

Aug - 2018

# Sanlam Strategic Bond Fund - Factsheet

## Overview

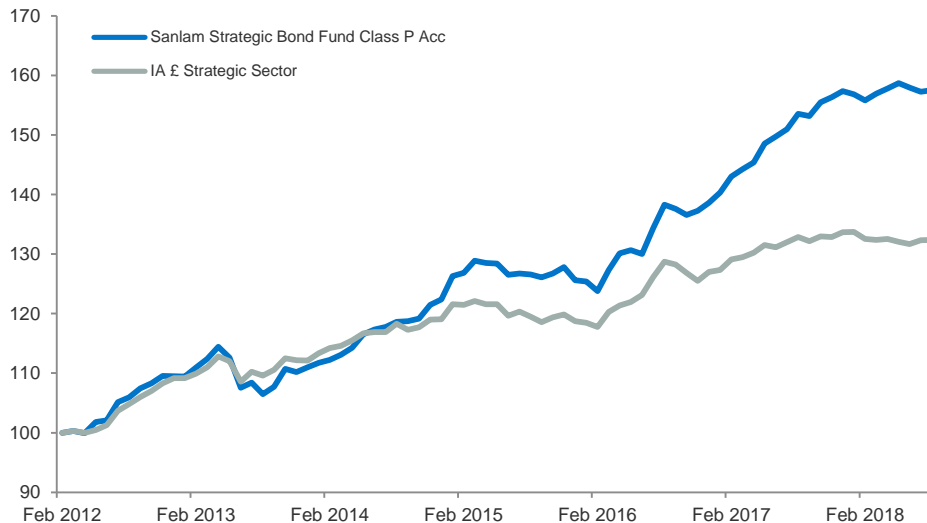
The investment objective of the Fund is to provide a total return for investors, with a monthly income and the potential for capital growth.

**Total return focus:** attractive monthly income and capital growth potential. Fund not designed to track a reference benchmark or peer group.

**Value driven credit approach:** Investing in undervalued bond issues primarily in the investment grade/crossover area.

**Active macro tactical overlay:** Seeks to actively enhance total returns by allocating to government bonds and currencies.

## Performance



Class P returns are used to illustrate the fund's longest track record. Class P is only available to Internal Sanlam Investments. Class I is available to external investors with a 0.53% p.a. management fee, which would result in lower performance than shown. Please see table below for the effect of these charges on performance. Please see the table overleaf for all available share classes and total fees, or contact us for details.

Source: Sanlam FOUR, SAMI, Bloomberg

## Performance (%)

	Inception	1mth	YTD	1yr	3yrs	5yrs	Since Inception
I Accumulation GBP	08/05/14	0.1	0.0	2.4	7.3	n/a	7.4
IA £ Strategic Bond		0.0	-1.0	-0.4	3.5	n/a	3.1
A Accumulation GBP	06/07/12	0.1	-0.3	1.9	6.9	7.4	6.5
IA £ Strategic Bond		0.0	-1.0	-0.4	3.5	3.8	4.4
P Accumulation GBP*	02/03/12	0.2	0.1	2.6	7.6	8.1	7.2
IA £ Strategic Bond		0.0	-1.0	-0.4	3.5	3.8	4.4

\*Class P is only available to Internal Sanlam Investments. Performance for periods longer than 12 months is annualized

## Discrete Years Performance (%)

12 Months to	Aug-18	Aug-17	Aug-16	Aug-15	Aug-14
I Accumulation GBP	2.4	10.8	9.0	6.5	-
A Accumulation GBP	1.9	10.3	8.6	6.0	10.7
P Accumulation GBP	2.6	11.0	9.3	6.7	11.4
IA £ Strategic Bond	-0.4	3.2	7.7	1.0	7.9

## Past performance is not a guide to future performance

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. Most 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 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 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).

## Key Facts

Fund AuM	£290.2m
Number of Holdings	115
Yield To Maturity	4.4%
Distribution Yield	4.8%

Fund Manager	Craig Veysey
Benchmark	None
Fund Launch Date	02 March 2012
Domicile	Ireland
Base Currency	Sterling
Fund Type	OEIC, UCITS IV
IA Sector	£ Strategic Bond
Income Payment Date	5th of the month
Dealing Deadline	11:59 (GMT)
Settlement Time	T+4
Valuation Point	Midday (GMT)
Distribution	Monthly

### Monthly Dividend Distributions

Month	P Inc	I Inc
Aug-18	0.41	0.40
Jul-18	0.47	0.45
Jun-18	0.44	0.43
May-18	0.43	0.42
Apr-18	0.46	0.45
Mar-18	0.42	0.41

Investment Week  
**Fund Manager of the Year 2018**  
 £ Strategic Bond  
 Sanlam Strategic Bond  
 Craig Veysey

**FE Alpha Manager Awards 2018**  
 Best Strategic Bond Alpha Manager



**Lipper Awards 2018**  
 GBP Bond in the 3 and 5 year category

The Morningstar Rating is an assessment of a fund's past performance - based on both return and risk - which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision.

## Monthly Commentary

The Fund returned 0.2% in August and 2.6% over one year against the IA £ Strategic Sector that returned 0% in August and -0.4% over one year.

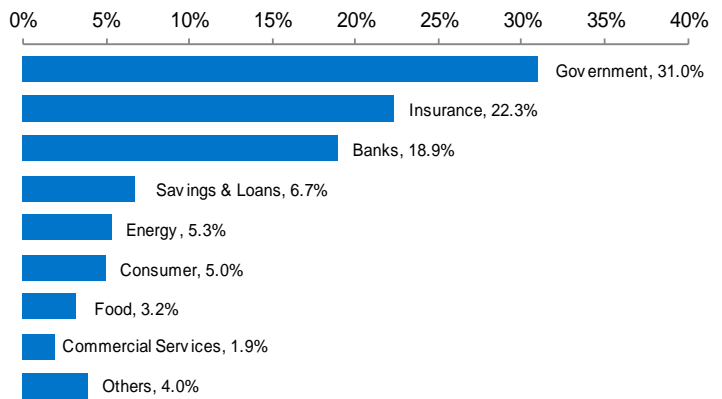
Core government bond yields peaked in early August, as the Bank of England raised rates and the Federal Reserve suggested the same for late September. Subsequently concerns over some emerging markets and heightened trade tensions drove core bond yields slightly lower and credit spreads wider. With core government bond yields having jumped back to recent highs early in August, we increased the Fund's duration. Gilts and long German bonds were added alongside short dated US treasuries to provide further safety in the portfolio. We took profit on a 30yr German bond position, while gilts reversed earlier gains. Overall 0.22% was added from the Fund's actively managed government bond position. With credit spreads widening, the strategic credit positioning of the Fund subtracted 0.23%. Some subordinated financials, such as a Lloyds 13% perpetual that we added further to on weakness, and Generali impacted by negative Italian sentiment were amongst the laggards, while US debt holdings in Viacom and Cheniere performed more positively. The Fund's currency positioning added 0.17%, with a closed tactical long US dollar position versus sterling a strong contributor.

Key concerns for markets in the near term are likely to revolve around the extent to which major central banks may continue removing policy accommodation, as global imbalances weigh. Trade tensions and geopolitics may exacerbate the situation for financial markets and policymakers. The Federal Reserve seem intent on a gradualist approach to raising rates, although a slower pace of rate hikes for 2019 is likely in our view. We remain fairly constructive on core government bonds. Investors are generally thought to be at least slightly underweight duration on anticipation of higher bond yields. Volatility is seen as potentially rising in other riskier asset classes and core government bonds can provide an attractive safe haven. A 30% exposure in government bonds includes short dated US treasuries, where relatively attractive yields can provide both an element of safety and flexibility for when better opportunities to add duration are provided. In credit we added some US dollar bond exposure, where yields on offer were thought particularly attractive for the fairly limited credit risk involved. We have also maintained a reduced financials exposure given our more cautious view on the potential for a further rise in volatility impacting credit spreads again in the near term. In FX we hold an underweight position in Sterling versus the Euro on a view that Sterling could be further undermined by Brexit related concerns.

## Top Ten Holdings

Security Name	Coupon	Maturity	Sector	Fund (%)
US Treasury	2.125%	31/01/2021	Government	5.8%
US Treasury	2.125%	30/09/2024	Government	5.1%
French Government	2.75%	25/10/2027	Government	3.8%
US Treasury	3.125%	15/05/2019	Government	3.6%
Lloyds Bank	13.00%	22/01/2029	Banks	3.5%
French Government	2.00%	25/05/2048	Government	3.4%
German Government	1.25%	15/08/2048	Government	3.3%
German Government	0.50%	15/02/2028	Government	3.1%
Santander UK	10.375%	Perpetual	Banks	3.0%
Nationwide Building Society	10.25%	Perpetual	Savings&Loans	2.7%

## Sector Breakdown



Sources for data: Sanlam FOUR, Bloomberg

## Fund Information & Charges

	Inception Date	ISIN	Bloomberg	SEDOL	Initial Charge	AMC	OCF	Price	Minimum investment	Type of Share
I GBP Accumulation	08/05/2014	IE00B7VMRB30	PRMIGIA	B7VMRB3	None	0.48%	0.64%	1.3608	£500,000	Income
I GBP Income	08/05/2014	IE00B7VMRN51	PRMIGII	B7VMRN5	None	0.48%	0.64%	1.0715	\$500,000	Accumulation
I EUR Accumulation	22/11/2017	IE00BZ139618	PRMIEA	BZ13961	None	0.48%	0.64%	0.9985	\$500,000	Income
I EUR Income	04/08/2017	IE00BZ139725	PRMIEI	BZ13972	None	0.48%	0.64%	0.9774	£500,000	Accumulation
I USD Accumulation	Awaiting Investment	IE00BZ139493	PRMIUA		None	0.48%	0.00%	n/a	£500,000	Income
I USD Income	02/08/2017	IE00BZ139501	PRMIUI	BZ13950	None	0.48%	0.64%	1.0087	£500,000	Accumulation
P GBP Accumulation *	01/03/2012	IE00B7MKQ201	PRMIGPA	B7MKQ20	None	0.25%	0.41%	1.5752	£10,000,000	Accumulation
P GBP Income *	01/03/2012	IE00B77CFS06	PRMIGPI	B77CFS0	None	0.25%		1.1038	£10,000,000	Income
P USD Accumulation *	28/05/2013	IE00B7VMS436	PRMIUPA	B7VMS43	None	0.25%	0.41%	1.4097	\$10,000,000	Accumulation

\*Class P is only available to Internal Sanlam Investments

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