



Private Debt

## Key benefits

- Ability to make a positive impact on society, while benefiting from compelling financial returns driven by investment opportunities not readily available in the market.
- Downside protection resulting from seniority of loans, security backing the transactions and robust covenants.
- Our fund is managed by a specialist team with a strong track record, a deep understanding of this asset class and an extensive deal origination network.

## Objective

This strategy invests capital with the intention of generating a social and environmental impact, while looking to deliver positive returns for investors in ordinary market conditions. This strategy is closely aligned with the United Nations' Sustainable Development Goals (SDGs).

## Investment strategy

We provide capital to entrepreneurs and commercially viable businesses that are well positioned to address some of South Africa's most pressing challenges.

Our investment strategy has a broad mandate, allowing us to capitalise on ever-changing credit markets and industry dynamics. We aim to identify opportunities to fund businesses that operate in growing or mature markets. Strict ESG and impact criteria are applied to all potential investee companies in order to support businesses that play a meaningful role in sustainable development.

## Investment approach

We place significant emphasis on actively managing the process – from extensive desktop due diligence and on-site evaluations – to stringent ongoing monitoring of the key elements of the transaction that impact the borrower's ability to repay the loan.

We will continue to grow the fund slowly, making sure we adequately assess, measure and monitor risks. We are cognisant of the economic environment we operate in and will continue to act with caution.

## Fund Information

<b>Manager</b>	Sanlam Investment Management
<b>Portfolio Managers</b>	Vukile Themba Denver Brintjies Erica Nell Rachma Ismail
<b>Asset Class</b>	Private Debt
<b>Fund Structure</b>	<i>En commandite</i> partnership
<b>Domicile</b>	South Africa
<b>Base Currency</b>	ZAR
<b>Performance Target</b>	JIBAR plus 3% p.a.
<b>Hurdle</b>	JIBAR plus 1% p.a.
<b>Benchmark</b>	STEFI
<b>Launch Date</b>	January 2013
<b>Minimum Investment</b>	ZAR 20 Million
<b>Fees</b>	0.75% annual management fee 20% performance fee (above hurdle)
<b>Distribution</b>	Semi-annually
<b>Termination Period</b>	6-month notice period for redemption on best efforts basis
<b>Applicable Regulations</b>	Regulation 28 of the Pensions Fund Act: The underlying assets are deemed to be unlisted debt instruments of which a pension fund may have up to 15% exposure.

## Social impact

We focus on investment opportunities that:

- Create jobs and reduce poverty
- Provide affordable middle-income housing
- Support economic development and improve conditions and living standards of the most vulnerable sections of society, and
- Promote clean/green and affordable energy.

The fund is aligned with the following United Nations Sustainable Development Goals:



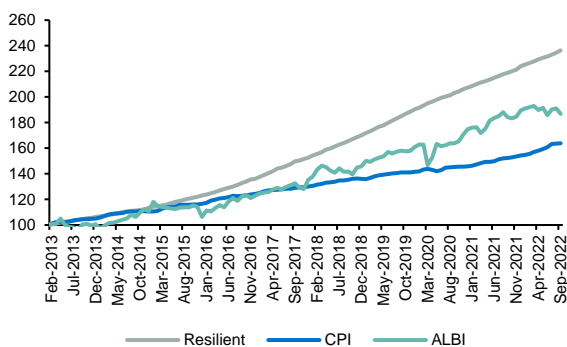
## The case for private debt

- Direct lending funds aim to deliver positive returns for investors in ordinary market conditions.
- The positive correlation with interest rates helps mitigate the effect of rising rates, providing an implicit protection against inflation.
- Private debt offers a stable cash yield, contributing meaningfully to an investor's overall liquidity pool.
- The low correlation with listed fixed income and equity markets implies positive diversification benefits for the broader portfolio.



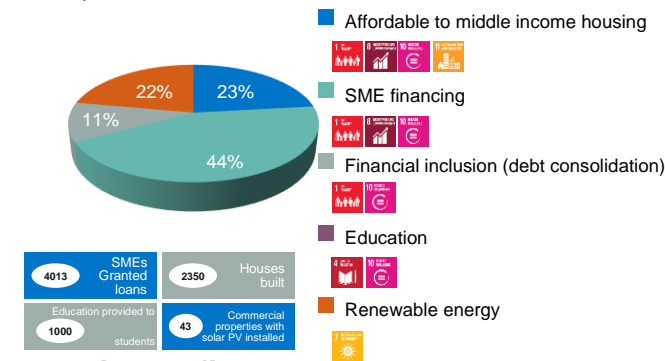
### Cumulative performance

Resilient Cumulative Performance (since inception)



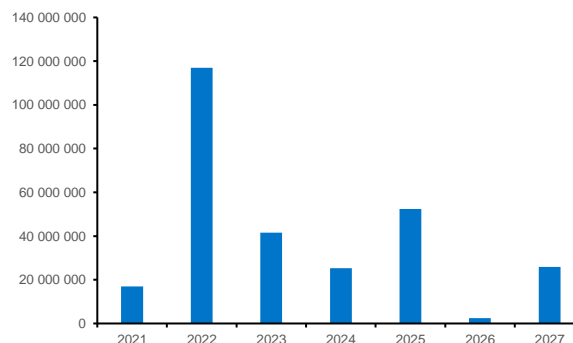
### Social impact themes

30 September 2022



### Maturity profile

30 September 2022



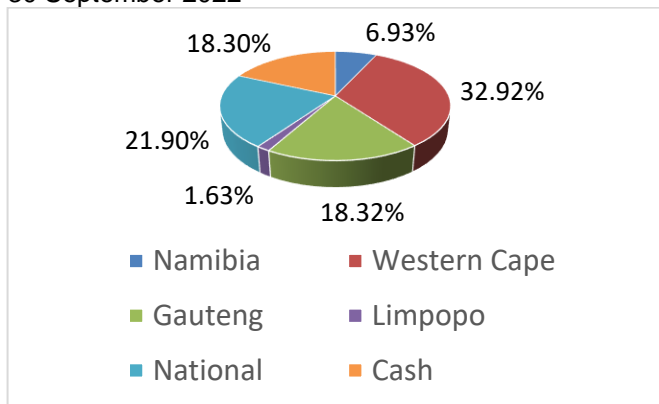
	Fund	Jibar + 1%	Stefi
<b>1 Year</b>	8.0%	5.6%	4.6%
<b>3 Years (p.a.)</b>	8.5%	5.6%	4.9%
<b>5 Years (p.a.)</b>	9.5%	6.6%	5.8%
<b>Since Inception (p.a.)</b>	9.3%	7.0%	6.1%

	Since Inception (p.a.)
<b>Standard Deviation</b>	0.8%
<b>Benchmark Volatility</b>	0.4%
<b>Number of Negative Months</b>	0

### Geographical exposure

30 September 2022



### Fund manager information

Our fund is managed by a specialist team with a strong track record and a deep understanding of this asset class. The team is supported by a Credit Committee, which includes independent (non-executive) members with extensive relevant experience, and the ability to leverage Sanlam's central function of highly experienced credit professionals.



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Investments

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