

# Denker Global Equity Fund

A sub fund of Sanlam Universal Funds plc  
Class B USD

Minimum disclosure document  
(fund fact sheet)

31 March 2022

# 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	6.3%
Berkshire Hathaway	US	5.0%
Becton Dickinson & Co.	US	3.2%
Oracle	US	3.2%
Amazon Inc	US	3.1%
Roche Holding	Europe	3.0%
Arch Capital Group Ltd	Other	2.8%
Lowe's Companies Inc.	US	2.6%
Medtronic Inc	US	2.6%
PepsiCo	US	2.5%

### Asset allocation

Equities	97.4%
Cash	2.6%

### Geographical breakdown

US	67.9%
Europe	16.8%
UK	6.2%
Asia	3.4%
Other	2.8%
Cash	2.6%
Australasia	0.3%

### Sectors

Information Technology	23.7%
Financials	22.3%
Health Care	14.6%
Consumer Discretionary	13.1%
Industrials	7.6%
Communication Services	6.7%
Consumer Staples	5.1%
Energy	4.4%
Cash	2.6%

## 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	\$66 million
Unit price	\$3.0764
Minimum investment	\$750,000
Class inception	1 September 2006
Distribution	This fund does not distribute. Income is automatically added to the NAV.
Morningstar category	Global Large-Cap Blend Equity
ISIN	IE00B193PY57
SEDOL	B193PY5
Bloomberg	SANUGLB ID

## Performance summary (in USD)

Denker Global  
Equity Fund

Benchmark:  
MSCI World  
Index TR

### Annualised performance

1 Year	5.4%	10.1%
3 Years	9.5%	15.0%
5 Years	8.5%	12.4%
10 Years	5.5%	10.9%
Since inception	3.7%	7.4%

### Cumulative performance

YTD	-6.1%	-5.2%
Since inception	207.6%	204.9%

### Actual annual performance

Highest annual return	25.3%
Lowest annual return	-12.7%

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: March 2022

### Market review

No commentary about the first quarter of 2022 can ignore the shocking invasion of Ukraine by Russia in late February. The loss of life and wilful destruction has been heart-breaking. There are three prevailing theories in the West about Putin's motivation for the invasion. These are (1) a desire to restore the Soviet Union, (2) a desire to restore imperial Russia, and (3) preventing the eastward expansion of the military/security alliance – the North American Treaty Organization. Ukrainian President Zelensky has offered the following during the peace negotiations in Turkey: (1) that any peace agreement would have to be put to the Ukrainian people in a referendum, (2) military neutrality – with guarantees from the West and Russia - "Ukraine's sovereignty and territorial integrity are beyond doubt. Effective security guarantees for our state are mandatory" said Zelensky, and (3) a refusal to recognise an independent Crimea, but that the Ukraine would commit to reunifying the country through peaceful means only.

Global markets remain volatile. The ongoing economic uncertainty following the war, together with the risks of rising inflation and interest rates, is creating a 'risk off' environment. For the quarter, the MSCI World Index lost 5.2% in US dollar terms, with the European region shedding 7.2%, followed by North America (-4.8%) and the Pacific (-3%). MSCI Emerging Markets has shed 6.9%, with the EMEA region down 13.6% (Asia down 8.6%).

A further sector level analysis of the MSCI World Index shows a massive divergence between the energy sector and the rest. The energy sector gained almost 31% in the quarter while consumer discretionary, communication services and information technology lost just over 10% each. Materials gained almost 3% for the quarter but industrials (-6.2%), consumer staples (-3.6%) and financials (-1.5%) were weak.

### Portfolio review

As one would expect, the divergence in the sector performance, as noted above, also lead to a large divergence in stock performance this quarter.

On the one hand, companies in our portfolio exposed to home improvement expenditure in the US (e.g. Lowe's, Ferguson plc and Masco) were negatively impacted by the outlook for a rapid increase in short-term rates in the US. On the other hand, the energy companies in our portfolio (most notably Shell plc) benefitted from the higher global energy prices. The biggest contributor to performance for the quarter was Berkshire Hathaway, which rallied nearly 18% over the last three months. Despite the recent rally we believe this company remains undervalued and it is now the second largest holding in the fund.

Other notable performers in the quarter were Alleghany (+26%) and CDK Global (+17%), these are two of the eleven mid cap stocks held in the portfolio. Late in March it was announced that Berkshire Hathaway offered to acquire Alleghany (the whole company) at USD 848 per share. It seems very likely that the deal will go ahead. While we regret that we will be deprived of the future shareholder value to be created by Alleghany, we take solace in the fact that we retain a small effective exposure via our holding in Berkshire Hathaway. CDK Global also benefitted from takeover rumours which were consequently confirmed after quarter end. Brookfield Business Partners have made a bid to take CDK Global private at USD 54.87 per share, which caused the price to run up another 12% after quarter end. CDK Global is a wonderful software business with a dominant market position in the US auto dealer market. We are searching hard for a worthy replacement in the portfolio.

It is impossible to predict when the war in Ukraine will end. What we do know is that the spike in energy and commodity prices and the impact of inflation on companies and consumers will be significant. However, we also know that strong companies, with good business models and strong management teams (particularly those that are well aligned with shareholders, such as Berkshire Hathaway) will endure through this crisis and most likely come out even stronger at the other end. We have invested in these companies at attractive valuations and believe the combination of strong business fundamentals, management and attractive valuation should stand the portfolio in good stead over the medium to long term.

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## Fees

### Class B USD

Initial fee/	0%
Front end load	(up to 5% with intermediary)
Annual management fee	0.85%
Management performance fee	0%
Repurchase fee	3% (the company may waive the repurchase fee in whole or in part)
Total expense ratio (TER) <sup>1</sup>	0.98%
Transaction cost (TC) <sup>2</sup>	0.10%
Total investment charges (TER+TC) <sup>3</sup>	1.08%

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 2019 to 31 December 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 January 2019 to 31 December 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.

## Contact information

### Investment Manager and client service: Denker Capital

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E | investorrelations@denkercapital.com

W | www.denkercapital.com

6th Floor, The Edge, 3 Howick Close, Tyger Falls, Bellville, 7530  
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.

## 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

### 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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E | intouch@sanlam.ie W | www.sanlam.ie

Beech House, Beech Hill Road, Dublin 4  
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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30 Herbert Street, Dublin 2  
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](http://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:  
22 April 2022