

## Fund Objective

The objective of the fund is to offer investors a reasonable level of current income and long-term wealth creation through active management of the portfolio.

## Fund Strategy

This is an equity fund which diversifies across all sectors of the JSE and may invest a maximum of 30% in offshore assets. The fund invests in financially sound companies when they are attractively priced relative to their long-term return potential. The investment universe may include participatory interests of underlying unit trust portfolios.

## Why Choose This Fund?

- Access to a broad range of opportunities. Our structure gives us the ability to focus on investments and access opportunities that build wealth for investors.
- Investors are exposed to global investment opportunities. The fund can invest up to 30% in foreign listed companies.
- We understand and manage risks. We concentrate on understanding the risks companies face so that we invest with a margin of safety and diversify the portfolio.
- Our interests are aligned with investors. The investment team invests their own money in the fund and in the Denker Capital business.

## Fund Information

Ticker	SNVL
Portfolio Manager	Claude van Cuyck
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	Composite: 87.5% FTSE/JSE Capped SWIX & 12.5% MSCI World Index
Fund Size	R 1,646,297,721
Portfolio Launch Date	01/10/1998
Fee Class Launch Date	01/10/1998
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunittrusts.co.za
Repurchase Period	2-3 business days

## Fees (Incl. VAT)

	Retail Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.55
TER	1.67
TC	0.16
TIC	1.83
Performance Fee	0.08
TER Measurement Period	01 April 2018 - 31 March 2021

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Manager Performance Fee (incl. VAT) | Performance Fee Benchmark: 87.5% of the FTSE/JSE Capped Shareholder Weighted Index (J433) and of the 12.5% MSCI World Net Total Return USD Index (NDDUWI), Base Fee: 1.53%, Fee at Benchmark: 1.53%, Fee Hurdle: 87.5% of the FTSE/JSE Capped Shareholder Weighted Index (J433) and 12.5% of the MSCI World Net Total Return USD

MDD Issue Date:

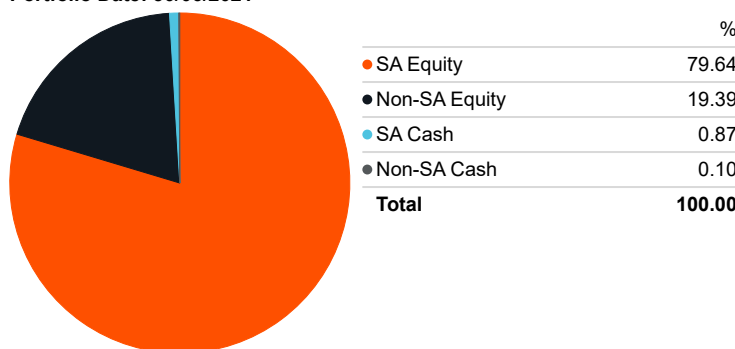
18/08/2021

## Top Ten Holdings

Portfolio Date	30/06/2021	(%)
Denker Global Financial Fund		9.66
Naspers Ltd		6.93
Anglo American Plc		6.03
MTN Group Ltd		4.75
Combined Motor Holdings Ltd		3.61
Italtile Ltd		3.25
Denker Global Equity Fund		3.23
Prosus (PRX)		2.85
Firststrand Ltd		2.85
British American Tobacco Plc		2.82

## Asset Allocation

Portfolio Date: 30/06/2021



## Annualised Performance (%)

	Fund	Benchmark
1 Year	30.55	25.82
3 Year	6.70	7.01
5 Years	4.25	6.79
10 Years	7.69	10.59
Since Inception	16.34	14.95

## Cumulative Performance (%)

	Fund	Benchmark
1 Year	30.55	25.82
3 Years	21.49	22.56
5 Years	23.15	38.91
10 Years	109.80	173.73
Since Inception	3,067.81	2,308.45

## Highest and Lowest Annual Returns

Time Period: 01/01/2011 to 31/12/2020

Highest Annual %	22.21
Lowest Annual %	-6.41

## Risk Statistics (3 Year Rolling)

Standard Deviation	15.77
Sharpe Ratio	0.12
Information Ratio	-0.06
Maximum Drawdown	-23.88

## Distribution History (Cents Per Unit)

30/06/2021	19.66 cpu	30/06/2020	21.98 cpu
31/12/2020	34.16 cpu	31/12/2019	34.02 cpu

Administered by

## 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.

## Glossary Terms

### Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

### 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 foreign-based 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.

### LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

### 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.

### 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.

### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 25% for foreign (offshore) and 5% African assets.

### 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).

### 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.

### Undervalued Equity Stocks/ Investing in Neglected Global Equities

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.

## Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow 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 Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available on request from the Manager. Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained on request from the Manager, free of charge. 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 depending on the initial fees applicable, the actual investment date, and 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. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting [www.sanlamunittrustsmdd.co.za](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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## Portfolio Manager Quarterly Comment

Quarter to June 2021

### Market review

#### Global markets

The MSCI World Index once again delivered good performance as investors earned 7.7% for the quarter in US dollars. The yield on 10-year US bonds fell from 1.74% at the end of Q1 back to 1.43% at the end of Q2; reversing some of the first quarter's upward movements. Interestingly, inflation expectations moderated somewhat in the second quarter. However, a more detailed analysis of the options in the bond market reveals that the market is more worried about higher inflation even though moderate inflation remains the most likely outcome.

The lower 10-year yield (and the impact of lower discount rates on the valuations of companies with high growth expectations) helped growth stocks to outperform value stocks. This was also the main driver of equity returns at a sector level. Information technology (+11.5%), communication services (+9.2%) and health care (+9.3%) outperformed, while financials (+6.6%), materials (+5.3%) and industrials (+4.6%) lagged.

Given the number of vaccines administered to its population, the US seems to have, more or less, resumed normal life. Data on the US economy continues to show signs of robust recovery, a strong labour market and some inflation – at this point the Federal Reserve deems this pricing pressure to be transitory. The UK has also had much success with its vaccination program. At the end of the second quarter, there were once again relatively large numbers of Covid-19 cases (with the Delta variant responsible for almost all new cases). However, the number of people hospitalised was less than in the previous waves. 'Freedom Day', the name given to the day when all Covid-19 lockdown restrictions will be lifted and life is expected to return to normal, is expected to be 19 July.

#### South African markets

The FTSE/JSE Capped Swix (Capped Swix) gained 0.6% in rand. US dollar investors earned a higher quarterly return as the rand strengthened from R14.77 to R14.27 to the dollar. As in the global bond markets, SA 10-year maturity bond yields fell during the quarter - from a yield of 9.5% at the end of the year to 8.9%. The South African Reserve Bank held rates steady throughout the quarter. However, markets are anticipating future rate increases.

Covid-19 infections are rising rapidly in South Africa's third wave. Gauteng has been especially hard hit, with third wave infections nearly at double the level of the second wave. By the end of the quarter more than 13,000 people were admitted in hospital around the country and nearly 30% of tests were positive, suggesting much higher prevalence of actual cases than those reported. The announcement of adjusted level 4 restrictions implemented at the end of the quarter will undoubtedly have an impact on the economy. However, the continued global recovery, higher commodity markets and domestic policy reforms support the domestic economic recovery.

### Portfolio review

After a strong Q1, with the Capped Swix up 12.6%, the second quarter of 2021 was more muted with the index rising a more modest 0.6%. SA financials were the best performing sector in Q2, returning 7.5%, while industrials were up 0.8%. Resources declined by 5% over the quarter.

Year to date the Capped Swix is up 13.3%, industrials are up 13.8%, resources are up 12.8% and financials are up 11.7%. The star performing sector for the year has been small caps, with the index up 30.9%. Mid caps have returned 15.8% and large caps 11.8%. As mentioned in the past, we believe we have a competitive advantage in the small cap space, having covered these stocks for many years. It is a segment of the market where many of our larger peers are unable to access (given their size and liquidity constraints). The portfolio tends to have anywhere between 10% and 15% exposure to this segment of the market – depending on where we find opportunities.

Of the 10 top performing stocks on the FTSE/JSE All Share Index this year, we own five. This includes MTN (+71.5%), RBPlats (+64.9%), Hudaco (+63%), Sasol (+62.8%) and Investec plc (+51.7%). We have managed to avoid a number of the poorer performing stocks year to date, including Harmony (-24.8%), AngloGold (-20.4%) and Discovery (-17.8%).

We continue to believe that the recovery in global GDP, supported by the global re-opening of economies as the vaccine rollout gains momentum, together with talk of higher inflation expectations is supportive of our current positioning. We retain a large position in domestic cyclicals that should continue to perform well in the recovery. The small cap holdings in the portfolio are well positioned to continue recovering from the macro tailwinds mentioned above. We run diversified portfolios so we also have exposure to certain global stocks, like British American Tobacco, Reinet, Naspers, Prosus and ABInbev which are offering attractive upside to intrinsic value. We have also added to selective domestic defensive positions like AVI and Remgro where we see value.

The strong recovery in the Capped Swix (79.7% since the March low) has resulted in our expected return outlook moderating from our exuberance in the second and third quarters of last year. However, we still believe that the upside in the domestic equity market is attractive relative to other asset classes and should provide real returns for investors.

### Portfolio Manager

Claude van Cuyck  
 B.Comm. (Honours), CFA®