PERPETUA GLOBAL EQUITY UCITS FUND

A sub-fund of the Sanlam Universal Funds plc

Perpetua

FUND OBJECTIVE

The objective of the portfolio is to deliver long-term capital growth, while emphasising the preservation of capital, and outperforming the benchmark index over a rolling five-year period.

FUND STRATEGY

The fund invests primarily in a concentrated portfolio of global stocks that meet our investment criteria. We investment with a 5-plus year time horizon and capitalise on short-term price volatility to buy good businesses, run by capable management teams, when their valuations become attractive.

FUND INFORMATION

Manager	Sanlam Asset Management (Ireland) Ltd
Investment Manager	Perpetua Investment Managers (Pty) Ltd
Portfolio Manager	Delphine Govender
Depositary / 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 23.0 million
Unit Price	USD 1.4653 (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
	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

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.

MDD Issue Date: 2021/11/15

TOP 10 HOLDINGS (%)

Portfolio Date: 2021/09/30

Company	Country	Sector	Weight (%)
TCS Group	Russia	Financials	7.2
Bank of Ireland	Ireland	Financials	5.6
Wells Fargo	United States	Financials	5.2
British American Tobacco	United Kingdom	Consumer Staples	4.6
Alibaba Group Holding	China	Consumer Discretionary	4.4
Tencent	China	Communication Services	4.3
Melco International	China	Consumer Discretionary	4.3
Micron Technology	United States	Information Technology	3.6
Facebook	United States	Communication Services	3.5
Tesco	United Kingdom	Consumer Staples	3.4
Top 10 Positions			**46.0**

Source: Perpetua Investment Managers (Pty) Ltd

SECTOR ALLOCATION (%)

Portfolio Date: 2021/09/30

MSCI Sector	Fund (%)	MSCI ACWI (%)
Financials	30.2	14.4
Consumer Staples	23.3	6.8
Consumer Discretionary	20.5	12.4
Communication Services	8.1	9.3
Information Technology	6.6	22.3
Materials	4.0	4.7
Energy	3.4	3.5
Health Care	2.0	11.7
Real Estate	1.9	2.6
Industrials	0.0	9.7
Utilities	0.0	2.6
Total	100.0	100.0

Source: Perpetua Investment Managers (Pty) Ltd

PERFORMANCE SUMMARY

Fund performance (Net)	Fund (%)	Benchmark (%)
31 October 2021	4.1	5.1
Year to date	22.5	16.8
1 Year	63.3	37.3
Since Inception (annualized)	14.9	18.5

Source: Perpetua Investment Managers (Pty) Ltd

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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. 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
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PORTFOLIO MANAGER COMMENT

As at 30 September 2021

Market Overview

Global equities were slightly negative in the third quarter of 2021 with the MSCI ACWI returning - 1.0% over the 3-month period after a 4.1% decline in September. Sector returns over the quarter were mixed with positive contributions from Energy (+1.6%), Health Care (+1.1%), Financials (+2.2%) and Information Technology (+1.5%), while Materials declined by 4.9% and Industrials (-1.8%), Consumer Discretionary (-1.7%) and Consumer Staples (-1.7%) also ended the quarter weaker. Large-Caps and Mid-Caps delivered similar returns of -1.0% and -0.8% respectively while Small-Caps lagged somewhat with -1.4%. As was the case in Q2 2021, Growth stocks (-0.7%) fared slightly better than Value stocks (-1.2%). From a regional perspective though the market observed a reasonable degree of divergence though with the MSCI Japan Index showing a positive return of 4.7%, the MSCI US up 0.8% while the broad MSCI Europe Index producing a -1.5% return with Germany being a major contributor to that. It was a particularly challenging quarter for the MSCI Emerging Markets Index which declined 7.3% mainly influenced by the sell-off of Chinese tech companies as investors became concerned about the regulatory crackdown.

Fund Performance

The Perpetua Global Equity UCITS Fund returned -6.1% over the quarter compared to the benchmark MSCI ACWI which returned -1.0%. Over a 1 year period and year-to-date, the Fund is well ahead returning 54.7% and 17.7% respectively, compared to 27.4% and 11.1% for the benchmark. Since inception on 01 February 2019, the fund has returned an annualised 13.7%, compared to 16.9% for the benchmark.

After the very strong returns from Q3 2020 through to Q2 2021, during which the Fund delivered a return of 70.1%, compared to 39.3% of the MSCI ACWI, the portfolio management team took the opportunity to sell some lower quality businesses that had become fully valued. The Fund began to purchase new investments, which had become significantly cheaper over the past several months, including Alibaba, Tencent, Prosus and Melco International. These new investments contributed negatively (-4% in aggregate) to Fund returns for the third quarter. As long-term investors we can seek to capitalise on the fear and greed that drive short-term market prices. We understand that the price of long-term outperformance is short-term price volatility. That doesn't bother us. We embrace volatility. It provides the opportunity to purchase great businesses with excellent long-term prospects, run by talented people, at discounted prices.

The top five contributors over the quarter were Bank of Ireland, Magnit, TCS, Tesco, and Hugo Boss adding 1.8% to returns. The top five detractors over the quarter were Alibaba, Distribuidora International, Melco International, Micron Technology, and AB InBev, negatively impacting performance by 4.7%. We continue to own all of the shares that detracted from performance and believe their long-term business prospects remain good, and their valuations very compelling. Year-to-date, our largest gains have come from TCS Group (+181%), Bed Bath & Beyond (+160%), Hugo Boss (+79%), Wells Fargo (+55%), Bank of Ireland (+45%) and Capri Holdings (+42%). Our major underperformers are Alibaba, Prosus, Melco International, Ulker Biskuvi, Tencent and AB InBev.

Portfolio Positioning

We sold our entire position in Capri Holdings (3.6% weight) during the quarter as the share reached our estimate of intrinsic. The share had been a top 5 contributor since inception of the fund, contributing 4.2% to total returns over the period. In our opinion, market expectations have fully discounted prospects for the next five years; assumed flawless execution; and no bumps along the way. It's extremely hard to consistently get fashion trends correct and execute well, hence the cyclical nature of the industry. Similarly, we sold two-thirds of our 3.4% position in Hugo Boss as the share approached our estimate of intrinsic value. We also used the opportunity to exit smaller positions in Kraft Heinz, American Express and Standard Bank, which had an aggregate weight of 1.5% in favour of better quality, more compelling investment opportunities.

We invested the proceeds of these sales into two new positions – Tencent Holdings and Melco International – representing 4.5% of the Fund respectively. These are high conviction positions and are in the top 10 holdings of the Fund. Tencent is well-known to most investors and one the most competitively entrenched, well-run, great business to own. The share price has come under significant pressure as investors fear the regulatory changes taking place in China will negatively impact the long-term economics and prospects for the business. We believe this "sell now, wait for certainty" approach adopted by market participants provide a compelling opportunity to own one of the truly great businesses at very attractive valuations.

Both Tencent and Alibaba are about as cheaply valued as we have ever seen over the past decade.

Probably less familiar is Melco International. It is one of six licenced operators of casino gaming and entertainment resorts in Macau. The company is majority owned and run by Lawrence Ho, an extremely astute owner-operator and allocator of capital, with an excellent long-term track record of value creation. The share price has fallen two-thirds from its highs in early 2018, and now trades at prices similar to those seen during the global financial crisis. Despite effectively owning 58% of Melco, Lawrence Ho spent over $60 million in 2020 purchasing shares in Melco International, and a further $6.7 million in July 2021. Macau has been negatively impacted by three main developments. First, the region has been affected by extremely strict covid-19 related travel restrictions, despite having less than a handful of cases over the past year or longer. Second, the regulatory crackdowns in China, the release of guidelines for the Macau concession process (for the next round of licenses) and the Evergrande real estate debt default concerns, were a triple blow to investor confidence, causing share prices to fall close in 30% in the space of two or three trading days. Third, investors started extrapolating "common prosperity" social objectives to infer that the Chinese Communist Party wishes to "kill" adult gambling. We believe these fears are a kneejerk overreaction and that in time Macau will return to pre-COVID-19 market conditions, and with it the deeply discount prices of today will re-rate.

The Fund has four major stock groupings. Approximately 30% of the portfolio is exposed to the digital economy and the secular migration toward more digital services, and products whose demand increase with greater adoption thereof. These services include e-commerce, social e-commerce, digital payments and lending, public cloud services, enterprise software applications, digital advertising, memory microchips, 5G smartphones and connectivity, online gaming, travel bookings and food delivery, and many more. These shares include TCS Group, Alibaba, Tencent, Facebook, Prosus, Micron Technology, Samsung Electronics and Booking Holdings.

Approximately 22% of the portfolio is exposed to global consumer brands, the majority of which are non-durable products, characterised by frequent repeat purchases of necessities and habit forming products. These include food, beverages, tobacco, and confectionery products such as chocolate, biscuits, cakes and the like, across both developed and developing economies. The shares include British American Tobacco, Philip Morris International, Anheuser-Busch InBev, Molson Coors, Tesco, Distribuidora Internacional, Magnit, Ulker Biskuvi Sanayi, A2 Milk Company and Glanbia. These are stable, fairly predictable businesses selling for undemanding valuations and paying above-average dividend yields.

Approximately 16% of the portfolio is exposed to financial services, asset managers and investment holdings companies, including Bank of Ireland, Wells Fargo, Itau Unibanco, Reinet Investments, Berkshire Hathaway, Franklin Resources and State Street Corp. These businesses benefit from rising interest rates and widening credit spreads, and rising capital market returns.

Approximately 14% of the portfolio is exposed to consumer discretionary, down from close to 30% earlier this year, which benefit from spending on apparel & accessories, motor vehicles, home renovations and décor, and casino gambling and resort entertainment. The most meaningful positions here are Melco International, BMW, Mohawk Industrial and Hugo Boss.

The balance of the portfolio is exposed to various industries, including energy, copper mining, real estate, and health care. The portfolio has 4% cash on hand at quarter-end. The copper position is now just under 4% with Lundin Mining and Glencore the main positions. We think the long-term economics for copper are very favourable and see meaningful higher prices over the next several years as the market remains tightly supplied.

Portfolio Managers

Delphine Govender
CA(SA) and CFA

Graeme Ronné
B Com (Hons) and CFA