

# PERPETUA GLOBAL EQUITY UCITS FUND

A sub-fund of the Sanlam Universal Funds plc



MDD Issue Date: 2021/01/28

## FUND OBJECTIVE

The objective of the portfolio is to deliver long-term capital growth and outperform the benchmark over all periods of five years and longer.

## FUND STRATEGY

The fund will be managed with a bias towards global equities. The fund may also gain exposure to other asset classes, such as real estate, bonds and cash.

## FUND INFORMATION

|                                |   |
|--------------------------------|---|
| Manager                        | Sanlam Asset Management (Ireland) Ltd   |
| Investment Manager             | Perpetua Investment Managers (Pty) Ltd  |
| Portfolio Manager              | Delphine Govender   |
| Depository / Custodian         | Brown Brother Harriman Trustees Services (Ireland) Ltd  |
| Transfer agency                | Brown Brothers Harriman Fund Administration Services (Ireland) Ltd                                    |
| Domicile                       | Ireland   |
| Risk Profile                   | Medium to High  |
| Base Currency                  | US Dollar   |
| Benchmark                      | MSCI All Country World Index  |
| Fund Size                      | USD 13.8 million  |
| Unit Price                     | USD 1.1957 (Class A)  |
| ISIN                           | IE00BG1D0S77 (Class A)  |
| Portfolio Launch Date          | 01 February 2019  |
| Minimum Investment             | USD 100,000 (Class A USD)   |
| Income Declaration Date        | Fund does not distribute income. Dividends and Income are automatically added to the NAV of the fund. |
| Portfolio Valuation Time       | Midnight (South African time) on each dealing day   |
| Transaction Cut Off Time       | 4 PM (Irish time on the business day preceding a dealing day)   |
| Daily Price Information        | www.sanlam.ie   |
| Dealing / redemption frequency | Daily   |

## FEES

|                            |  |
|----------------------------|--|
| Minimum Initial Advice Fee | 0% (up to 5% with intermediary charges if applicable) (Class A USD)  |
| Manager Fee                | 0.15% (Class A USD)  |
| Investment Management Fee  | 0.65% per annum (Excl. VAT)  |
| Performance Fee            | None   |
| Exit Fee                   | None   |
| Other allowed expenses     | Depository fees, custody fees, administration fees, directors' fees, legal fees, audit fees, bank charges, regulatory fees, brokerage/trading fees |
| Total Expense Ratio        | Not applicable<br>Transaction cost: Not applicable   |

The Fund does not pay performance fees.

Full details of fees are contained in the fund supplement, which can be obtained free of charge at [www.sanlam.ie](http://www.sanlam.ie)

NOTE: A higher TER does not imply a poor return, nor does a low TER imply a good return. The current TER may not be an accurate indication of future TERs.

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.

## TOP 10 HOLDINGS (%)

Portfolio Date: 2020/12/31

| Company                  | Country        | Sector                 | Weight (%)  |
|--------------------------|----------------|------------------------|-------------|
| Bank of Ireland          | Ireland        | Financials             | 5.5         |
| Micron Technology        | United States  | Information Technology | 4.9         |
| Capri Holdings           | United Kingdom | Consumer Discretionary | 4.6         |
| Wells Fargo              | United States  | Financials             | 4.2         |
| Tesco                    | United Kingdom | Consumer Staples       | 4.0         |
| Continental              | Germany        | Consumer Discretionary | 3.8         |
| British American Tobacco | United Kingdom | Consumer Staples       | 3.7         |
| Mohawk Industries        | United States  | Consumer Discretionary | 3.6         |
| Bed Bath & Beyond        | United States  | Consumer Discretionary | 3.6         |
| Philip Morris            | United States  | Consumer Staples       | 3.4         |
| <b>Top 10 Positions</b>  |                |                        | <b>41.2</b> |

Source: Perpetua Investment Managers (Pty) Ltd

## SECTOR ALLOCATION (%)

Portfolio Date: 2020/12/31

| MSCI Sector            | Fund (%)     | MSCI ACWI (%) |
|------------------------|--------------|---------------|
| Financials             | 24.7         | 13.5          |
| Consumer Staples       | 23.6         | 7.4           |
| Consumer Discretionary | 23.6         | 13.0          |
| Energy                 | 9.5          | 3.0           |
| Information Technology | 8.5          | 21.9          |
| Materials              | 3.5          | 4.9           |
| Communication Services | 3.5          | 9.3           |
| Health Care            | 3.0          | 11.9          |
| Real Estate            | 0.0          | 2.6           |
| Industrials            | 0.0          | 9.7           |
| Utilities              | 0.0          | 3.0           |
| <b>Total</b>           | <b>100.0</b> | <b>100.0</b>  |

Source: Perpetua Investment Managers (Pty) Ltd

## PERFORMANCE SUMMARY

| Fund performance (Net)       | Fund (%) | Benchmark (%) |
|------------------------------|----------|---------------|
| 31 December 2020             | 7.6      | 4.6           |
| 1 Year                       | 5.5      | 16.3          |
| Since Inception (annualized) | 9.8      | 17.6          |

Source: Perpetua Investment Managers (Pty) Ltd

## PORTFOLIO MANAGER

Delphine has over 26 years' financial services experience of which the past 23 years have been spent directly in investment management. Delphine co-founded Perpetua in 2012 after having spent almost 11 years at Allan Gray Limited, where she held positions of Portfolio Manager and executive Director. She is a qualified CA(SA) and CFA charterholder. Delphine is Perpetua's Chief Investment Officer and accordingly has portfolio management responsibilities over all asset classes.

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## ASISA CATEGORY

Global - Equity – General

## FEES

This fund is deemed to be medium to high risk in relation to other asset classes due to its equity-based investment approach and emerging and frontier markets exposure, it may be affected by uncertainties such as international political developments and changes in governmental policy or taxation.

Irish domestic law implementing EU and United Nations sanctions may limit or prohibit investment in particular African markets and this may have an adverse impact on the operations of the Fund. Investing in international companies means that currency exchange rate fluctuations will have an impact on the Fund returns. Foreign currency shortages in some frontier markets could reduce the fund's ability to repatriate funds. The investment manager aims to reduce the overall risk by their value and fundamental stance.

## 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.

### 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 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.

## 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](http://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 annualized. The Manager retains full legal responsibility for this Fund.

## CONTACT INFORMATION

### Manager Information

Sanlam Asset Management (Ireland) Ltd  
Physical Address: Beech House, Beech Hill Road, Dublin 4, Ireland  
Web: [www.sanlam.ie](http://www.sanlam.ie)  
Tel: +353 1 2053510  
Fax: +353 1 2053521  
Email: [intouch@sanlam.ie](mailto:intouch@sanlam.ie)

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.

### Investment Manager Information

Perpetua Investment Management (Pty) Ltd  
Address: 5th floor, The Citadel, 15 Cavendish Street, Claremont, 7708, Cape Town, South Africa  
Web: [www.perpetuaim.co.za](http://www.perpetuaim.co.za)  
Tel: +27 21 6744274  
Fax: +27 21 6744599  
Email: [info@perpetua.co.za](mailto:info@perpetua.co.za)  
Authorised: Financial Service Provider FSP : 29977

### For further information:

Brown Brothers Harriman Fund Administration Services (Ireland) Ltd  
Address: 30 Herbert Street, Dublin, D02 W329 Ireland  
Registered No. 231236  
Web: [www.bbh.com](http://www.bbh.com)  
Tel: +353 1 241 7130  
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## PORTFOLIO MANAGER COMMENT

### As at 31 December 2020

The Perpetua Global Equity UCITS Fund ("Fund") delivered a total return of 31.4%, net of fees and expenses, for the fourth quarter, compared to 14.7% for the benchmark MSCI AC World Index. For calendar year 2020, the Fund delivered a total return of 5.5%, compared to 16.2% for the MSCI AC World Index. Despite the Fund returning 67% since the end of the first quarter, compared to 47% for the MSCI AC World Index, it was insufficient to claw back the initial drawdown as the market severely punished cyclical and smaller capitalisation stocks in the sell-off.

Following a 34% peak-to-trough drawdown as the COVID-19 pandemic evolved, global stocks quickly rebounded some 70% from their March lows. Stocks proved to be extremely volatile in 2020, once again illustrating that markets are unpredictable in the short-term and can turn quickly, as sentiment swings between pessimism and optimism. This past year reiterates the importance of patience, discipline, conviction and staying the course when it comes to investing. History continues to show that missing the best days in the market can make a significant difference to overall returns. As William Sharpe proved some time ago, a market timer needs to be correct some 82% of the time to beat a buy and hold strategy. Energy (-29%), Financials (-4%) and Real Estate (-6%) were the market laggards causing the MSCI AC World Value Index to decline 1% for the year. On the opposite spectrum, Information Technology (+45%), Consumer Discretionary (+36%) and Communications Services (+24%) were the market leaders driving the MSCI AC World Growth Index up 34% for the year. The Fund's value-oriented style, with overweights in Financials and Energy, and underweights in Information Technology and Communication Services, were the main reasons it lagged the market for the year.

Value stocks suffered one of their worst years on record, trailing growth by 35%, and eclipsing the 30.7% gap recorded in 1999, just prior to the bursting of the dot-com bubble. According to Morningstar, for the 10-year period ended December 31st, 2020, US large-cap value funds have underperformed their growth counterparts by a cumulative 147.2 percentage points, the widest difference since 1999. Despite this decade long underperformance of value versus growth stocks, the long-term track record spanning the last 70 years remains firmly in favour of value, whether one uses low price-to-book, price-to-earnings or price-to-cash flow as a factor<sup>1</sup>.

We continue to believe that first, the best indicator of future returns in the price you pay for an asset, and second, that the best place to find mispriced stocks or bargains is in areas of the market that are unpopular, where capital is fleeing or scarce, and where the near-term outlook appears most uncertain. Right now, the popular stocks of the day, widely considered to be secular growth stories on the cutting edge of the third industrial revolution, are trading on 30-50 times earnings, while those still losing money, are selling for 20-30 times sales. We regard these areas of the market to carry the most investment risk for the long-term investor.

When the dot-com bubble burst, Nasdaq fell 78% from its peak, giving up all the gains (some 400%) during go-go years. The current environment reminds us of the Keynesian beauty contest, where people are pricing stocks not based on what they think their intrinsic value is, but rather on what they think everyone else thinks their value is. We are possibly in the later stages of the third or higher degrees, where people are justifying valuations based on what the average opinion expects the average opinion to be.

We believe this is an extremely compelling time to be invested in the value part of the market. First, the valuation disparity between value and growth stocks is enormous. The Fund trades at a 43% valuation discount to the broader market: 12 times forward earnings, compared to 21x for the MSCI AC World Index. Second, the parts of the market most affected by lockdown restrictions, including banks, oil & gas, travel & leisure, autos & components and discretionary retailers, should continue to recover as mobility and animal spirits return. The Fund is well-positioned to benefit as the economy recovers. Third, the possibility of higher inflation and interest rates as the economy recovers, should benefit many of the Fund's financial, energy and basic material holdings. Last, there is a growing 'anti-trust' movement in the US, Europe and more recently China, as governments look to curb the market dominance and monopoly power of the large-cap technology stocks trading on 30-50 times forward earnings.

We remain enthusiastic about the return prospects of the Fund. First, most of the stocks in the Fund are trading on extremely attractive valuations. The top 10 shares trade on an average 10 times forward earnings. Second, the long-term earnings growth outlook is favourable for most of the companies held in the Fund. We believe patience, discipline, temperament and good judgment are essential to long-term investment success. We thank you for your continued patience and confidence in Perpetua Investment Managers during a volatile and unsettling year. And we wish everyone a prosperous and healthy 2021!

### Portfolio Manager

Delphine Govender  
CA(SA) and CFA

<sup>1</sup> Kenneth French Data Library based on portfolios formed Size and Book/Market, Earnings/Price and Cash Flow/Price since 1951.