

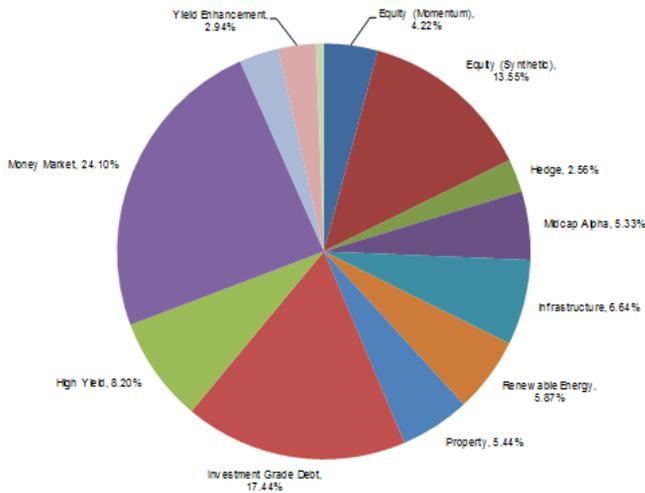
# Sanlam FOUR Multi-Strategy Fund

## Performance Review

After a difficult first quarter markets regained their composure with gains across the board. The period saw an initial softening of the US president's stance on trade tariffs and the historic first meeting with the North Korean leader to discuss nuclear disarmament. Sterling weakness, higher commodity prices and corporate activity helped the FTSE 100 to a new high midway through the period. Volatility increased in June as the issue of trade tariffs returned and threatened an all out trade war with neither the US nor China wanting to give up any ground.

Against this backdrop the Fund rose 2.93% over the quarter. All bar one of the strategies were positive, the most notable being global equity strategies, property and infrastructure whilst midcap alpha was the only negative contributor in the quarter.

### Fund Allocation



Source: Sanlam FOUR, Morningstar and Lipper as at 30/06/2018.

### Performance Data

	Inception Date	QTR	YTD	1yr	3yrs	5yrs	Since Inception
B GBP Accumulation	31/01/13	2.9	0.9	4.4	5.2	3.5	3.8
A GBP Accumulation	11/11/13	2.7	0.5	3.6	4.4	n/a	2.7
B USD Accumulation	29/11/13	3.3	1.6	6.0	6.1	n/a	3.9

Performance beyond one year is annualised

12 Months to	Jun-18	Jun-17	Jun-16	Jun-15	Jun-14
B GBP Accumulation	4.4	10.2	1.2	0.4	1.7
A GBP Accumulation	3.6	9.4	0.4	-0.4	-
B USD Accumulation	6.0	11.2	1.2	0.0	-

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

## Market Recap

Aided by a weak pound, strong commodity prices and corporate activity in a number of blue-chips the FTSE 100 gained 6.8% in April whilst the MSCI World Index rose 1.2%. The yield on 10 year US government bonds went above 3% for the first time since the end of 2013.

Equity indices continued their strong recovery in the first half of May, but the political risks that have been bubbling under the surface made a sudden return to the top of the agenda. Italy's troubles in forming a government reminded investors of the tensions and risks that still exist in Europe, whilst president Trump did his best to upset his allies with trade tariffs. Overall equities finished off the highs but in positive territory, and bond yields in the US and UK were lower on safe haven buying.

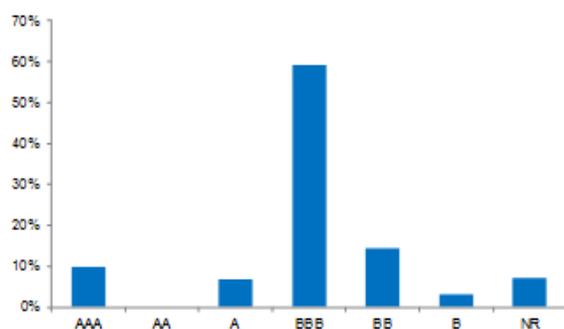
In June, equity markets began the month with solid gains, but trade tariffs imposed by president Trump on countries across the globe meant the initial strength eventually gave way to weakness. European markets fell 3-5% from their highs but the real pain was felt in emerging markets where the MSCI EM index fell 9% peak to trough from its mid-month high. With the exception of Italy, developed market government bonds posted small gains over the month.

## Performance Attribution

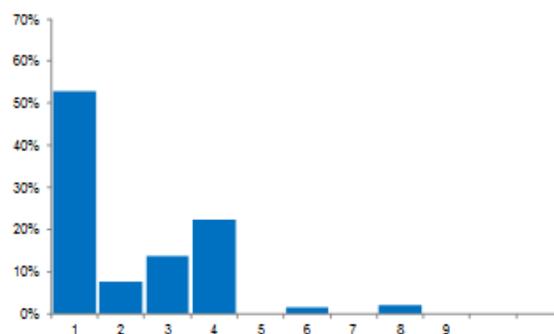
	Q2 2018	YTD
Equity (Momentum)	0.11%	-0.11%
Hedge	-0.16%	-0.07%
Global Equity (Synthetic)	0.60%	-0.08%
Infrastructure	0.49%	-0.19%
Renewable Energy	0.38%	0.32%
Property	0.50%	0.38%
Other Alternatives	0.05%	0.01%
Investment Grade Debt	0.05%	0.11%
Commodities	0.00%	0.00%
High Yield	0.01%	0.02%
Midcap Alpha	-0.02%	0.14%
Emerging Markets Relative	0.00%	0.00%
Opportunistic	0.21%	0.26%
Money Market	0.12%	0.12%
Yield Enhancement	0.13%	-0.03%
Cash (incl. expenses)	0.00%	-0.02%
Total	2.52%	0.85%
<b>B GBP NAV Return</b>	<b>2.93%</b>	<b>0.87%</b>
Differential	0.41%	0.02%
NAV B USD	3.27%	1.64%

Top 10 Holdings	
3.82%	BHP Billiton Finance Ltd FRN 22/10/2077
3.69%	J Sainsbury Plc FRN 30/07/2049
3.51%	Vodafone 8.125% 26/11/2018
3.44%	Glencore Finance Europe 6.50% 27/02/2019
3.41%	Citigroup Inc 5.125% 12/12/2018
3.40%	Experian Finance Plc 4.75% 23/11/2018
3.39%	Greencoat UK Wind Plc
3.33%	Lloyds Bank FRN 27/06/2049
3.29%	ABN Amro Bank NV 2.50% 18/12/2018
3.29%	Santander UK Plc F/R 08/07/2019

### Credit Quality



### Duration



Source: Sanlam FOUR as at 30/06/2018.

## Outlook

The Brexit question remains unclear in terms of how it will affect the UK's relationship with Europe and the deadline is fast approaching. The instituting of US tariffs on many of its largest trading partners has been met with quick reprisals and, with no party wanting to back down, the situation could get worse before it gets better. Volatility has ticked up in the face of this uncertainty as markets digest the possible effects of a trade war on global growth. These two events are likely to continue to set the tone for markets for the foreseeable future.

The fund's position is unchanged and continues to favour option based strategies for equity exposure. Alongside the equity exposure, we have stable cash generative assets such as infrastructure, renewable energy and property securities. This position allows the fund to participate in positive moves whilst being able to defend under adverse conditions. Around a quarter of the portfolio is currently invested in real assets with a strong link to inflation and yields of more than 4%. Our risk to interest rates is relatively low due to a weighted duration of about 1.7 years.

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The Fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.

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](http://www.sanlam.ie).

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