rootstock INVESTMENT MANAGEMENT

THE ROOTSTOCK DOLLAR FUND

ROOTSTOCK GLOBAL EQUITY UCITS FUND

A sub-fund of Sanlam Unversal Funds PLC

MINIMUM DISCLOSURE DOCUMENT (MDD)

GLOBAL EQUITY GENERAL

30 November 2021

PERFORMANCE

	ANNUALISED		CUMULATIVE	
	Fund	Benchmark	Fund	Benchmark
6 Month	4.3%	5.1%	4.3%	5.1%
1 Year	16.5%	22.3%	16.5%	22.3%
Inception	18.1%	26.0%	25.5%	37.0%

INVESTOR PROFILE

The Fund is suitable for investors who:

- have discretionary wealth and require no short-term income;
- can tolerate short-term market and currency fluctuations in pursuit of maximising long-term total return;
- seek international asset exposure; and
- are comfortable to grant the portfolio manager a wide degree of investment discretion.

INVESTMENT MANDATE

The portfolio may invest in global securities, primarily through common stocks and other securities with equity characteristics, with no more than 15% of assets in government, corporate and inflation-linked bonds and money market instruments. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes or other similar schemes operated in territories with a regulatory environment. The manager may make active use of derivative financial instruments for hedging and efficient portfolio management only. The manager will be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

ASSET ALLOCATION AND REGIONAL EXPOSURE

Asset Allocation

Equties	99.6%
Cash and Cash Equivalents	0.4%

Regional Exposure

US dollar	72.4%
Euro	26.6%
South African rand	0.0%
British pound sterling	1.0%

RISK PROFILE

The moderate-to-high risk portfolio aims to maximise long-term total return by way of a concentrated, actively managed portfolio of equity securities. The manager generally takes a multi-year view with respect to valuation, cash generation ability, sustainability and management quality for the companies in the portfolio. Currency risk is not actively managed. The strategy can lead to volatile short-term returns and the recommended term for this investment is five years and longer.

TOP HOLDINGS

1	Microsoft Corp	6.9%
2	Alphabet Inc	6.6%
3	Meta Platforms Inc	6.5%
4	Intuit Inc	4.9%
5	Amazon.com Inc	4.8%
6	ASML Holding NV	4.6%
7	Mastercard Inc	4.5%
8	Fastenal Company	4.4%
9	Adobe Inc	4.2%
10	Amadeus IT Holding	4.2%

INVESTMENT OBJECTIVE

The portfolio aims to produce total return for investors in excess of the MSCI World Index over the medium-to-long term by way of an actively managed international equity fund.

FUND INFOMATION

Portfolio Manager	Johan Barkhuysen
Fund Classification	Global Equity
Base Currency	US dollar
Fund Type	UCITS
Distribution	None, added to NAV
Domicile	Ireland
Risk Profile	Moderate-to-High
Benchmark	MSCI World Index
Fund Size	$ 102,506,640
Portfolio Inception	21/07/2020
Minimum Lump Sum Investment	$ 1,000
Portfolio Valuation Time	Midnight, South African Time
Pricing#	Daily
Transaction Cut-off Time*	16:00
ISIN	IE00BJP4VF17

Prices published daily; available at www.sanlam.ie

* *Transaction cut-off time is 16:00 on the business day immediately preceding a dealing day*

FEES (EXCLUDES VAT)

Maximum Annual Advice Fee	0.00%
Manager Annual Fee	1.25%
Total Expense Ratio	1.25%*
Transaction Cost	0.15%
Total Investment Charges	1.40%
TER Measurement Period	21 Jul 2020 - 31 Oct 2021

* **Note** *: The calculation of Total Expense Ratio (TER) is typically based on historical data over a three-year period. Over time, investors should experience TER approaching the Manager Annual Fee (excluding VAT). Figures are based based on since inception data.*

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administered by Sanlam

PORTFOLIO MANAGER COMMENT

This comment is updated quarterly and is correct as at 30 September 2021

It seemed like another quarter of plain sailing for Western equity markets, but some downward volatility in September upended the calm. The S&P 500 ended virtually flat for the quarter. Things were worse across the Pacific, where the Chinese equity market continued its retreat. The MSCI China Index, a Chinese market proxy, fell some 18.6% in US dollar during the quarter. Since its February 2021 high, the index has plunged 31.0% in US dollar. The majority of the Chinese market sell-off can likely be attributed to a combination of ongoing regulatory uncertainty and the expectation of a slowdown in future earnings growth.

The Rootstock Global Equity UCITS Fund, the 'Dollar Fund', returned negative 1.7% in US dollar for the quarter. On a one-year basis, the Fund rose 23.9%, while its MSCI World benchmark rose 29.4%. Since its July 2020 inception, the Dollar Fund has grown by 19.1% against its benchmark's 26.6% rise - the lingering effects of a high post-launch cash holding alongside exceptional market performance. We remain confident that the Fund will produce excellent long-term performance.

Market commentary

It is common cause that US markets look somewhat expensive relative to longer-run history. The S&P 500 is valued at 21.3-times its next-twelve-month earnings, meaningfully elevated relative to its 17.6-times longer-term average.

Since its pandemic bottom in March 2020, the S&P 500 has realised an annualised 56.2% US dollar return. Its two-year US dollar figure to the end of September 2021, which excludes any covid-induced market effects, is 22.4%.

These returns are extraordinary. We caution investors that the recent past should not set expectations for future gains. For reference, the S&P 500 index's multi-decade compounded annual total returns are between 10% and 11% in US dollar. Historic broad market three-year returns have generally been below average at valuation levels similar to those we presently contend with.

Notwithstanding, we remain positive on markets. Viewed in context, specifically relative to 10-year US government bonds, so called risk-free assets, equity markets are not overly dear. The Equity Risk Premium, the yield earned in excess of the risk-free asset, remains in a historically normal 6% - 7% range. Moreover, the high-quality companies we hold in the Funds are attractively valued considering their profitability and growth prospects.

Turning to macro, many leading indicators of global growth portend a slowdown. US job creation slowed dramatically in August, hotel stays and flights boarded dropped globally, and broad measures of economic activity have deteriorated in Europe and China. The IMF forecasts 6.0% global growth for 2021, which compresses to 4.9% in 2022. The growth is not evenly distributed, as slightly improved developed market growth prospects are offset by deteriorating estimates in emerging markets.

In the Middle Kingdom, China's months-long regulatory crackdown against large tech companies reached a tipping point. In the face of an accelerating regulatory onslaught, the ban of for-profit after-school tutoring in late July, formerly a US$100 billion industry in China, catalysed in an accelerated Chinese market sell-off.

From our perspective, the regulatory actions are largely rational and include much catch-up to existing Western rules. Potential unintended consequences and dual motivations notwithstanding, China's new policies intend to foster competition, promote social welfare for low-income workers, and improve stability in the domestic consumer credit market.

While we expect more regulation is forthcoming, it should not derail China's inexorable growth in per-capita GDP. Tremendous long-term investment opportunity remains. The extent to which new policy alters the market landscape remains unknown, but the overall Chinese equity risk profile is mostly unchanged. Market reaction seems, in our view, overdone.

Mindful of the risk of state intervention, we have actively limited our direct China exposure. We've avoided sectors with perceived 'socially undesirable' externalities and factored the risk of state interference into how we value Chinese equity.

We hold conviction in our Tencent and Alibaba positions and have added to both in the turmoil. Their commanding strategic positions portend limited competitive encroachment, regardless of new anti-trust regulation, and they retain substantial growth potential in core and emerging businesses. In our view, their valuations and significant market scope wholly offset the regulatory risks.

Remaining in China, Evergrande, China's second largest and the world's most indebted property developer, is facing a liquidity crunch. With some $355 billion in assets (roughly equal in value to South Africa's GDP) across 1,300 developments, and around $300 billion of on-balance sheet liabilities, Evergrande is unable to service its obligations.

All the pundit commentary is not however mere market noise. Evergrande's precarious situation is the consequence of China's recently enacted Three Red Lines policy, aimed at curbing credit to its highly levered, lynchpin real-estate sector. With only one of China's 15 largest property developers fully on the right side of the Three Red Lines, Evergrande is likely merely the first developer to be squeezed.

Tightening credit lines and sector reform will likely cool Chinese economic expansion. Economists estimate a 5% contraction in property investment will take one percentage point off China's GDP growth, presently trending at around 6%.

Any slowdown in China will have a global impact. World Bank data shows that, over the last decade, China accounted for 47% of the growth in global GDP. China's compounded 9.2% GDP expansion contrasts with the global average 2.5% compounded rate, both measured in US dollar.

Regardless of macroeconomic circumstance, equity markets remain the best asset class to sustainably generate wealth over the long term. History is explicit that patient investors who remain invested are handsomely rewarded in time. Global shocks are ever-present and unpredictable. We prefer to focus on the variables we can control - the quality of the companies we own in the Funds. All our attention is dedicated to identifying and investing in high-quality businesses at attractive valuations. Accordingly, the companies we own in the Funds should continue to grow their unencumbered cash flow regardless of the macro environment.

Portfolio commentary

During the quarter, Dollar Fund's equity exposure rose from 96.0% to 98.7%. The portfolio is well established, reflected by a low year-to-date holdings' turnover of 13.6% and portfolio turnover 18.1%.

A notable change during the quarter, we swapped Naspers for Prosus. In the implementation of their cross-shareholding structure, we elected to own Prosus on account of a favourable exchange ratio and Prosus' advantaged tax position. Importantly, we remain constructive on the prospects of Tencent. In addition, we increased exposure to Autodesk and added PayPal Holdings to the portfolio.

In closing, as unprecedented market liquidity begins to recede and global growth slows, we remain alert to the risks of heightened equity valuations. Our stringent valuation framework has and should continue to serve us well. With our portfolio of high-quality, comparatively cheap companies, we are confident our top-quartile long-term performance track record should remain intact over the full investment cycle.

We remain optimistic that growing economies and technologically driven productive advance will pull equity markets higher over the long term. We thank you for your continued support and stand ready to assist. As ever, we strive to grow your, and our, capital as best we can.

Portfolio Manager
Johan Barkhuysen, CFA

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INVESTMENT MANAGEMENT

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REGULATORY STATEMENT

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information does not constitute financial advice as contemplated in terms of the 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.

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.

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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 expense 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 calculated for the portfolio and the investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. NAV-to-NAV figures are used Calculations are based on a lump sum investment The performance of the portfolio depends on the underlying assets and variable market factors. Investment-performance calculations are available for verification upon request by any person 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 biannually. 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.

GLOSSARY

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

Asset Allocation
Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

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.

Distributions
The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Derivatives
Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Feeder Fund
A feeder fund is a South African-based fund that feeds exclusively into its primary foreignbased fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

Liquidity
The ability to easily turn assets or investments into cash.

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Information Ratio
The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Maximum Drawdown
The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Money Market Instruments
A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

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 volatility expected of an investment.

Participatory Interests
When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Sharpe Ratio
The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

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