THE ROOTSTOCK RAND FUND

ROOTSTOCK SCI WORLDWIDE FLEXIBLE FUND

MINIMUM DISCLOSURE DOCUMENT (MDD)

WORLDWIDE FLEXIBLE MULTI ASSET — **31 May 2021**

PERFORMANCE

	ANNUALISED				CUMULATIVE	
	Fund	Benchmark	Peer Average	Fund Percentile	Fund	Benchmark
1 Year	0.6%	7.8%	17.4%	4	0.6%	7.8%
3 Year	11.8%	8.6%	7.4%	94	39.9%	28.0%
5 Year	6.9%	9.1%	4.9%	88	39.6%	54.8%
7 Year	8.9%	9.4%	6.6%	84	81.5%	87.7%
10 Year	13.5%	9.8%	9.4%	92	254.1%	154.9%
Inception	14.8%	9.8%	10.2%	96	416.6%	205.3%

TOP HOLDINGS

1	Facebook Inc	7.3%
2	Microsoft Corporation	6.1%
3	Alphabet Inc	5.9%
4	Mastercard Inc	5.3%
5	Naspers Limited	5.0%
6	Amazon.com Inc	4.5%
7	Alibaba Group Holdings	4.4%
8	Adobe Inc	4.3%
9	Electronic Arts Inc	4.1%
10	Amadeus IT Group	4.1%

RISK STATISTICS

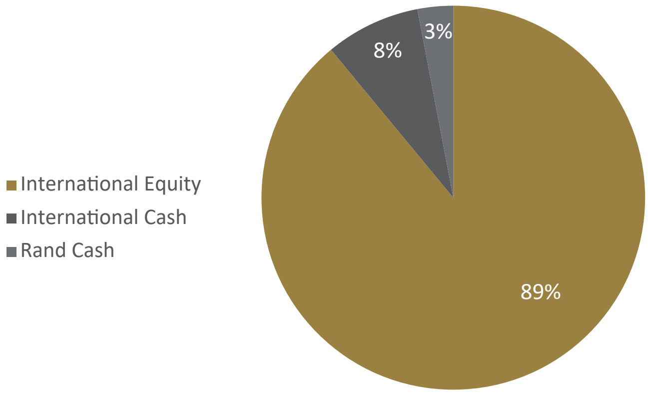
Annual Basis, Since Inception

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 2,397,158,680
Portfolio Launch Date	01/07/2009
Min. Investment (Platform Investor)	No Minimum
Min. Investment (Direct Investor)	R 10,000,000
Income Declaration Date	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	15:00
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*	1.50%
Transaction Cost	0.20%
Total Investment Charges	1.70%
TER Measurement Period	01 Apr 2018 - 31 Mar 2021

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administered by Sanlam

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 March 2021

After a strong end to 2020, financial markets have continued their upward trajectory during the first quarter of 2021. The S&P500 and MSCI World indices rose 6.2% and 5.0% in US dollar. Their respective 2020 calendar-year outcomes were 18.4% and 16.5%.

The Rootstock SCI Worldwide Flexible Fund, the 'Rand Fund' had a less auspicious start to the year, returning 2.1%, in rand, for the first quarter. On a one-year basis, the Rand Fund returned 17.7%, while its South African CPI + 5% benchmark rose 8.1%. Pleasingly, over the longer term, the Fund continues to deliver top-decile performance.

Investment Environment
The breakneck pace of coronavirus vaccine rollout continues. At the current trajectory, likely a conservative estimate, around 40% of the global population will be vaccinated by the end of 2021. Unfortunately, vaccine penetration is likely to be uneven, with developed nations reaching vaccination rates sufficient to halt the spread of Covid-19, while emerging markets remain relatively vulnerable.

While the mutations in the virus may undermine the present vaccine's usefulness in future, the short-term efficacy is not in doubt. Israel, with over 55% of its population presently vaccinated, serves as a useful case study. Prior to its vaccine rollout, Israel saw a high of around 1,000 new Covid-19 cases per day, measured per million inhabitants. Since its vaccine rollout began in December 2020, the measure has collapsed to less than 50 new cases per day at end March 2021. It's clear that vaccine rollouts should see the pandemic recede, with the lion's share of the economic activity rebounding strongly, albeit from pandemic lows.

As markets digest a robust economic recovery, risk appetite has risen. Valuation multiples, particularly in businesses that may be regarded as cyclical or of lower quality, have followed. The financial press appears spellbound, reporting day-by-day machinations of the so-called 'rotation' from the highly valued technology sector into nebulously defined 'value' stocks.

Stoking the media frenzy is legitimate concern over inflation, an associated rise in interest rates, and the effect that may have on equity valuations. On-going monetary and fiscal stimulus, particularly with direct-to-individual payments as a transmission channel, may see US inflation blow past 3% in 2021. With around 25% of all US dollars in existence being minted in 2020, a potential inflationary surge may be on the horizon. However, a permanent step-change in the level of inflation remains difficult to credibly forecast. Structural factors constraining inflationary pressure, including demographic trends, technological advance, and measurement methodologies, have not changed. The Federal Reserve, for its part, believes inflation above its 2% target should prove transitory, and foresees no rise in its benchmark interest rate out to 2023.

Regardless, long-term bond yields, which closely mirror inflation expectations, are on the rise. For some perspective, the US 10-year treasury has retraced from an August 2020 low of 0.5% to 1.7% at quarter end. It yielded approximately 2.0% in December 2019, prior to the pandemic shock, roughly equal to its five-year mean. Meanwhile, back at the farm, equity valuations are elevated relative to historic levels, with the S&P500 at 23-times expected earnings, compared to a five-year average of 19 times. When viewed relative to interest rates, however, equity valuations are more palatable. The equity risk premium, the 'yield' earned on equities (the inverse of the price-to-earnings multiple) in excess of the 10-year US treasury bond, has remained in the 4.5% - 6.0% range for some time.

Should long-term bond yields settle near their historic 2.0% levels, markets appear to be within their longer-term, post Global Financial Crisis valuation range, albeit towards the upper end of the scale. Despite growing disquiet around market valuations, we foresee no immediate complications.

This does not imply that rising interest rates are irrelevant. Indeed, the latter part of the quarter saw highly priced areas of the market, specifically those that rerated significantly as bond yields compressed throughout 2020, encounter a rather large speed bump. Wary of the returns of high-growth, loss-making companies throughout 2020, we maintained strict adherence to our valuation framework. In the market tumult, our philosophy and robust investment process have served us well. As ever, we remain patient, and will take investment action only when our estimation of fair value is mirrored in share prices. We maintain a deep understanding of what we own, and suitably dissect valuation to steer us clear of any market excess.

Portfolio commentary
Over the quarter, the Rand Fund's equity exposure rose from 76.6% to 86.8%, while the Dollar Fund's equity exposure rose from 89.3% to 92.3%. A bout of market weakness afforded us an opportunity to increase exposure to existing holdings, including Facebook, Microsoft, Mastercard and Fastenal, at attractive valuations. In addition, we added two new companies to the portfolio, namely Lonza Group AG and Paycom Software Inc.

In other portfolio-related news, a pervasive shortage of semiconductors across the globe continues. The situation is so dire that auto manufacturers, ill-versed in the global semi-supply chain, have been forced to halt production. Computer chips in general are severely supply constrained, with graphics cards - high-powered chips used for gaming, graphic and computer-aided design and cryptocurrency mining - in particular bordering on ethereal. Gaming consoles are almost universally out of stock, while prices of memory and storage surge. Broadband providers are being told there may be a year delay when ordering internet routers.

In closing, 2021 offers the promise of a rapid snap-back from the worst economic setback in a generation. The significant monetary and fiscal response to the pandemic has prevented an economic catastrophe, for now, at the cost of a greatly heightened long-term debt burden. Equity markets, buoyed by a surfeit of liquidity and exhilarating short-term returns, now trade on the expensive side. While we remain cognisant of the risks posed by heighted valuations, particularly in the face of rising rates, we believe the companies in our portfolio are well positioned and reasonably valued. Their ability to grow earnings over the long term, rather than their immediate valuations, will be the primary determinant of investor returns over time. They have strong balance sheets and operate with value-based pricing, implying a level of pricing power to flex should inflationary pressure rise.

We remain optimistic that growing economies, human progress and productive efficacy, driven by technological advance, will pull equity markets higher over the long term. We continue to identify and invest in high-quality companies with large and growing opportunity sets at reasonable valuations. 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.

Portfolio Manager
Johan Barkhuysen, CFA

rootstock
INVESTMENT MANAGEMENT

REGULATED ENTITIES

1. Manager Information

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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.

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