

# Under the spotlight: IFSL Sanlam Funds quarterly update

Q4 2020

This quarterly update is relevant for investors in the following IFSL Sanlam funds: Conservative, Defensive, Cautious, Balanced and Growth. Below you will find an insight into the investments within the funds and how they have been managed over the prior quarter.

## Indicative holdings

The following individual securities were held within the Balanced fund on the last day of the quarter, 31 December 2020. The other funds in the range may hold a slightly different list of assets, in line with their specific risk grades.

### UK equity

Howden Joinery Group Plc  
Integratin Holdings Plc  
Intercontinental Hotels Group  
Prudential Plc  
Relx Plc  
Rightmove Plc  
Taylor Wimpey Plc  
Unilever Plc

### US equity

Alphabet Inc  
Becton Dickinson And Co  
Booking Holdings Inc  
Electronic Arts Inc  
Facebook Inc  
Johnson & Johnson  
Medtronic Plc  
Microsoft Corp  
Oracle Corp  
Yum! Brands Inc

### European equity

Anheuser-Busch Inbev Sa/Nv  
Bayer Ag  
Danone Sa  
Heineken Nv  
Novartis Ag  
Roche Holding Ag

### Asia Pacific equity

Kao Corp

### Emerging market equity

Alibaba Group Holding Ltd  
Tencent Holdings Ltd

### Infrastructure

Acciona Sa  
Brookfield Infrastructure Part  
Hicl Infrastructure Plc  
3I Infrastructure Plc

### Property

Digital Realty Trust Inc  
Grainger Plc  
Unite Group Plc

### High yield bonds

AA Bond Co Ltd 5.5% 31/07/2022  
Barclays PLC 6.375% Perp  
FCE Bank PLC 2.727% 03/06/2022  
GKN Holdings Ltd 4.625% 12/05/2032  
Lloyds Banking Group PLC 5.125% Perp  
Marks & Spencer PLC 4.5% 10/07/2027  
Permanent TSB Group Holdings PLC 2.125% 26/09/2024  
Rolls-Royce PLC 3.375% 18/06/2026  
Sainsbury's Bank PLC 6% 23/11/2027  
Vodafone Group PLC 4.875% 03/10/2078

### Corporate bonds

Aviva PLC 5.125% 04/06/2050  
BP Capital Markets PLC 4.25% Perp  
Daimler International Finance BV 1.25% 05/09/2022  
Hiscox Ltd 2% 14/12/2022  
InterContinental Hotels Group PLC 3.75% 14/08/2025  
Just Group PLC 8.125% 26/10/2029  
Koninklijke KPN NV 5.75% 17/09/2029  
Legal & General Group PLC 5.625% Perp  
M&G PLC 5.625% 20/10/2051  
Northumbrian Water Finance PLC 2.033% 15/07/2036  
Pension Insurance Corp PLC 7.375% Perp  
Phoenix Group Holdings PLC 4.125% 20/07/2022  
Rothesay Life PLC 3.375% 12/07/2026  
Tesco PLC 3.322% 05/11/2025  
UK TSY I/L GILT 0.75% 22/03/2034  
Whitbread Group PLC 3.375% 16/10/2025

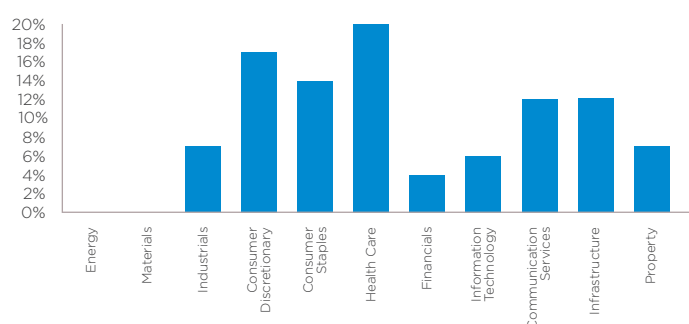
### Gold

Royal Mint Physical Gold Etc

### Cash

## Indicative equity breakdown by sector

The breakdown by sector of equity holdings within the Balanced fund as at 31 December 2020.



## Returns over the quarter

The following table shows the breakdown by asset class of each fund's returns, including the effects of fees, midday pricing and transaction costs.

	Contribution to return			
	Defensive	Cautious	Balanced	Growth
<b>Fund return as per Net Asset Value (NAV)</b>	<b>4.8</b>	<b>5.5</b>	<b>6.0</b>	<b>6.7</b>
<b>Equity</b> (Equity, Property, Infrastructure)	<b>2.9</b>	<b>4.0</b>	<b>5.2</b>	<b>6.4</b>
US	0.9	1.4	1.9	2.5
UK	1.4	1.9	2.6	3.2
Europe (ex. UK)	0.1	0.2	0.2	0.2
Asia Pacific	0.0	0.0	0.0	0.0
Emerging markets	-0.4	-0.5	-0.7	-0.8
Property	0.3	0.3	0.3	0.2
Infrastructure	0.6	0.7	0.9	1.0
<b>Bonds</b>	<b>2.6</b>	<b>2.0</b>	<b>1.2</b>	<b>0.4</b>
Government	-0.1	-0.1	0.0	0.0
Corporate	1.3	1.0	0.6	0.2
High yield or not rated	1.4	1.1	0.7	0.3
<b>Gold</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.2</b>
<b>Cash</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>
Fees	-0.2	-0.2	-0.2	-0.2
Midday pricing and transaction effects	-0.1	0.0	0.2	0.3

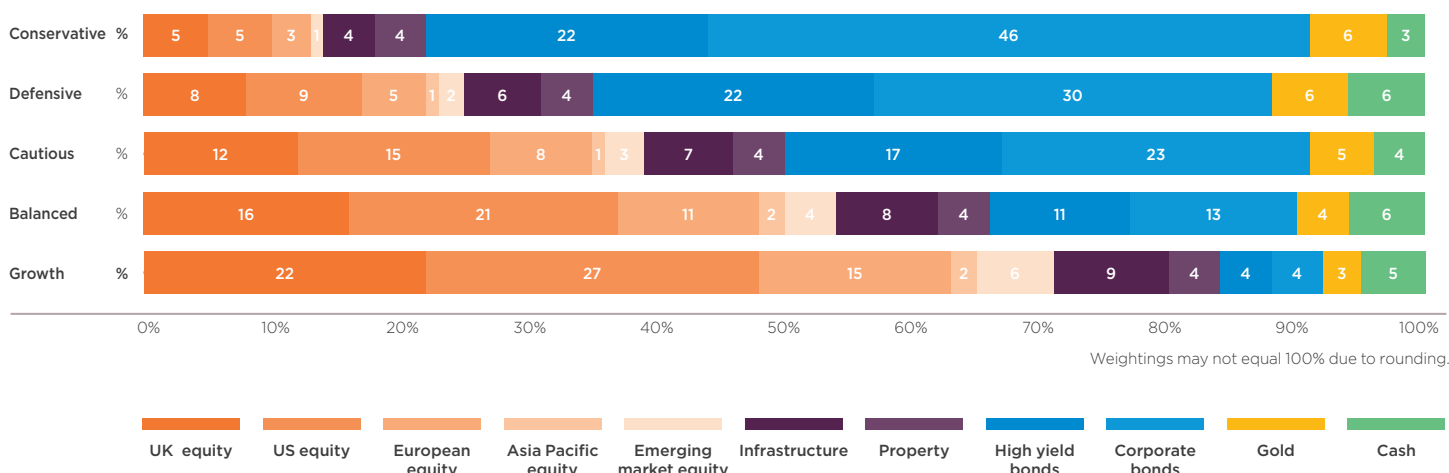
Source: Sanlam Investments UK Limited 31 December 2020. Performance data is not shown for IFSL Sanlam Conservative Fund, which launched on 7 September 2020 and therefore does not have a complete year of performance data.

Past performance is not a reliable indicator of future performance.

Fund	Discrete years performance %				
	31.12.2019 - 31.12.2020	31.12.2018 - 31.12.2019	31.12.2017 - 31.12.2018	31.12.2016 - 31.12.2017	31.12.2015 - 31.12.2016
<b>IFSL Sanlam Defensive Fund</b>	7.3				
IA Mixed Investments 20-60% Shares	3.2	12.3	-5.1	7.2	10.5
<b>IFSL Sanlam Cautious Fund</b>	6.7				
IA Mixed Investments 20-60% Shares	3.2	12.3	-5.1	7.2	10.5
<b>IFSL Sanlam Balanced Fund</b>	4.5				
IA Mixed Investments 40-85% Shares	5.0	16.2	-6.1	10.1	13.1
<b>IFSL Sanlam Growth Fund</b>	4.6				
IA Flexible Investment	6.6	15.8	-6.6	11.1	14.0

## Asset class breakdowns

The breakdown of each fund by asset class as at 31 December 2020.



## Trading activity over the quarter

During the quarter we placed the following trades in respect of the funds:

	Timing and rationale	Added exposure	Reduced exposure
<b>24 December</b>	Added strong growth prospects stock	Bought Integrafin	
<b>23 November</b>	Introduction of pro-recovery stock	Bought AB InBev	
<b>12 November</b>	Valuation-based sale		Sold Diageo
<b>11 &amp; 17 November</b>	Further additions to bond holdings	Bought Hiscox bond Bought Rothesay Life bond	
<b>09 November</b>	Took advantage of market adjustment	Bought Electronic Arts	
<b>05 November</b>	Additions to short-dated bond exposure and to improve portfolio yield	Bought FCE Bank bond Bought Irish Life bond Bought BP bond	
<b>21 October</b>	Valuation-based sale		Sold Cognizant
<b>19 October</b>	Valuation-based sale		Sold Orsted
<b>9 &amp; 19 October</b>	First short-dated bond holdings	Bought Daimler bond Bought AA bond Bought Phoenix Group bond	

## Fund manager commentary

Q4 performance was strongest in the Growth fund as positive news flow concerning the US election, vaccine announcements and a Brexit resolution underpinned equity market strength. Fixed income returns were also strong, driven by corporate bonds across the credit spectrum while government bonds, having done their job earlier in the year, were flat.

Across the risk grades, the best performing sectors were UK equities (+16%), infrastructure (+11%), US equities (+10%), and high yield bonds (+8%). Infrastructure returns were driven by holdings in Acciona (+24%) and Orsted (+12%). Lower risk grade funds benefited from our move out of government bonds which returned nothing and into higher-yielding corporate bonds which performed strongly in the quarter. Significant contributions in the bond component of portfolios were made by Just Group (+13%), Barclays (+11%) and Rolls Royce (+10%) bonds.

European equities (+1%) were relatively lacklustre and emerging market equities (-14%) saw Alibaba's (-25%) weakness undermine Tencent's (+4%) contribution. This quarter cyclical recovery stocks fared well and the funds benefited through holdings in Taylor Wimpey (+53%), Unite Group (+25%) and Booking Holdings (+23%).

Investing involves risk. Past performance is not a reliable indicator of future results. 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 Funds will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events. The Funds invest in other currencies. Changes in exchange rates will therefore affect the value of your investment. In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner. The Funds have exposure to bonds, the prices of which will be impacted by factors including; changes in interest rates, inflation expectations and perceived credit quality. When interest rates rise, bond values generally fall. This risk is generally greater for longer term bonds and for bonds with higher credit quality. The Funds may invest a large part of its assets in other funds for which investment decisions are made independently of the Fund. If these investment managers perform poorly, the value of your investment is likely to be adversely affected. Investment in other Funds may also lead to duplication of fees and commissions. The Sanlam IFSL Growth, Balanced and Cautious Funds invest in emerging markets which are typically riskier than more established markets. Difficulty in trading may arise, resulting in a negative impact on your investment. For the Sanlam IFSL Cautious and Defensive Funds, all or part of the fees and expenses may be charged to the capital of the Fund rather than being deducted from income. Future capital growth may be constrained as a result of this. Investment Fund Services Limited (IFSL) are the Authorised Corporate Director of the IFSL Sanlam Funds. This document is provided to give an indication of the investment and does not constitute an offer/invitation to sell or buy any securities in any fund managed by us nor a solicitation to purchase securities in any company or investment product. It does not form part of any contract for the sale or purchase of any investment. The information contained in this document is for guidance only and does not constitute financial advice. 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 IFSL 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 IFSL Sanlam OEIC prospectus 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.ifslfunds.com](http://www.ifslfunds.com). 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(239)0421UKRet