

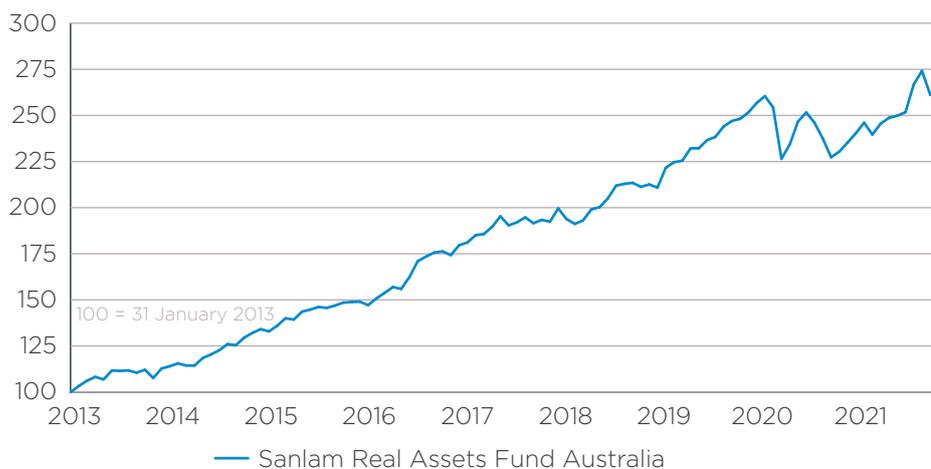
Sanlam Real Assets Fund

October 2021

Overview

The investment focus is on listed securities that derive their value from underlying real assets. These exhibit distinct attractive characteristics that differentiate themselves from other asset classes. Our investments can be via REITs, investment trusts or specialist companies with a focus on physical assets. As the overriding mandate is real asset exposure, there is no restriction on access vehicles. The fund is targeting regular income and capital growth through investments in real asset securities, with a target return of CPI+4% over a full investment cycle. We have strong experience in real assets as a key part of the Sanlam Multi-Strategy Fund.

Performance



Returns to 30.06.2020 are GBP returns taken from the Real Assets carve portfolio and converted to AUD. Returns from 31.07.2020 are taken from the Sanlam Real Assets Fund (AUD). All returns in excess of 12 months is annualised. Past performance is not a reliable indicator of future performance.

Performance (%)

	1mth	YTD	3mth	6mth	Since inception
Sanlam Real Assets Fund Australia	1.5	10.3	-0.6	6.6	11.8

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Discrete years performance (%)

12 months to	Oct 2021	Oct 2020	Oct 2019	Oct 2018	Oct 2017
Sanlam Real Assets Fund Australia	15.1	-7.2	17.4	9.3	9.7

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Key facts

Fund AUM (AU\$): \$23m

Strategy AUM (AU\$): \$693m

Number of holdings: 36

Portfolio yield: 3.2%

Fund manager: Mike Pinggera

Benchmark: CPI

Return target: CPI + 4%

Fund launch date: 1 July 2020

Fund domicile: Australia

Currency: Australian Dollar (AUD)

Fund type: Unlisted fund

Morningstar category: Alt - Other

Dealing times: 9am - 5pm (AEST)

Settlement time: T+2

Investment manager: Sanlam Investments (Australia) Pty Ltd ACN 160 042 222

Portfolio manager: Sanlam Investments UK Ltd

Fund regulator: Australian Securities and Investments Commission

Fund administrator: Mainstream Fund Services

Custodian: JP Morgan

Initial charge: None

Management costs: 0.75% p.a. of the NAV of the class

Buy/sell spread: 0.25% / 0.25%

Distributions: At least annually (end of June), and unless you choose otherwise, distributions are automatically reinvested

Minimum investment: \$10,000

APIR Code: ETL2760AU

*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.

The Fund's Target Market Determination is available here <https://www.eqf.com.au/insto/>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

Commentary

Portfolio return (October): 1.5%*

*Net return provided by Mainstream

Legacy portfolio weight: 4.3%

Legacy portfolio performance: 0.4%

Activity

Two positions were divested from the portfolio during the month as a source of funds ahead of a pipeline of new real assets companies listing shortly on the UK market. These new companies are differentiated and compelling propositions, offering exposure to new geographies, asset types and sources of revenue. The divested positions have performed well over the year, and whilst we consider them to be robust businesses, they were outliers when viewed through an ESG lens. Elsewhere in the portfolio, one of our businesses announced a new equity raise, the proceeds of which were earmarked for European renewable projects under exclusivity.

Transparency

Fund performance was positive over the month, led by Infrastructure and renewables. The month saw a strong rebound in global equities, but fund performance was underpinned by solid quarterly results. Several of our infrastructure businesses reported operational performance that exceeded expectations driven by both organic and new business activities. In some cases, this led to upward revisions to full-year guidance from management teams.

Top three contributors	Change 1m local currency	Contribution (%)	Weight 31.10.2021 (%)
Acciona SA	15.8	0.4	4.1
Paygroup LTD	9.8	0.4	4.3
3I Infrastructure PLC	8.9	0.3	4.7

Bottom three contributors	Change 1m local currency	Contribution (%)	Weight 31.10.2021 (%)
China Longyuan Power	-5.1	-0.1	0.9
Vonovia SE	1.1	-0.1	4.0
Keppel Infrastructure Trust	-2.8	-0.2	2.3

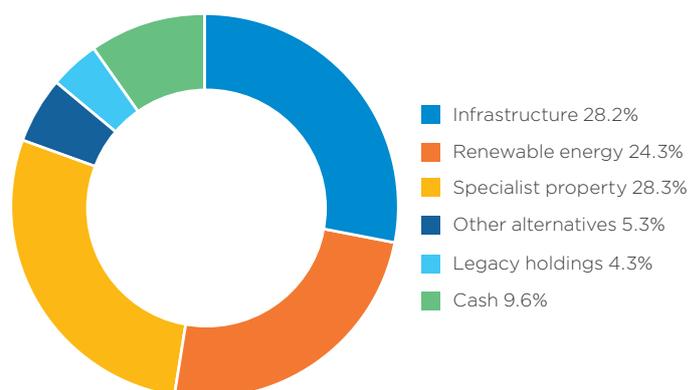
Corporate highlights

Our real assets businesses announced 10 new acquisitions, two divestments and one equity placing over the month. We had two capital markets day events with company management teams and four pre-IPO meetings. One of our global infrastructure businesses reported progress on new activities, including new green financing secured on the first climate adaption public-private partnership for flood prevention infrastructure in the US. Elsewhere, its majority-owned renewables subsidiary announced new supply framework agreements for solar trackers and signed its first offtake agreement for its pioneering renewable hydrogen plant in Spain. These activities provide further examples of value-add enhancement opportunities to existing assets and the progress on nascent projects in development. These corporate updates highlight the multiple levers of growth available to our real asset businesses.

Outlook

Bond markets are being buffeted by inflation fears and rising short-term yields, while equities have regained their poise. These mixed messages create a volatile and challenging backdrop, yet we believe real assets remain attractive. The fund continues to hold a balanced portfolio of investments that fit our theme of "pillars of a functioning economy" with long-term, stable and predictable cash generative assets.

Asset allocation



Source: Sanlam, Bloomberg.

Top 10 holdings

3I Infrastructure PLC	4.7%
Brookfield Infrastructure Property Limited	4.5%
The Renewables	4.3%
Paygroup LTD	4.3%
Digital Realty Trust Inc	4.3%
Tritax Big Box Reit	4.3%
HICL Infrastructure PLC	4.2%
NextEra Energy Inc	4.1%
Acciona SA	4.1%
Vonovia SE	4.0%

Source: Sanlam, Bloomberg.

Characteristics

- Diversification from traditional investments
- Long-term cash flow streams
- Attractive yields and total returns
- Global investment theme
- Greater capital preservation over cycles
- Lower volatility in asset values
- Degree of inflation-linkage

Contact us

Maadhvi Patel

T +61 (2) 8245 0509

M +61 401 684 750

E maadhvi.patel@privatewealth.sanlam.com.au

Sanlam Private Wealth, Level 2, 33 York Street, Sydney NSW 2000

T +61 (2) 8245 0501

E sydney@privatewealth.sanlam.com.au

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