

Denker Global Equity Fund

A sub fund of Sanlam Universal Funds plc
Class A USD

Minimum disclosure document
(fund fact sheet)

29 February 2024

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

Microsoft	US	5.2%
Berkshire Hathaway	US	5.0%
HCA Healthcare Inc	US	3.5%
KLA-Tencor Corp	US	3.2%
Ferguson Plc	UK	3.1%
Oracle	US	2.7%
Denker Global Financial Fund E	Other	2.5%
Arch Capital Group Ltd	Other	2.4%
Lowe's Companies Inc.	US	2.4%
Becton Dickinson & Co.	US	2.1%

Asset allocation

Equities	97.2%
Cash	2.8%

Geographical breakdown

US	63.7%
Europe	22.4%
UK	6.3%
Cash	2.8%
Other	2.4%
Asia	1.6%
Scandinavia	0.8%

Sectors

Financials	22.8%
Information Technology	20.9%
Consumer Discretionary	14.1%
Industrials	12.7%
Health Care	11.9%
Communication Services	5.8%
Consumer Staples	4.8%
Energy	4.4%
Cash	2.8%

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	\$79 million
Unit price	\$3.2779
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	24.4%	25.0%
3 Years	8.8%	8.6%
5 Years	8.8%	11.7%
10 Years	6.0%	9.1%
Since inception	6.3%	8.3%

Cumulative performance

YTD	6.0%	5.5%
Since inception	227.8%	367.7%

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 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 2023

Market review

Markets shrugged off rising international and domestic political tensions to finish the year strong. Over the course of 2023 the NASDAQ and the S&P 500 gained 44.6% and 26.3%, respectively. In the final quarter, a combination of economic and employment resilience and surprisingly good inflation numbers offered investors a welcome reprieve as the market rapidly repriced the Fed's future policy trajectory. The tech heavy NASDAQ gained 13.8% in the quarter while the S&P 500 delivered 11.7% total return. The yields on bonds with ten years to maturity declined from 4.6% to 3.9% resulting in gains for investors.

Portfolio review

The Denker Global Equity Fund underperformed its MSCI World Index benchmark by 0.3% for the quarter. The fund's A class gained 11.1% after fees, against the benchmark's return of 11.4% for the period. For the full year, the A class returned 23.2% against a benchmark return of 23.8%. We find it interesting to reflect on market conditions going into 2023. At the time, persistent inflation, expectations for rising interest rates and geopolitical turmoil drove significant concerns around the market's near-term outlook. A December 2022 New York Times article¹ noted that investment strategists were expecting the S&P 500 to end 2023 roughly 4% higher on average. However, return forecasts ranged from as low as -11% to as high as 17%. Even with the wide dispersion of forecasts, the S&P 500 managed to beat even the most optimistic projection with a gain of 24% (before dividends) year-on-year. In our view, this illustrates just how hard it is to predict short-term market movements or trends. At Denker Capital we follow a fundamental, bottom-up approach and evaluate each company on its own merits. We aim to invest in companies with solid economics and good management teams that are trading below our estimate of intrinsic value, and to construct portfolios that are not overly reliant on specific market outcomes for success. Even though one of the fund's primary objectives remains to outperform its benchmark net of fees over any given period, we are nevertheless pleased by the +23% return the fund was able to deliver for 2023. Much has been written about the rise of the Magnificent Seven (Nvidia, Apple, Microsoft, Alphabet, Amazon, Tesla and Meta), which was responsible for an outsized proportion of market returns over the period. Although the fund is invested in some of these companies, it is generally underweight relative to the benchmark. We think that several of these companies continue to be very well positioned, but that not all of their valuations offer sufficient margin of safety to drive continued outperformance. Despite not having outsized exposure to the Magnificent Seven, the fund was able to deliver solid returns by allocating capital across a broad range of industries and geographies. Contributors to 2023 performance included Ferguson, KLA Corporation, Booking, Paccar, Micron, NVR and Masco. Several of these are lesser-known names that we were able to identify by leveraging our team's breadth of investment experience. The fund continues to see opportunities in less widely followed industrial, financial and smaller capitalisation companies. We think the fund's approach should also help guard against abrupt changes in sentiment towards popular investment themes.

Berkshire Hathaway was the main detractor to performance in the quarter (-0.4%). Reported earnings were hampered by pressure on the group's railway and energy assets and a lower value on the investment portfolio. This was partly offset by improving results from the insurance operations. Vice Chairman Charlie Munger passed away in November 2023 at the age of 99. Munger was an exemplary steward of capital and made a tremendous contribution to the success of the group. News of Munger's passing inevitably raised questions around 93-year-old Chairman and CEO Warren Buffett's own prospects. In our view, Berkshire Hathaway holds a diversified portfolio of high-quality assets operated by strong management teams. The group appears to have a well-defined succession plan in place, with Greg Abel expected to assume responsibility for the operational aspects of the group while Ted Weschler and Todd Combs look after the investment portfolio. In our view, Berkshire Hathaway remains an attractive investment opportunity that is particularly well-placed to weather uncertain macro-economic conditions.

Semiconductor equipment provider KLA Corporation (KLAC) was the top performance contributor last quarter (+0.4%). The company has also positively contributed to performance over the past few years. The semiconductor industry is a critical enabler of technology and benefits from increased content opportunities (including AI) over time. Moreover, we expect semicap companies to grow faster than the 'water fab equipment' market and for KLAC to gain share. The company is the technology leader, it tends to be less cyclical and has best in class margins and cash flow generation. We continue to hold shares of KLAC in the fund.

1. The New York Times: The Bull-And-Bear Case for 2023, 27 December 2022

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Fees

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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	1.65%
Transaction cost (TC) ²	0.07%
Total investment charges (TER+TC) ³	1.72%

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 January 2021 to 31 December 2023

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 January 2021 to 31 December 2023

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.

Contact information

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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.

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.

Manager: Sanlam Asset Management (Ireland)

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Company registration number: 267640 – UCITS IV Management Company & Alternative Investment Fund Manager regulated by the Central Bank of Ireland and is licensed as a Financial Services Provider in terms of Section 8 of the South African FAIS Act of 2002.

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:
19 March 2024

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