Denker Global Equity Fund

A sub fund of Sanlam Universal Funds plc
Class A USD

Minimum disclosure document
(fund fact sheet)

28 February 2025

DENKER CAPITAL

Fund objective

The Fund aims to provide above average long-term capital growth by investing in global equities that the Investment Manager has identified as being undervalued and as offering above average growth potential.

Investment style

The Investment Manager seeks to achieve the objective of the fund by investing in undiscovered and neglected global equities that the Investment Manager has identified as being undervalued and offering above average growth potential over time.

Asset allocation as at month end

Top 10 holdings

Berkshire Hathaway	US	4.8%
Microsoft	US	4.0%
Oracle	US	3.1%
Melrose Industries	US	2.8%
Denker Global Financial Fund E	Other	2.8%
TD Synnex	US	2.7%
KLA-Tencor	US	2.4%
Walt Disney	US	2.3%
HCA Healthcare	US	2.2%
Broadcom	US	2.1%

Asset allocation

Equities	97.7%
Cash	2.3%

Geographical breakdown

US	66.0%
Europe	25.3%
UK	2.7%
Cash	2.3%
Other	2.1%
Asia	1.1%
Scandinavia	0.5%

Sectors

Financials	21.8%
Information Technology	20.6%
Consumer Discretionary	14.7%
Health Care	12.5%
Industrials	12.1%
Communication Services	6.3%
Consumer Staples	5.8%
Energy	3.9%
Cash	2.3%

Key facts

Fund inception	2 September 2004
Benchmark	MSCI World Index NR
Portfolio manager	Jacobus Oosthuizen
Base currency	US Dollar
Fund type	UCITS
Domicile	Ireland
Fund size	$91 million
Unit price	$3.6707
Minimum investment	$1 000
Class inception	2 September 2004
Distribution	This fund does not distribute. Income is automatically added to the NAV.
Morningstar category	Global Large-Cap Blend Equity
ISIN	IE00B193PW34
SEDOL	B193PW3
Bloomberg	SANUGLA ID

Performance summary (in USD)

	Denker Global Equity Fund	Benchmark: MSCI World Index NR
Annualised performance		
1 Year	12.0%	15.6%
3 Years	9.8%	10.2%
5 Years	11.8%	13.9%
10 Years	6.9%	9.8%
Since inception	6.6%	8.6%
Cumulative performance		
YTD	4.3%	2.8%
Since inception	267.1%	440.8%
Actual annual performance		
Highest annual return	24.4%	
Lowest annual return	-15.5%	

Based on a calendar year period over 10 years (or since inception where the the performance history does not exist for 10 years).

Source of all performance figures: Morningstar and Denker Capital. Performance figures are net of fees.

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Portfolio manager

Jacobus Oosthuizen

M.Compt., CA(SA), CFA®

Jacobus manages the Denker Global Equity Fund and its rand-denominated feeder fund. He started his career in 2000 at Ernst & Young, where he completed his articles. Between 2002 and 2003 he held various risk and capital management positions at Rand Merchant Bank Treasury, after which he joined Rand Merchant Bank's international division as an investment analyst on a proprietary emerging market corporate bond portfolio. Jacobus has been part of our investment team since 2006. Prior to being appointed as portfolio manager in early-2021, he filled a role as an equity analyst on the global equity team.

Quarterly comments: December 2024

Market review

Towards the end of last year, Cooper Burton, a researcher and writer at 538 (a US-based firm specialising in data-driven research and election forecasting), highlighted that by the close of 2024, record voter turnout was paired with over 80% of democracies seeing incumbent parties lose seats or vote share - a clear indicator of global dissatisfaction with governments. Across the globe voters are demanding change. The status quo is no longer good enough. Several commentators have summarised the results as an electorate seeking pro-growth reform to benefit citizens.

Despite major geopolitical and economic changes markets proved resilient. Japan ended its negative interest rate policy in March and hiked again in July. In August, an unexpected interest rate hike by the Central Bank of Japan resulted in a dramatic market downturn.

In the US, the Magnificent 7 continued to outperform in 2024. The equally weighted S&P 500 delivered returns of 12.4%, substantially underperforming the market cap weighted index return of 24.5%. In recent years the market cap weighted index benefited from significant multiple expansion and rapid earnings growth. The US Fed started its cutting cycle but was far less aggressive than what had been expected at the start of the year as the US economy remained resilient and inflation more persistent.

The MSCI World Index outperformed emerging markets with the index up 18.7% vs. 7.5% for the MSCI Emerging Markets Index (in US dollars).

At a global equity sector level, communication services (+33.8%), technology (+32.8%), and financials (+26.6%) were the strongest performers for the year. Materials (-5.5%), health care (+1.1%), and real estate (+2.1%) were the weakest performers.

Portfolio review

The Denker Global Equity Fund underperformed its MSCI World Index benchmark by 3.7% for the quarter. The fund's A class declined 3.9% after fees over the period. Over the last 12 months, the A class returned 13.9% against a benchmark return of 18.7%.

<u>At a stock level, the most notable contributors to performance were Melrose Industries, Walt Disney Company and Booking Holdings.</u>

Airplane parts manufacturer Melrose saw its share price rebound strongly after a trading update confirmed robust revenue growth on the back of strong aftermarket demand. This was only partly offset by pressure on new equipment sales due to production issues at aircraft manufacturers. The market also responded positively to additional clarity on the accounting treatment of the company's revenue and risk sharing partnerships, which had been the cause of some uncertainty recently. We think Melrose continues to offer upside as cash generation improves.

Walt Disney's Q4 results provided many reasons to be optimistic about the company's prospects. Its streaming division finally turned a profit, which helped to offset continued pressure on linear TV (traditional TV, such as satellite). It has also seen significant improvement in box office performance, and cash generation accelerated on the back of strict cost control. The management team believes that a solid foundation has now been established to support a continued acceleration in earnings per share growth over the medium term. In our view, Disney remains undervalued and an attractive investment opportunity.

Booking Holdings continues to perform strongly, gaining market share as travel recovers post-pandemic. The company delivered robust Q3 results, with notable growth in room nights and expanding margins after a few years of reinvestment. Strategic initiatives are enhancing its competitive position and driving impressive top- and bottom-line growth. These initiatives include advancements in AI, the connected trip concept, growth in Asia travel, and a focus on alternative accommodations. With excellent capital allocation, aggressively reducing its share count, and satisfying humanity's innate desire to travel, Booking Holdings is well-positioned to maintain its outperformance.

<u>The detractors worth noting were HCA Healthcare, KLA Corporation and Arch Capital.</u>

HCA Healthcare continued to deliver robust results for Q3 2024; however, revenue growth has started to slow and margins have deteriorated from the elevated levels reported in the first half of the year. Management also guided that hurricane damage to hospitals could put pressure on Q4 2024 results. Despite expectations for earnings growth to normalise, we continue to view HCA as a well-managed, high-quality operator that should be able to leverage its scale and cost advantages to drive robust long-term performance.

Semiconductor equipment stocks, including KLA Corporation, declined sharply in the second half of 2024 due to reduced expectations for 2025 wafer fabrication equipment (WFE) spending, following a strong 2024. This weaker outlook is driven by lower demand from China, weaker consumer memory and mature node demand, and stricter export control rules. Continued spending on AI should partially offset these declines. The struggles of major equipment buyers like Intel and Samsung added volatility in the sector, which had been trading at historically high valuations. Nevertheless, the long-term growth drivers for the semiconductor industry remain robust, with rising capital intensity benefiting semi cap equipment companies. The demand for advanced technology is driving market share gains for KLA in WFE spending. KLA stands out as a top company, offering strong growth, technology leadership best-in-class operating profit margins, and lower cyclicality compared to its peers.

Our investment in specialty non-life (re)insurer Arch Capital Group detracted 0.3% relative to the benchmark over the quarter, as a busy hurricane season in the Atlantic and concerns around potential industry losses caused the share to sell off. While the season's 11 named storms exceeded the long-run average, overall industry losses are expected to be north of $100 bn. As this has become the new norm in recent years, it should be manageable for the industry to digest. With excellent (re)insurance pricing in recent years, industry-leading underwriting and risk management expertise and a strong capital base, we believe that Arch's exposure to these losses will be 'business as usual' and expect it to continue to compound shareholder value at an attractive rate in the years to come.

Outlook

Equity markets, particularly in the US, remain expensive. However, we continue to find attractive opportunities, especially outside the US and in the small- and mid-cap space. We are confident that the portfolio is well-diversified to perform across a range of market scenarios, with its holdings well-positioned to deliver strong long-term results.

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Fees

	Class A USD
Initial fee/ Front end load	0% (up to 5% with intermediary charges if applicable)
Annual management fee	1.50%
Management performance fee	0%
Total expense ratio (TER)[1]	1.63%
Transaction cost (TC)[2]	0.06%
Total investment charges (TER+TC)[3]	1.69%

Other allowed expenses include depositary fees, custody fees, administration fees, director's fees, legal fees, audit fees, bank charges, regulatory fees, brokerage/trading fees.

Notes

1. TER 1 October 2021 - 30 September 2024

The percentage of the value of the financial product that was incurred as expenses relating to the administration of the product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

2. TC 1 October 2021 - 30 September 2024

The percentage of the value of the financial product that was incurred as costs relating to the buying and selling of the assets underlying the product. TCs are a necessary cost in administering the product and impacts the product's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, type of financial product, investment decisions of the investment manager and the TER.

3. TER+TC

The percentage of the value of the financial product that was incurred as costs relating to the investment of the financial product.

Fund information

Manager	Sanlam Asset Management (Ireland)
Investment Manager	Denker Capital (Pty) Ltd, an authorised financial services provider under the South African Financial Advisory and Intermediary Services Act, 2002.
Depositary/ Custodian	Northern Trust Fiduciary Services (Ireland) Ltd
Administrator/ Transfer Agency	Northern Trust International Fund Administration Services (Ireland) Ltd
Listing	Irish Stock Exchange
Salient risk factors	This fund is relatively high risk in relation to other asset classes due to its equity based investment approach, however the investment manager aims to reduce the overall risk by their value and fundamental stance.
Dealing/Redemption frequency	Daily
Dealing deadline	4 PM (Irish time on the business day before a dealing day)
Valuation point	Midnight (South African time) on each dealing day.
Daily prices	Irish Stock Exchange & www.sanlam.ie

Risk profile: Aggressive

You can afford to take on a higher level of risk (i.e. will have a greater exposure to equities in your portfolio) because of your investment time horizon, or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

Contact information

Investment Manager: Denker Capital

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The appointed investment manager is Denker Capital (Pty) Ltd, an authorised financial services provider in terms of Financial Advisory and Intermediary Act, 2002, FSP 47075.

Manager: Sanlam Asset Management (Ireland)

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Depositary/Custodian: Northern Trust Fiduciary Services (Ireland) Ltd

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Regulatory statement

The Fund is a sub-fund of the Sanlam Universal Funds plc, a company incorporated with limited liability as an open-ended umbrella investment company with variable capital and segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank. The Fund is managed by Sanlam Asset Management (Ireland) Limited, Beech House, Beech Hill Road, Dublin 4, Ireland, Tel + 353 1 205 3510, Fax + 353 1 205 3521 which is authorised by the Central Bank of Ireland, as a UCITS Management Company, and an Alternative Investment Fund Manager, and is licensed as a Financial Service Provider in terms of Section 8 of the South African FAIS Act of 2002.

The Sanlam Universal Funds Plc full prospectus, the Fund supplement, the MDD and the KIID is available free of charge from the Manager or at www.sanlam.ie. This is neither an offer to sell, nor a solicitation to buy any securities in any fund managed by us.

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 Sanlam Universal Funds plc prospectus, the Fund supplement the MDD and the KIID. 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. A schedule of fees and charges and maximum commissions is available on request from the Manager.

This is a Section 65 approved fund under the Collective Investment Schemes Control Act 45, 2002 (CISCA). Sanlam Collective Investments (RF) (Pty) Ltd is the South African Representative Office for this fund.

The information to follow does not constitute financial advice as contemplated in terms of the South African Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision, not all investments are suitable for all investors. Collective Investment Schemes (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future performance. Changes in exchange rates may have an adverse effect on the value, price or income of the product. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ based on the initial fees applicable, the actual investment date, the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Trail commission and incentives may be paid and are for the account of the Manager.

The Manager has the right to close any Portfolios to new investors to manage them more efficiently in accordance with their mandates. Performance figures for periods longer than 12 months are annualised. The performance fee is accrued daily, based on performance over a rolling 6 month period with payment to the manager being made bi-annually. Performance fees will only be charged once the performance fee benchmark is outperformed. The portfolio management of all the portfolios are outsourced to Regulated and authorised financial services providers.

Deemed authorised and regulated by the Financial Conduct Authority. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. (Notes 1, 3 and 4)

Glossary terms

Annualised total returns
Annualised return is the weighted average compound growth rate over the period measured.

Capital growth
Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

Equities
Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling.

Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

Undervalued equity stocks (value investing approach)
This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

Securities
A general term for shares, bonds, money market instruments and debentures.

Collective investment scheme (CIS)
Collective investment schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Total expense ratio (TER)
This is the total costs associated with managing and operating an investment administration, financial planning and servicing fees. These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which administration, financial planning and servicing fees. These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Standard deviation
Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the amount of expected volatility in an investment.

Issue date:
17 March 2025