Denker SCI* Global Equity Feeder Fund

Minimum Disclosure Document

As of 30/11/2020

DENKER CAPITAL

MDD Issue Date: 14/12/2020

Fund Objective

The objective of the portfolio is to provide above average long-term capital growth by investing in global equities which the Investment Manager has identified as being undervalued and as offering above average growth potential. This fund is a feeder fund which invests only in the Denker Global Equity Fund, managed by Sanlam Asset Management (Ireland). The portfolio may also hold ancillary liquid assets including cash and or money market instruments.

Fund Strategy

The Investment Manager seeks to achieve the objective of the fund by investing in undiscovered or neglected global equities that the Investment Manager has identified as being undervalued and offering above average growth potential over time.

Why Choose This Fund?

- The fund invests in undervalued equity stocks, the research focus being on undiscovered or neglected stocks.
- The fund employs an active stock-picking investment process.
- It is a Rand denominated fund. No foreign exchange tax clearance is required.

Fund Information

Ticker	SIGA1
Portfolio Manager	Ricco Friedrich
ASISA Fund Classification	Global - Equity - General
Risk Profile	Aggressive
Benchmark	MSCI World Index
Fund Size	R 547,680,454
Portfolio Launch Date	26/02/2007
Fee Class Launch Date	02/07/2007
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	December
Income Pricing Date	1st business day of January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunittrusts.co.za
Repurchase Period	3 business days

Fees (Incl. VAT)

Fees (Incl. VAT)	A1-Class (%)
Maximum Initial Advice Fee	3.34
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.15
TER	2.09
TC	0.12
TIC	2.21
TER Measurement Period	01 October 2017 - 30 September 2020

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.

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.

*Denker Sanlam Collective Investments Global Equity Feeder Fund

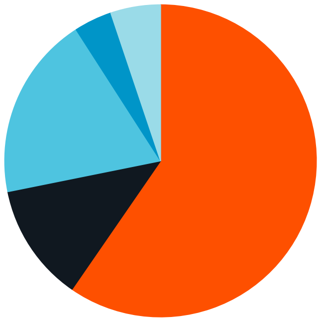
Top Ten Holdings

Top Ten Holdings	(%)
Portfolio Date	**30/09/2020**
Microsoft	6.64
Oracle	5.23
Alibaba Group	4.94
Roche Holding	4.36
Unilever	4.18
Amazon Inc	4.07
Ashtead Group plc	3.91
Samsung Electronics	3.78
Bristol-Myers Squib	3.37
Medtronic Inc	3.32

These are the top holdings of the offshore fund in which this feeder fund invests.

Asset Allocation

Portfolio Date: 30/09/2020



	%
North America	59.62
United Kingdom	12.22
Europe (Developed Markets)	19.06
Asia (Developed Markets)	3.94
Asia (Emerging Markets)	5.17
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	8.16	21.58
3 Years	6.59	14.84
5 Years	6.68	13.08
10 Years	9.89	19.80
Since Inception	5.74	12.75

Cumulative Performance (%)

	Fund	Benchmark
1 Year	8.16	21.58
3 Years	21.09	51.45
5 Years	38.15	84.88
10 Years	156.83	508.96
Since Inception	111.50	400.35

Highest and Lowest Annual Returns

Time Period: 01/01/2010 to 31/12/2019

Highest Annual %	25.78
Lowest Annual %	-10.15

Risk Statistics (3 Year Rolling)

Standard Deviation	18.36
Sharpe Ratio	0.08
Information Ratio	-1.17
Maximum Drawdown	-19.41

Distribution History (Cents Per Unit)

30/06/2020	0.00 cpu	30/06/2019	0.00 cpu
31/12/2019	0.00 cpu	31/12/2018	0.00 cpu

Administered by

Sanlam

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Risk Profile

Aggressive
This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to substantially outperform the markets and therefore carries a long-term investment horizon (5 years and upwards). The portfolio will be diversified across all major asset classes with significant exposure to equities, and may include offshore equities. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

Risk Considerations

- The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.
- Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.
- As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

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).

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.

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

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Portfolio Manager Quarterly Comment

Quarter to September 2020

Market review

Following the exceptional returns earned in the second quarter, equity markets delivered modest performance. Concerns of the impact of a potential second wave of Covid-19 infections have resulted in global equities retracing marginally from their August peaks. The S&P 500 Index reached a new all-time high during August, making this the shortest bear market in history, and gained 8.9% during the quarter. The MSCI World Index was up 7.9% for the quarter, adding to the strong recovery seen in the previous quarter. This was led by a continued strong recovery in consumer discretionary (+16.1%), information technology (+11.9%) and materials (+11.8%). Energy remains the laggard and was down 15% for the quarter and still remains down 45.4% year-to-date. The MSCI Emerging Markets Index gained 9.6%. The figures above are on a total US dollar return basis.

Much has been written about tech valuations with comparisons being made to the tech bubble of 2002. The S&P 500 Information Technology Index currently trades on a 12-month forward PE of 25.6x compared to a peak of 39x in 2002. The significant difference is that sales growth in 2002 slowed to -10%. Today, many e-commerce companies have reported an acceleration in sales with several years of growth taking place in just a few months. The digital revolution is benefitting several industries including technology companies, parcel operators and logistics warehouses. Other industries will also likely be transformed.

During September, the momentum flipped away from stocks with already high PEs. The key is to understand whether share prices reflect overoptimistic expectations of future sales growth. It is likely that sales growth will taper off in the short term as the effects of the now expiring stimulus measures and unemployment benefits come to an end, and ratings will probably follow. In the long term however, there is a significant shift underway which should result in a transfer of value from traditional retail to online, enabled through social ecommerce and fintech.

Portfolio review

During the quarter the fund underperformed the MSCI World Index. The main contributor was the overweight position in financial stocks. The universe remains attractively priced and seems to be discounting an overly pessimistic fallout from Covid-19. We remain of the view that financial stocks remain one of the most mispriced sectors of the market.

Our position in Royal Dutch Shell and Total also detracted from performance during the quarter as oil prices came under renewed pressure on the back of fears of a second wave of Covid-19 infections and the re-instatement of restrictions on people traveling and moving around. While the fundamentals in the short term will remain uncertain (due to soft demand and unwinding supply cut-backs by Opec), on pricing metrics these companies are trading at 20 year lows and are reflecting the market’s view of permanently worse fundamentals.

The fund has continued to benefit from its position in Alibaba (+36%) which continues to benefit from its fast-growing ecosystem, investment in cloud and globalisation of its business. Retail sales have recovered strongly (up 20% in August) post Covid-19 and the company is out performing online retail sales growth. Remarkably, China is likely to be the only global economy which will not contract this year.

The fund continues to hold around 5% in cash which we will look to deploy as opportunities arise. The market’s willingness to take on risk is as high as it’s ever been. Now is the time to remain cautious.

Based on current consensus expectations the fund offers a more attractive valuation than the overall market (fwd P/E: 13.7x vs. 19.8x and dividend yield: 2.9% vs. 2.1%), while producing a better return (ROE: 16.8% vs. 13.2%) and better profitability (operating margin: 24.7% vs. 20%). The fund has an active share of 87%.

Portfolio Manager
Ricco Friedrich
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