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

31 January 2023

PERFORMANCE

	ANNUALISED		CUMULATIVE	
	Fund	Benchmark	Fund	Benchmark
3 Month	10.6%	9.8%	10.6%	9.8%
6 Month	-5.9%	2.4%	-5.9%	2.4%
1 Year	-23.3%	-7.0%	-23.3%	-7.0%
Inception	-3.1%	9.6%	-7.7%	26.0%

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	98.2%
Cash and Cash Equivalents	1.8%

Regional Exposure	
US dollar	71.1%
Euro	27.1%
South African rand	0.2%
British pound sterling	1.6%

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	Alphabet Inc	6.2%
2	LVMH Moet Hennessy Louis Vuitton SE	5.8%
3	Visa Inc	5.6%
4	Microsoft Corporation	5.5%
5	EssilorLuxottica SA	5.3%
6	Accenture Plc	4.7%
7	Zoetis Inc	4.5%
8	S&P Global Inc	4.3%
9	Cadence Design Systems Inc	4.3%
10	Thermo Fisher Scientific Inc	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	$ 72,532,113
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	1.30%*
Transaction Cost	0.17%
Total Investment Charges	1.47%
TER Measurement Period	21 Jul 2020 - 31 July 2022

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administered by Sanlam

PORTFOLIO MANAGER COMMENT

This comment is updated quarterly and is correct as at 31 December 2022

Equity investors endured another volatile quarter to end 2022, capping a true *annus horribilis*. Returns were among the worst in modern history. For the quarter, a volatile S&P 500 leaped 7.6% in US dollar, somewhat improving the index's calendar-year total-return backslide to -18.1% measured in US dollar. The MSCI World Index, a measure of broader global equity performance, produced a US dollar total return of 4.1% for the quarter and -16.5% for the calendar year.

Energy, a sector we have historically eschewed on account of its cyclicality and inscrutable nature, proved the only opportunity for positive return this calendar year.

Bond investors shared in the misery, with the Bloomberg US Treasury index, representing the $10 trillion of US government debt, ended the year down 12.5%, its worst annual showing since records began in 1973. For context, the previous record dive was a -3.6% annual contraction in 2009. Combined with poor equity performance, the historically reliable return profile of the 60/40 stock-bond portfolio produced its worst performance in a century-and-a-half.

In South Africa, the JSE All Share Index proved a refuge in volatile markets, with a 2022 total return of 4.0% in rand. The local currency's 6.9% depreciation against the US dollar resulted in a -2.8% USD dollar fall, far better than developed markets. The JSE's performance may be substantially explained by its discounted valuation. The JSE All Share Index's forward-earnings multiple averaged 9.7 times earnings during 2022. Its 5-year and 10-year averages are respectively 12.1 and 13.9 times. The significant weight of cyclical commodity stocks, as well as Naspers/Prosus' 'accounting' earnings and index heft, make time-series analysis of JSE-wide price-earnings multiples somewhat dubious. Yet, the optically low multiple, even accounting for some elevated commodity profits, leaves the JSE attractively valued. Further, several high-quality companies with good growth prospects and responsible management are available at attractive valuations.

Performance Commentary

The Rootstock Global Equity UCITS Fund, the 'Dollar Fund', rose 5.4% in US dollar for the quarter but fell 33.9% for the year. The MSCI World benchmark was down 17.7% measured in US dollar.

We made several mistakes over the last year, the most significant of which were our overweight exposure to the technology sector and Chinese equity. In a concentrated portfolio with large over- and under-weights relative to an index, significant short-term performance divergence is likely to occur. Particularly trying market conditions have severely impacted performance. Notwithstanding, our shorter-term underperformance should make little difference to long-term returns for patient investors. The durable, attractively valued businesses in the Fund should prove their high quality in time.

Market Commentary

The confluence of many factors, including inflation, war in Ukraine, energy-price shocks, rapid monetary policy tightening, Chinese lockdowns, and recession fears, battered investor sentiment throughout 2022.

Despite it all, equity indices are not unequivocally cheap. For reference, the S&P 500 trades at a forward price-earnings multiple of 17.7 times against a 20-year average of 16.8 times. The MSCI World Index is about equal to its longer running average of 15.8 times year-ahead earnings. For both indices, analysts project earnings development of approximately 10% in 2023, reasonable relative to the last 30 years of annual earnings growth (outside of major dislocation evens such as the dotcom bubble, Global Financial Crisis, and Covid-19 recession).

The economic circumstances the world faces – waning-but-still-considerable inflation, a virtually unprecedented increase in interest rates, a wobbly China growth story, significant upward wage pressure and still-elevated corporate margins – logically make the coming year tricky to navigate. The tug-of-war between inflation and interest rates will remain contentious throughout 2023. Yet ever forward-looking markets are likely to steady themselves as conditions improve. Already, 'green shoots' are emerging.

Sans a deep recession, global corporate earnings are unlikely to retrace significantly, supporting equity valuations. Indeed, it appears market consensus that if a US recession is realised, it should prove mild. While we do expect some volatility in markets on noisy economic data, history has shown that markets recover before measures of economic activity. Moreover, in difficult economic circumstances, high-quality companies tend to focus on efficiency, while thoughtfully exercising pricing power, keeping earnings growth ticking along.

Business Update

The transaction with Stonehage Fleming is progressing well. Pleasingly, and notwithstanding unhurried regulators, we expect the transaction to close early in the first quarter.

As a reminder, the transaction is premised on allowing Rootstock to scale with a larger partner, while offering continuity and growth to clients and staff. To reiterate, Stonehage Fleming and Rootstock share similar business culture, values, and investment philosophy. Client capital will be safeguarded by an enhanced, more diversified, and collectively more experienced team.

The Rand Fund will retain its philosophy and mandate, with the majority of its assets remaining offshore. The Fund is already making use of the Stonehage Fleming Global Best Ideas Fund's (the GBI Fund) process and resources.

Good progress has been made to align the Rand Fund more closely with the GBI Fund, with several portfolio changes over the last quarter. See the Portfolio Composition for more detail. The Dollar Fund will be merged with the GBI Fund upon transaction close.

Overall, 2022 proved the most trying year for investors since the Global Financial Crisis. The global economy has made it through a war on European soil, an international energy crisis, surging inflation and the fastest rate hiking cycle in a generation. As ever, many risks, known and unknown, remain in waiting. Fortuitously, in the turmoil, some of the best businesses in the world, with significant growth prospects, excellent management teams, exceptional profitability, and strategically sound competitive positions, can be purchased at attractive valuations. As ever, a portfolio of high-quality companies shields investors from the vagaries of macro uncertainty.

We remain optimistic that growing economies and technological 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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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.

The information to follow does not constitute financial advice as contemplated in terms of the South African Financial Advisory and Intermediary Service 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. International investments or investments in foreign securities could be accompanied by additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

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.

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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