Denker Global Dividend Fund

A sub fund of Sanlam Universal Funds plc
Class A USD

Minimum disclosure document
(fund fact sheet)

31 July 2021

DENKER CAPITAL

Fund objective

The objective of the fund is to provide a regular and growing stream of income derived from equity dividends for investors with the potential for real growth in capital value.

Investment style

The manager strives to achieve the fund objective through investing in the shares of companies that are offering relatively high dividend yields and are well established, have healthy balance sheets, generate strong cash flows and have demonstrated a commitment to paying regular dividends.

Asset allocation as at month end

Top 10 holdings

Procter & Gamble	US	5.5%
Roche Holding	Europe	4.4%
Cisco	US	3.8%
PepsiCo	US	3.6%
Verizon	US	3.5%
JP Morgan	US	3.4%
Philip Morris International	US	3.3%
Lockheed Martin	US	3.3%
Novartis	Europe	3.3%
Bristol-Myers Squibb	US	2.8%

Asset allocation

Equities	98.2%
Cash	1.8%

Geographical breakdown

US	56.5%
Europe	21.1%
UK	17.0%
Asia	2.4%
Cash	1.8%
Scandinavia	1.2%

Sectors

Consumer Staples	20.4%
Financials	21.2%
Health Care	16.9%
Information Technology	12.6%
Consumer Discretionary	12.3%
Industrials	6.5%
Energy	4.9%
Communication Services	3.5%
Cash	1.8%

Key facts

Fund inception	6 September 2012
Benchmark	Composite index: Annualised income yield of the MSCI World High Dividend Yield NTR Index + US CPI
Portfolio manager	Douw Steenekamp
Base currency	US Dollar
Fund type	UCITS
Domicile	Ireland
Fund size	$8 million
Unit price	$1.1232
Minimum investment	$1,000
Class inception	6 September 2012
Distribution	Bi-annual (detail on page 3).
Morningstar category	Global Equity Income
ISIN	IE00B7VS0236
SEDOL	B7VS023
Bloomberg	SANSGAU ID

The codes above are for Class A USD (Inc).

Performance summary (in USD)

	Denker Global Dividend Fund	Benchmark: Composite index
Annualised performance		
1 Year	23.9%	7.8%
3 Years	2.1%	5.7%
5 Years	3.8%	5.6%
10 Years	-	-
Since inception	5.3%	5.0%
Cumulative performance		
YTD	8.7%	5.4%
Since inception	58.5%	54.7%
Actual annual performance		
Highest annual return	19.8%	
Lowest annual return	-13.4%	

Based on a calendar year period over 10 years (or since inception where the 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

Douw Steenekamp
B.Compt. (Hons), CA(SA)

Douw manages the Denker Global Dividend Fund and its rand-denominated feeder fund. He also managed the Denker Global Equity Fund from 2012 to 2017. He joined Old Mutual Asset Managers (now OMIGSA) in 1991, where he held several research positions during the next 15 years, including head of the industrial sector research team, before assuming responsibility for the value equity style boutique in 2002. During his time at Old Mutual, Douw managed various unit trusts, including the Old Mutual Consumer Fund, Value Fund and High Yield Opportunity Fund, in addition to a number of institutional portfolios. In 2007, Douw co-founded Orthogonal Investments – a boutique asset manager managing domestic, long-only balanced, bond and equity mandates – and also co-managed the Nedgroup Investments Equity Fund. Douw joined the business in 2011, bringing with him extensive industry experience.

Quarterly comments: June 2021

Market review

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.

Portfolio review

During the second quarter the MSCI World High Dividend Yield Index gained 4%, lagging the MSCI World Index. The fund's performance was positive, but trailed its benchmark, mainly due to the overweight positions in financials and consumer discretionary sectors, which were the best performing sectors last quarter. The largest contributions to good relative performance came from the utilities, health care and information technology sectors.

Top performance contributors for the quarter included: Roche (+16%), which benefited from higher sentiment towards the pharmaceutical sector, continued good performance from its diagnostic business, biosimilar impact abating and good pipeline prospects; Philip Morris (+13%), which is growing top line and free cash flow, strongly helped by robust sales from heated tobacco units and a good recovery after the impact of last year's lockdowns; and Watsco (+10%), which continues to execute excellently and deliver above market results.

Notable detractors from the fund's returns this quarter were: Taylor Wimpey (-10%), where there remains some scepticism on the company's ability to deliver on the margin targets despite continued improvement in near-term trends in the sector; IG Group (-6%), which completed the acquisition of tastytrade in the quarter; and Legal & General (-3%).

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Distribution: Class A USD (Inc)

Frequency	Bi-annually (April and October)
Declaration dates	31 March and 30 September
Last three distributions	**31 March 2021:** 2.32 cents per unit **30 September 2020:** 1.76 cents per unit **31 March 2020:** 2.16 cents per

Fees

	Class A USD (Inc) Income distributed	**Class I USD (Acc)** Income accumulated
Annual management fee	Fixed fee of 1.25% per annum	
Total expense ratio (TER)[1]	1.50%	1.47%
Transaction cost (TC)[2]	0.16%	0.16%
Total investment charges (TER+TC)[3]	1.66%	1.63%

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 July 2018 to 30 June 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 July 2018 to 30 June 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.

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.

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

Contact information

Investment Manager and client service: Denker Capital

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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.

Manager: Sanlam Asset Management (Ireland)

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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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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. 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.
Dividend income
The investor's share of a company's profits, given to him or her as a part-owner of the company.
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.

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