THE ROOTSTOCK RAND FUND

ROOTSTOCK SCI WORLDWIDE FLEXIBLE FUND

MINIMUM DISCLOSURE DOCUMENT (MDD)

WORLDWIDE FLEXIBLE MULTI ASSET

31 January 2021

PERFORMANCE

	ANNUALISED				CUMULATIVE	
	Fund	Benchmark	Peer Average	Fund Percentile	Fund	Benchmark
1 Year	14.3%	7.9%	7.3%	93	14.3%	7.9%
3 Year	11.9%	8.6%	5.0%	95	40.1%	28.2%
5 Year	8.9%	9.3%	5.3%	96	53.5%	56.1%
7 Year	11.0%	9.5%	6.6%	92	108.1%	89.3%
10 Year	14.1%	9.8%	8.9%	96	272.8%	155.6%
Inception	15.4%	9.9%	9.9%	96	427.6%	197.6%

TOP HOLDINGS

1	Microsoft Corporation	6.4%
2	Facebook Inc	5.9%
3	Naspers Limited	5.4%
4	S&P Global Inc	5.2%
5	Alphabet Inc	5.0%
6	Electronic Arts Inc	4.7%
7	Amazon.com Inc	4.7%
8	Arista Networks	4.0%
9	Alibaba Group Holding	3.9%
10	Amadeus IT Holding	3.8%

RISK STATISTICS

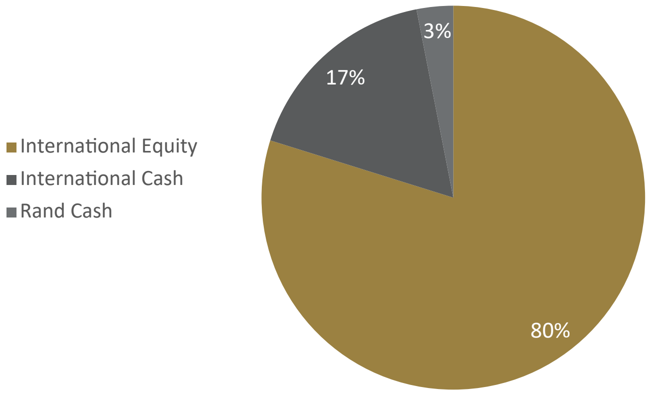
Annual Basis, Since Inception

Highest Annual Return %	32.97%
Lowest Annual Return %	-10.21%

Three-Year Rolling Basis

Standard Deviation	13.73%
Sharpe Ratio	0.35
Information Ratio	0.13
Maximum Drawdown	-11.92%

ASSET ALLOCATION



INVESTMENT OBJECTIVE

The portfolio will aim to maximize total return for investors by way of a flexible worldwide portfolio actively investing across different asset classes, both locally and internationally.

INVESTMENT POLICY

The portfolio may invest in global and local securities, government, corporate and inflation-linked bonds, debentures, non-equity securities, property shares, property related securities, preference shares, money market instruments and assets in liquid form. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes or other similar schemes operated in territories with a regulatory environment. The manager may make active use of listed and unlisted financial instruments to reduce the risk that a general decline in the value of equity, property and bond markets may have on the value of the portfolio. The manager shall have the maximum flexibility to vary assets between the various markets, asset classes and countries to reflect the changing economic and market conditions. The manager will be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

FUND INFORMATION

Portfolio Manager	Johan Barkhuysen
ASISA Fund Classification	Worldwide - Multi Asset - Flexible
Risk Profile	Moderate
Benchmark	CPI + 5%
Fund Size	R 2,425,611,696
Portfolio Launch Date	01/07/2009
Minimum Lump Sum Investment	R 10,000,000
Income Declaration Date	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	15:00
Repurchase Period	2-3 business days
ISIN	ZAE000136420

INVESTOR PROFILE

The fund is suitable for investors who:

- have discretionary wealth and require little short-term income;
- can tolerate short-term market and currency fluctuations in pursuit of maximising long-term total return;
- seek domestic and international asset exposure; and
- are comfortable to grant the portfolio manager a wide degree of investment discretion.

FEES (INCLUDES VAT)

Maximum Annual Advice Fee	1.15%
Manager Annual Fee	1.44%
Total Expense Ratio*	2.03%
Transaction Cost	0.26%
Total Investment Charges	2.29%
TER Measurement Period	01 Oct. 2017 - 30 Sept. 2020

* *TER Disclosure : As of 01 July 2020, the Manager Annual Fee for the Rootstock SCI Worldwide Flexible Fund was reduced from 2.01% incl. VAT to 1.44% incl. VAT. The calculation of the TER is based on historical data, which includes the previously greater management fee. Over time, the TER will decline to reflect the reduced management fee investors presently pay.*

Rootstock Investment Management (Pty) Ltd, Registration number: 2008/013785/07, FSP number: 36572
Telephone: +27 (0)21 883 9256, Email: info@rootstockinvestments.co.za, Website: www.rootstockinvestments.co.za
Physical address: 8 Helderberg Street, Stellenbosch, 7600, South Africa, Postal address: PO Box 722, Stellenbosch, 7599, South Africa

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INVESTMENT MANAGEMENT

DISTRIBUTION HISTORY

31/12/2020	0.00 cpu	30/06/2018	3.22 cpu
30/06/2020	14.31 cpu	30/12/2017	0.00 cpu
31/12/2019	2.62 cpu	30/06/2017	0.00 cpu
30/06/2019	3.46 cpu		
31/12/2018	6.08 cpu		

RISK PROFILE

Moderate

This is a moderate-risk portfolio that aims to maximize total return for investors by way of a flexible worldwide portfolio actively investing across different asset classes, both locally and internationally. Currency risk is not actively managed. The recommended term for this investment is five years and longer.

PORTFOLIO MANAGER COMMENT

This comment is updated quarterly and is correct as at 31 December 2020

Despite it all, global equity markets had a good year. In 2020, a positive start, with expectations for accelerating global growth, benign inflation, and moderating antagonism in the global trade system, quickly came undone. The novel coronavirus, Covid-19, was not on any investors' radar screen, yet tragically, proved to be the defining feature of a globally disruptive, record-breaking 2020. The virus, and the acute stress it places on existing societal fractures, will likely dominate 2021 too.

Markets were turbulent. The S&P 500 index collapsed, from a 19 February all-time high to a 23 March nadir, by 33.8% in US dollar. The 23 trading-day swoon proved the swiftest 30% collapse on record. Similarly, the MSCI World Index tumbled 34.0% in US dollar over a mere 28 trading days. As governments responded to the turmoil, investors grasped that the global economy, imperiled by the pandemic and associated lockdowns, would be shielded from a prolonged recession. A whiplash-inducing rally in global markets followed. The S&P 500 and MSCI World indices rose, from their March lows to year end, 70.2% and 70.7% in US dollar, respectively. A mere 126 days is all it took for the S&P 500 to recover to pre-crash highs, another record. Their notable even-under-normal-circumstances one-year tallies were a corresponding 18.4% and 16.5% in US dollar.

The party continued into the fourth quarter, despite multi-faceted real-world ambiguity. The US national election came to pass more-or-less smoothly, notwithstanding some discord. While President-elect Joe Biden officially takes over on 20 January 2021, lingering uncertainty, on account of deficit spending and US fiscal policy priorities, remain. A last-minute trade deal between the EU and UK, reached on Christmas Eve, yet much of the divorce settlement remains intractable. Perhaps the most unexpected event in the fourth quarter was the revelation of a highly sophisticated, long-running cybersecurity assault, allegedly perpetrated by a nation state, mainly targeting major US corporations and government agencies. It appears Russian-backed actors perpetrated the SolarWinds hack by compromising a key network-security supplier.

Faced with such opacity, and despite rising valuations, markets shrugged. For the quarter, the S&P 500 and the MSCI World indices returned 12.1% and 14.1% in US dollar, respectively. The beginning of vaccine rollouts, even as a second wave of the pandemic sets in, offer hope of sustained recovery in the global economic activity. Markets seem to be climbing a wall of worry. Indeed, economists forecast a so-called 'V-shaped' economic recovery and sustained synchronised global growth. Global GDP is forecast to average in excess of 5% in 2021 and above 3% in 2022.

For the fourth quarter, the Rootstock SCI Worldwide Flexible Fund, colloquially 'the Rand Fund', returned -3.0% in rand and 10.3% in US dollar. The capricious local unit appreciated some 14.0% against the US dollar during the quarter, reversing the Fund's underlying hard-currency gains. On a one-year basis, the Rand Fund returned 17.7% in rand, while our South African CPI + 5% benchmark rose 8.1%. Pleasingly, over the longer term, the Fund continues to deliver top-decile performance.

Silver Linings

The callousness of 2020 was not without some constructive development. Decades of technological advance ensured many maintained their ability to work, could access essential goods and services and amuse themselves all without leaving home. Big Tech's tremendous utility and excellent operational management have proved a bright spot during the pandemic, functioning as truly world-class institutions. Forced lockdowns meaningfully accelerated existing trends in the digitalisation of enterprise and the adoption of consumer-facing digital services. Cloud computing, e-commerce, digital payments, gaming and social media all received a shot in the arm. Video conferencing, long a confounding proposition, took a great leap forward. Digital businesses, at the precipice of broadscale acceptance before the pandemic, have all likely crossed the chasm to mainstream embrace.

Market Commentary

Despite the exceptional year, multiple recurrent themes, including near-zero interest rates, central banks liquidity injections and fiscal stimulus, were prevalent, exacerbated by the pandemic. Unprecedented US fiscal stimulus exceeding $3 trillion, or around 15% of US GDP, was rolled out. For their part, the UK has pledged around 23% of GDP, while Germany has guaranteed 40% of GDP. The US Federal Reserve (the Fed) cut interest rates by 1.5 percentage points, effectively to zero.

Concurrently, the Fed ballooned its balance sheet by $3.1 trillion, now at $7.4 trillion, in 2020. Following in the Fed's wake, the Bank of England and the European Central Bank have pledged £460 billion and €750 billion monetary intervention, respectively. Globally, interest rates look set to plumb the zero-lower bound for a number of years. Financial conditions have never been looser as substantial financial-market life-support remains in place.

While a catastrophic financial crisis has been avoided, the wisdom of such financial largess is an open question. History foretells of unintended consequences. Unquestionably, signs of euphoria already proliferate financial markets. For example, pre-revenue companies with tenuous paths to profitability, purportedly related to the fourth industrial revolution (read: electric vehicles, biotech and renewable energy), are attracting multiple billion-dollar market capitalisations.

In another sign of froth, retail participation in markets has surged, accounting for roughly 25% of total trades in 2020, meaningfully up from 10% in 2019. With access to commission-free trading, cheap leverage and fractional share ownership these often-inexperienced traders, stuck at home, have been large marginal buyers of dubiously valued stocks. Moreover, the open interest on call options is at the highest levels since the dot-com bubble.

A rising tide lifts all boats. The S&P 500 price-earnings ratio, based on 2021 anticipated earnings, unperturbed by Covid-19, stands at approximately 23 times. The five-year average measure is 19 times. While zero percent interest rates somewhat contextualise elevated equity markets, they are expensive, on average. We make no attempt to forecast any imminent market crash, but remain circumspect. On balance, we believe our portfolio's growth prospects, revenue visibility and overall quality should stand us in good stead over time.

Portfolio Commentary

During the fourth quarter, the Rootstock Rand Fund's equity exposure rose from 54.4% to 76.8%. We made use of market weakness in the run-up to the US election to add to our existing holdings in ASML, Adobe, Mastercard and Amadeus IT. The balance of the Fund was held chiefly in US dollar-denominated cash. The Rootstock Rand Fund's longer-term average equity exposure is 82%.

Concluding Comments

2020 was an outlier. To date, government intervention has averted the worst-case economic scenario, yet financial markets have fared better, on average, than the real economy. While the vaccines are a modern miracle, they are no silver bullet. Shorter-term economic forecasts appear robust, but elevated corporate indebtedness may impinge on long-term productivity, growth and innovation.

Monetary and fiscal policy will remain accommodative, supporting markets in the short term. On account of heightened broad market valuations, investors would be well served to focus on businesses that can sustainably grow their earnings. We remain confident our portfolio of high-quality businesses has significant growth opportunity ahead, while our conservative positioning reflects our focus on longer-term fundamentals. We thank you for your continued support and stand ready to assist. As ever, we strive to grow your, and our, capital as best we can. We wish you a prosperous 2021.

Portfolio Manager

Johan Barkhuysen, CFA

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INVESTMENT MANAGEMENT

REGULATED ENTITIES

1. Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.co.za

2. Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

3. Investment Manager Information
Rootstock Investment Management (Pty) Ltd
(FSP) License No. 36572
Physical Address: 8 Helderberg Street, Stellenbosch, 7600, South Africa
Postal Address: PO Box 722, Stellenbosch, 7599, South Africa
Tel: +27 (21) 883 9256
Email: info@rootstockinvestments.co.za
Website: www.rootstockinvestments.co.za

ADDITIONAL INFORMATION

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information 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 performance, 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 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 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 instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. 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. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. 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 and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

GLOSSARY

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.

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.

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.

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.

Date Issued: 17 February 2021

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