THE ROOTSTOCK RAND FUND

ROOTSTOCK SCI WORLDWIDE FLEXIBLE FUND

MINIMUM DISCLOSURE DOCUMENT (MDD)

WORLDWIDE FLEXIBLE MULTI ASSET **30 November 2021**

PERFORMANCE

	ANNUALISED				CUMULATIVE	
	Fund	Benchmark	Peer Average	Fund Percentile	Fund	Benchmark
1 Year	21.3%	9.1%	18.4%	82	21.3%	9.1%
3 Year	20.6%	8.9%	11.1%	97	75.2%	29.2%
5 Year	14.0%	9.4%	8.0%	97	92.5%	56.6%
7 Year	11.1%	9.7%	7.5%	89	109.4%	91.0%
10 Year	15.5%	10.0%	10.1%	96	321.8%	160.4%
Inception	16.1%	10.0%	11.0%	95	536.8%	227.7%

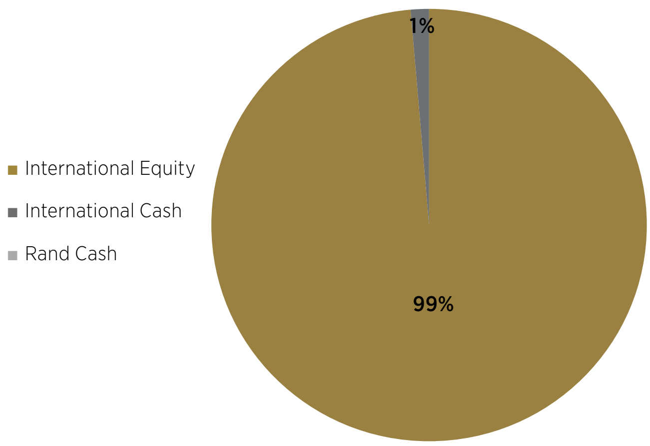
TOP HOLDINGS

1	Microsoft Corp	7.0%
2	Alphabet Inc	6.7%
3	Meta Platforms Inc	6.4%
4	Intuit Inc	5.0%
5	Amazon.com Inc	5.0%
6	Mastercard Inc	4.7%
7	Amadeus IT Holding	4.6%
8	Fastenal Company	4.5%
9	Adobe Inc	4.4%
10	Otis Worldwide Corp	3.9%

RISK STATISTICS

Annual Basis, Since Inception	
Highest Annual Return %	32.97%
Lowest Annual Return %	-10.21%
Three-Year Rolling Basis	
Standard Deviation	13.96%
Sharpe Ratio	0.55
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.

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.

FUND INFORMATION

Portfolio Manager	Johan Barkhuysen
ASISA Fund Classification	Worldwide - Multi Asset - Flexible
Risk Profile	Moderate
Benchmark	CPI + 5%
Fund Size	R 2,723,119,317
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	ZAE000143244

FEES (INCLUDES VAT)

Maximum Annual Advice Fee	1.15%
Manager Annual Fee	1.44%
Total Expense Ratio	1.50%
Transaction Cost	0.19%
Total Investment Charges	1.69%
TER Measurement Period	01 Jul 2018 - 30 Jun 2021

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

30/06/2021	0.00 cpu	31/12/2018	6.08 cpu
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		

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 30 September 2021

It seemed like another quarter of plain sailing for Western equity markets, but some downward volatility in September upended the calm. The S&P 500 ended virtually flat for the quarter. Things were worse across the Pacific, where the Chinese equity market continued its retreat. The MSCI China Index, a Chinese market proxy, fell some 18.6% in US dollar during the quarter. Since its February 2021 high, the index has plunged 31.0% in US dollar.

The Rootstock SCI Worldwide Flexible Fund, the 'Rand Fund', returned 3.7% in rand for the quarter. On a one-year basis, the Fund returned 9.7% in rand, while our South African CPI + 5% benchmark rose 8.9%. Measured in US dollar, the Rand Fund returned 21.2% over the past 12 months, with the rand's 11.1% appreciation against the US dollar eroding our local currency gain. Despite its recent strength, the rand and South African economy remain exposed to ever-volatile commodity prices and local political risk. We maintain that the rand will resume its downward slide relative to hard currency in time. Despite somewhat muted recent rand returns, the Fund has delivered top-decile performance over the longer term.

Market commentary

It is common cause that US markets look somewhat expensive relative to longer-run history. The S&P 500 is valued at 21.3-times its next-twelve-month earnings, meaningfully elevated relative to its 17.6-times longer-term average.

Since its pandemic bottom in March 2020, the S&P 500 has realised an annualised 56.2% US dollar return. Its two-year US dollar figure to the end of September 2021, which excludes any covid-induced market effects, is 22.4%.

These returns are extraordinary. We caution investors that the recent past should not set expectations for future gains. For reference, the S&P 500 index's multi-decade compounded annual total returns are between 10% and 11% in US dollar. Historic broad market three-year returns have generally been below average at valuation levels similar to those we presently contend with.

Notwithstanding, we remain positive on markets. Viewed in context, specifically relative to 10-year US government bonds, so called risk-free assets, equity markets are not overly dear. The Equity Risk Premium, the yield earned in excess of the risk-free asset, remains in a historically normal 6% - 7% range. Moreover, the high-quality companies we hold in the Funds are attractively valued considering their profitability and growth prospects.

In the Middle Kingdom, China's months-long regulatory crackdown against large tech companies reached a tipping point. In the face of an accelerating regulatory onslaught, the ban of for-profit after-school tutoring in late July, formerly a US$100 billion industry in China, catalysed in an accelerated Chinese market sell-off.

From our perspective, the regulatory actions are largely rational and include much catch-up to existing Western rules. Potential unintended consequences and dual motivations notwithstanding, China's new policies intend to foster competition, promote social welfare for low-income workers, and improve stability in the domestic consumer credit market.

While we expect more regulation is forthcoming, it should not derail China's inexorable growth in per-capita GDP. Tremendous long-term investment opportunity remains. The extent to which new policy alters the market landscape remains unknown, but the overall Chinese equity risk profile is mostly unchanged. Market reaction seems, in our view, overdone.

Mindful of the risk of state intervention, we have actively limited our direct China exposure. We've avoided sectors with perceived 'socially undesirable' externalities and factored the risk of state interference into how we value Chinese equity.

We hold conviction in our Tencent and Alibaba positions and have added to both in the turmoil. Their commanding strategic positions portend limited competitive encroachment, regardless of new anti-trust regulation, and they retain substantial growth potential in core and emerging businesses. Most compellingly, both Tencent and Alibaba are valued about as cheaply as they have ever been. In our view, their valuations and significant market scope wholly offset the regulatory risks.

Remaining in China, Evergrande, China's second largest and the world's most indebted property developer, is facing a liquidity crunch. With some $355 billion in assets across 1,300 developments, and around $300 billion of on-balance sheet liabilities, Evergrande is unable to service its obligations.
We do not expect a disorderly unwind and financial contagion, within or outside China. Despite some likely turbulence, China's state control of banks should prevent any serious accidents.

Tightening credit lines and sector reform will likely cool Chinese economic expansion. Economists estimate a 5% contraction in property investment will take one percentage point off China's GDP growth, presently trending at around 6%.
Any slowdown in China will have a global impact. World Bank data shows that, over the last decade, China accounted for 47% of the growth in global GDP. China's compounded 9.2% GDP expansion contrasts with the global average 2.5% compounded rate, both measured in US dollar.

Regardless of macroeconomic circumstance, equity markets remain the best asset class to sustainably generate wealth over the long term. History is explicit that patient investors who remain invested are handsomely rewarded in time. Global shocks are ever-present and unpredictable. We prefer to focus on the variables we can control - the quality of the companies we own in the Funds. All our attention is dedicated to identifying and investing in high-quality businesses at attractive valuations. Accordingly, the companies we own in the Funds should continue to grow their unencumbered cash flow regardless of the macro environment.

Portfolio commentary

During the quarter, the Rand Fund's equity exposure rose from 90.8% to 96.8%. The portfolio is well-established, reflected by a low year-to-date holdings' turnover of 13.6% and portfolio turnover of 23.7%.

A notable change during the quarter, we swapped Naspers for Prosus. In the implementation of their cross-shareholding structure, we elected to own Prosus on account of a favourable exchange ratio and Prosus' advantaged tax position. Importantly, we remain constructive on the prospects of Tencent. In addition, we increased exposure to Autodesk and added PayPal Holdings to the portfolio.

In closing, as unprecedented market liquidity begins to recede and global growth slows, we remain alert to the risks of heightened equity valuations. Our stringent valuation framework has and should continue to serve us well. With our portfolio of high-quality, comparatively cheap companies, we are confident our top-quartile long-term performance track record should remain intact over the full investment cycle.

We remain optimistic that growing economies and technologically driven productive advance will pull equity markets higher over the long term. 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

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.

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Physical address: 8 Helderberg Street, Stellenbosch, 7600, South Africa, Postal address: PO Box 722, Stellenbosch, 7599, South Africa

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