Jun-21	Jun-20	Jun-19	Jun-18	Jun-17
SI USD Acc	15.5	6.4	n/a	n/a	n/a
CPI*	0.8	1.2	n/a	n/a	n/a
A GBP Inc	14.5	n/a	n/a	n/a	n/a
CPI*	0.8	n/a	n/a	n/a	n/a

### Past performance is not an indicator of future performance.

\*Equally weighted composite taken from the CPI rate of the component countries of the G10 Region.

\*\*Portfolio yield is calculated by adding the net dividend amounts for all dividend types (excluding special dividends) that have gone 'ex' over the past 12 months based on the dividend frequency. This total excludes taxes, any related dividend fees or tax related credits. As the fund has not yet had a full 12 month record of distributions we are unable to show an accurate distribution yield value.

Source: Sanlam, Morningstar and Lipper as at 30/06/2021. Class SI net returns are used to illustrate the fund's longest track record. This is a restricted share class, therefore our open share class A net returns are also shown. Figures for periods longer than 12 months are annualized. NAV to NAV figures are used.

### Key facts

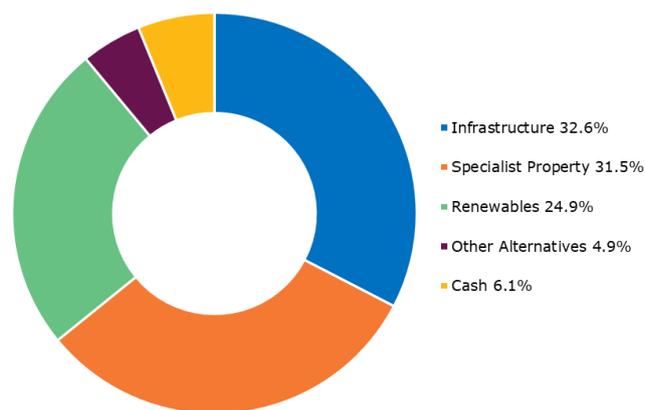
Fund AuM £	£374m
Fund AuM \$	\$516m
Number of Holdings	40
Portfolio Yield**	3.7%
Fund Manager	Mike Pinggera
Benchmark	CPI*
Return Target	CPI+4%
Fund Launch Date	21 August 2018
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS
IA Sector	IA Specialist
Morningstar Category	Alt - Other
Dealing Deadline	11:00 (GMT)
Settlement Time	T+3
Valuation Point	Midday (GMT)
Distribution	Monthly

## Performance attribution

	End Weight	Contribution
Infrastructure	32.64%	0.81%
Specialist Property	31.48%	1.57%
Renewable Energy	24.90%	-0.25%
Other Alternatives	4.85%	0.30%
Stock Hedge	-0.03%	-0.13%
<b>Total</b>	<b>100%</b>	<b>2.31%</b>

StatPro data

## Fund allocation

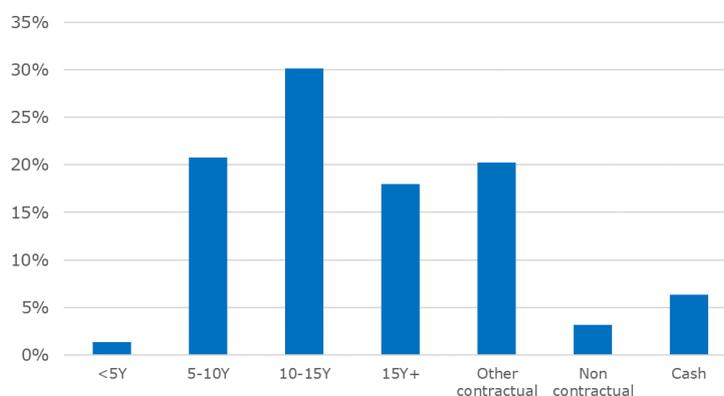


## Top 10 holdings

	% NAV
Tritax Big Box	4.75
3i Infrastructure	4.59
Digital Realty Trust	4.58
Vonovia SE	4.55
Brookfield Infrastructure	4.47
HICL Infrastructure	4.33
The Renewables Infrastructure Group	4.26
Acciona	3.99
Nextera Energy	3.83
Greencoat UK Wind	3.48

Source: Sanlam as at 30/06/2021.

## Average Contract Durations



## Fund review (Cont'd)

Over the quarter we introduced 1 new investment to the fund taking the portfolio to 40 holdings. The new addition is a large-cap Hong-Kong listed wind-farm operator in China. The company provides a complimentary geographic balance to our existing renewable businesses and offers exposure to a fast-growing market. At quarter end the fund holdings were geographically diversified across 54 countries with 66 underlying asset types.

There was a significant amount of equity capital raising activity during Q2 - 5 of the fund's holdings launched equity fundraises and rights issues which in aggregate were seeking to raise c.£8bn of fresh capital. Companies used proceeds to fund M&A activity and improve balance sheets and liquidity positions. In the majority of cases, businesses raised the target capital amounts sought owing to strong demand and subscriptions in excess of supply.

## Outlook

### Focal point for 2021

Global Trade - Joe Biden and life after Brexit will keep global trade high on the agenda. De-Globalization in the form of domestic focussed policies, food security and vaccine distribution could be hot topics.

Stimulus - Support packages from government and central banks are likely to play a key role in 2021 and are likely to come with an environmental and social tilt. For markets, the bigger the better.

### Real Assets

In an environment seemingly dominated by short-term concerns operational real assets continue to offer investors an opportunity to take a long-term view and get paid along the way.

The positive outcome from 2020 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.

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## Important Information

The Fund may invest in derivatives for the purposes of efficient portfolio management and hedging only. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.

Part of the fund may invest in fixed income 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 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](http://www.sanlam.ie).

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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](http://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.

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