

Denker Global Equity Fund

A sub fund of Sanlam Universal Funds plc
Class A USD

Minimum disclosure document
(fund fact sheet)

30 November 2021

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	6.7%
Lowe's Companies Inc.	US	3.3%
Amazon Inc	US	3.3%
Legal & General	UK	3.2%
Oracle	US	3.2%
Roche Holding	Europe	3.1%
Becton Dickinson & Co.	US	2.8%
Medtronic Inc	US	2.5%
KLA-Tencor Corp	US	2.4%
PepsiCo	US	2.4%

Asset allocation

Equities	98.8%
Cash	1.2%

Geographical breakdown

US	63.3%
Europe	18.9%
UK	10.1%
Asia	3.8%
Other	2.1%
Cash	1.2%
Australasia	0.7%

Sectors

Information Technology	24.0%
Financials	21.1%
Consumer Discretionary	14.9%
Health Care	12.3%
Industrials	8.9%
Communication Services	7.3%
Consumer Staples	6.9%
Energy	3.4%
Cash	1.2%

Key facts

Fund inception	2 September 2004
Benchmark	MSCI World Index TR
Portfolio manager	Jacobus Oosthuizen
Base currency	US Dollar
Fund type	UCITS
Domicile	Ireland
Fund size	\$70 million
Unit price	\$2.8129
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 TR

Annualised performance

1 Year	19.4%	21.8%
3 Years	10.4%	16.9%
5 Years	10.1%	14.6%
10 Years	6.4%	12.2%
Since inception	6.2%	8.7%

Cumulative performance

YTD	13.3%	16.8%
Since inception	181.3%	319.6%

Actual annual performance

Highest annual return	24.4%
Lowest annual return	-22.5%

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: September 2021

Market review

The MSCI World Index was flat during the quarter. The yield on 10-year US bonds, which had declined during the quarter, reversed towards the end of September, closing at 1.49%. Inflation expectations rose modestly during the quarter. A more detailed analysis of the options in the bond market reveals that the market believes inflation will be higher rather than lower, even though somewhat higher than the 2% targeted by the Fed remains the most likely outcome.

The Fed expects inflation pressures to be temporary and that once the economy's supply bottlenecks have worked through the system inflation will moderate back towards the targeted level of 2%. The US debt ceiling has once again been in the news. Republicans refuse to support raising the debt ceiling, as Democrats passed spending bills without any Republican support earlier in the year. Democrats have the ability to raise the ceiling without the support of Republicans through a process known as reconciliation, but would prefer to share the responsibility with the minority party.

The economies of China, Europe and the UK are all suffering from energy shortages and rapidly escalating prices. The shocks highlight the importance of energy resilience to enable and support economic activity.

A quarterly analysis of the MSCI World Index at a sector level indicates that the market was led by financials (+2.1%), technology (+1.43%) and energy (+1.31%) while the laggards were materials (-5%), consumer staples (-1.87%) and industrials (-1.86%).

Portfolio review

During the second quarter we initiated a position in Stamps.com. It is with mixed feelings that we report that we were unable to remain invested in this wonderful mid cap company. Shortly after taking our initial stake in the company, it was announced that Thoma Bravo, a private equity company specialising in Software, offered a 70% premium to take Stamps.com private. While this event contributed handsomely to the fund's short-term performance, we believe the contribution to long-term performance could have been much more significant if we were able to continue holding this high quality (but misunderstood and undervalued) business.

We used some of the proceeds from selling Stamps.com to initiate a new position in Redbubble, an USD800 million market cap company. We believe Redbubble is at a very important inflection point in its business life cycle. Having established the leading global online platform connecting artists with consumers, it now benefits from the competitive advantages bestowed by the network effects of a leading two-sided marketplace (e.g. Amazon, Etsy, Alibaba) operated at scale. As the CEO explained in the most recent earnings call: "In simple terms, the content that artists sell attracts customers; greater customer purchases enables the fulfilment network to scale, lowering costs and thus attracting additional customers and this increasing customer base further creates more artist revenue, encouraging new artists to the platform. They add more content thus attracting more customers and the cycle continues." If management is able to reach their medium-term goals for revenue and operating profit margin, there is significant upside to our assessment of intrinsic value.

Alibaba, along with other Chinese stocks, has seen significant share price pressure since November 2020 when Ant Group, a subsidiary of Alibaba (Alibaba has a 30% stake) withdrew its IPO plan. Since then, regulatory and economic reform in China increased and intensified, heightening fears and pessimism. Removal of exclusivity provisions known as 'Two choose One', restructuring of Ant Financials and a fine of USD2.8 billion (c.0.5% of its then market cap) for violating China's antitrust laws are a few examples of regulatory actions that impacted Alibaba. The financial impact on the company is manageable and we believe Alibaba has the resources and innovative culture to adapt to the changing environment. The prospects for the core commerce and cloud businesses remains bright and the valuation is extremely undemanding.

Boohoo, the UK based online affordable clothing retailer, reported a disappointing set of interim results. Sales in Europe (ex-UK), Australia and New Zealand were negatively impacted by new post-Brexit customs regulations and delays caused by a shortage of airfreight capacity due to the Covid-19 pandemic, while costs were higher due to the relaunch of a number of recently acquired brands, capacity expansions (two new warehouses and new offices), Covid-19 related distribution expenses and a return to pre-lockdown levels of sales returns. Despite this disappointment we remain convinced that the company's competitive advantage derived from its very successful social media focused marketing and its distinct 'test and repeat' business model remains intact and positions it well to continue on its historic growth path.

We follow a comprehensive process and use proprietary tools to identify global companies that have the potential to substantially grow shareholder value over time, and we invest in these companies when they are attractively priced. We do not position the portfolio for any specific macroeconomic outcomes, but being aware of macro risks enables us to manage any potential risks in the portfolio. The major macro risk facing investors globally is inflation and we believe there is a high probability that the inflation that we are currently witnessing is not as 'transitory' as most central bank governors in the world believe it to be. Our approach, emphasising intrinsic value and conservative discount rates when valuing companies, should stand the portfolio in good stead if inflation proves to be more persistent than expected in the medium to long term.

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Fees

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Initial fee/	0%
Front end load	(up to 5% with intermediary)
Annual management fee	1.50%
Management performance fee	
Performance fee benchmark	MSCI World Index TR
Base fee	1.50%
Fee at benchmark	1.50%
Fee hurdle	MSCI World Index TR
Sharing ratio	20%
Minimum fee	1.50%
Fee example	1.50% p.a. if the fund performs in line with the performance fee benchmark
Total expense ratio (TER) ¹	1.63%
Transaction cost (TC) ²	0.10%
Total investment charges (TER+TC) ³	1.73%

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 2018 to 30 September 2021

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 2018 to 30 September 2021

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.

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.

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	Brown Brothers Harriman Trustee Services (Ireland) Ltd
Administrator	Brown Brothers Harriman Fund Administration
Transfer Agency	Brown Brothers Harriman 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

Contact information

Investment Manager and client service: Denker Capital

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W | www.denkercapital.com

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South Africa

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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Ireland

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: Brown Brothers Harriman Depositary Services (Ireland) Ltd

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Ireland

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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:
15 December 2021