THE ROOTSTOCK RAND FUND

ROOTSTOCK SCI WORLDWIDE FLEXIBLE FUND

MINIMUM DISCLOSURE DOCUMENT (MDD)

WORLDWIDE FLEXIBLE MULTI ASSET

31January 2022

PERFORMANCE

	ANNUALISED				CUMULATIVE	
	Fund	Benchmark	Peer Average	Fund Percentile	Fund	Benchmark
1 Year	6.7%	9.6%	13.8%	8	6.7%	9.6%
3 Year	15.2%	9.0%	10.6%	93	52.7%	29.5%
5 Year	11.1%	9.4%	7.6%	93	69.3%	56.5%
7 Year	9.0%	9.7%	7.0%	87	83.3%	90.9%
10 Year	13.6%	10.0%	9.8%	88	258.8%	160.2%
Inception	14.7%	10.0%	10.8%	95	463.1%	233.4%

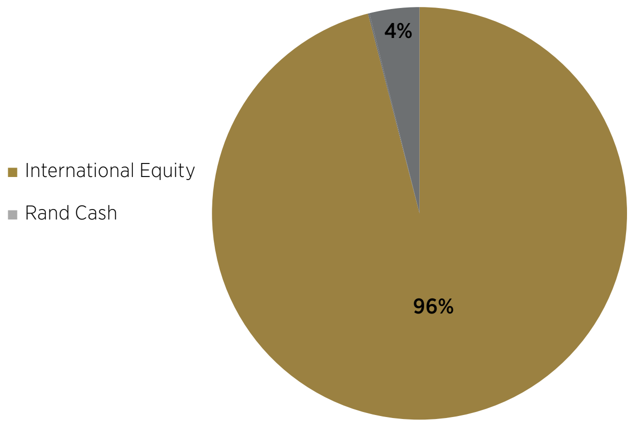
TOP HOLDINGS

1	Microsoft Corp	6.6%
2	Alphabet Inc	6.4%
3	Meta Platforms Inc	6.2%
4	Mastercard Inc	5.8%
5	Amadeus IT Holding	4.8%
6	Fastenal Company	4.3%
7	Intuit Inc	4.3%
8	Amazon.com Inc	4.2%
9	Otis Worldwide Corp	4.2%
10	PayPal Holdings Inc	4.0%

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.

FUND INFORMATION

Portfolio Manager	Johan Barkhuysen
ASISA Fund Classification	Worldwide - Multi Asset - Flexible
Risk Profile	Moderate
Benchmark	CPI + 5%
Fund Size	R 2,635,081,848
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

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	0.19%
Total Investment Charges	1.69%
TER Measurement Period	01 Oct 2018 - 30 Sept 2021

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INVESTMENT MANAGEMENT

DISTRIBUTION HISTORY

31/12/2021	0.00 cpu	30/06/2019	3.46 cpu
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

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 2021

2021 proved another excellent year for Western financial markets. Climbing the wall of worry, the S&P 500 realised a total US dollar return of some 28.7%, while the NASDAQ Composite, a tech-focussed US gauge, appreciated 22.2%. The MSCI World Index rose 22.4% in US dollar. China's regulatory bluster throughout 2021 coloured its stock market performance, with the MSCI China Index falling 21.7% in US dollar.

The Rootstock SCI Worldwide Flexible Fund, the 'Rand Fund', returned 10.8% in rand for the quarter. On a one-year basis, the Fund rose 25.4% in rand, while our South African CPI + 5% benchmark rose 9.3%. Measured in US dollar, the Rand Fund returned 15.5% over the past 12 months, with the rand's 7.9% depreciation against the US dollar providing a tailwind to our rand performance. We maintain that the rand, structurally weak due to a confluence of commodity price and local political risks, will continue its slow collapse relative to hard currency in time. Pleasingly, the Fund has delivered top-decile performance over the longer term.

Market Commentary

The pleasing headline performance figures for the Western indices mask utter carnage underneath. Highly rated, rapidly growing businesses have borne the brunt of a vicious selloff throughout the latter half of 2021. For some context, at year end, around 40% of all 3 650 NASDAQ Composite Index constituents traded at 50%, or less, of their 52-week highs. Despite such vertigo-inducing price moves, the overall NASDAQ index remains near its all-time peak, having gained 8.5% in US dollar over the quarter.

The Fund holds many of the market-moving Top 10, including Alphabet, Amazon.com, Meta Platforms (née Facebook) and Microsoft, which remain underpinned by reasonable valuations, generally spectacular unencumbered cash flows and healthy growth prospects. However, there are many on the Top 10 list which we believe offer little margin of safety on account of their valuations. Valuation matters, even for high-quality companies owned with a long-term investment horizon. Despite some punchy valuations, the more expensive of the of the Top 10 club appreciated dramatically, in concert with our holdings, throughout 2021.

Such limited market breadth, where a fraction of stocks drive the majority of market performance, has augured poor medium-term returns in past market cycles, at least on average. We are comfortable that our holdings in this elite club are more reasonably priced than some of the other highflyers and offer better risk/reward over the longer term.

This frightening disconnect is explained by the weighting of index constituents. The 10 largest companies by market capitalisation account for approximately 50% of the index and have supported its continued performance. These 'Top 10' luminaries accounted for approximately 78% of the NASDAQ's appreciation in the quarter, and 59% of the index's 2021 gains.

Lower down the pecking order, we have warned of stretched valuations for some time. Ever forward-looking markets have grasped an imminent ebbing of the liquidity tide, souring sentiment on many speculatively valued businesses. In our estimation, the US Federal Reserve (the FED) is largely to blame.

The FED's dual mandate is to control inflation and maintain low unemployment. US inflation reached 7.0% in December 2021, the highest reading in 39 years, marking a 3.9% annualised rise since the end of 2019. The US unemployment rate reached an enviously low 3.9% at year end, with a record 11m jobs listings unfilled. With inflation unlikely to meaningfully recede during 2022, the FED's average 2% inflation target looks stretched. Alongside extremely low unemployment, the FED must act. An about-face from its 'transitory' inflation narrative has become necessary.

For reference, as late as September 2021, seemingly unconcerned with inflationary pressure, the FED was signalling a gradual reduction to its bond purchases throughout 2022, with interest rates slated to rise in 2023. However, during the quarter it became clear that a dramatically compressed schedule was on the table. In its December meeting, the FED indicated that its quantitative easing program would be halted as early as March, followed by three rate rises during 2022. Another three are mooted for 2023, which will lift the Federal Funds (read: repo) rate to 1.75%. Moreover, the FED has indicated that a reduction of its balance sheet (read: selling previously purchased bonds into the open market) may be on the cards.

Global supply chains, which account for a large portion of the inflationary surge, remain choked. Ever cyclical energy prices, another large contributor, are elevated. Monetary policy can fix neither of these real-world issues. It can however restrain surging US house prices (the FED has played no small part in their appreciation), crimping access to easy credit. Housing accounts for a third of the US CPI basket and may drive 2022 inflation above target its own. Rate rises, in the short-term, are unavoidable. In the medium term, inflation is likely to fall back into range as the world fully recovers from the pandemic supply shock.

Panic stations are not yet necessary. A potential 1.75% Federal Funds rate remains well below the 2.5% pre-pandemic level. Markets may prove volatile but should adjust without any major accidents. Of greater concern is slowing economic growth. Across the developed world, tightening monetary policy will overlap receding fiscal stimulus during 2022, a phenomenon that economic theory is adamant will slow GDP growth.

For reference, the Congressional Budget Office estimates that US deficit spending will be 'only' $1.1 trillion this year (4.7% of US GDP), down from around $3.0 trillion in both 2020 and 2021 (around 14% of US GDP). While the government expenditure hole may be filled, at least partially, by increased economic activity (barring any further covid variant surprises), and a likely step-up in consumer spending, global growth faces significant headwinds. Nevertheless, off the back of 5.9% growth in 2021, the IMF forecasts 4.9% global GDP expansion in 2022, returning to the 3.5% longer-run trend thereafter.

Despite it all, we remain positive on markets. We incorporate significantly higher interest rates than those forecast into our valuation methodology, while the businesses we own should continue to rapidly grow their unencumbered cash flow over the long term. Moreover, notwithstanding the outsized attention the FED receives, history has shown that equity markets' fortunes are largely divorced from changing interest rate regimes. Our focus remains on owning the highest quality companies we can find, purchased at reasonable valuations.

Given the substantial drawdown in some excellent businesses, we are assuredly on the hunt for those that have become attractively valued in the turmoil. We may be too early, but our long-term time horizon allows us to be buyers of high-quality companies when others are fearful of short-term market gyrations.

Portfolio commentary

During the quarter, the Rand Fund's equity exposure was virtually unchanged at 96.2%. We sold our Texas Instruments and Skyworks Solutions holdings, both analogue semiconductor manufacturers, during the quarter. The two were immaterial positions, the result of aggressive price appreciation before we could purchase up to meaningful weights. Given their gentle medium-term growth profiles, optimising purchase price is of even greater importance than for some of the faster growing businesses we own. Chasing the stocks would be foolish. On the purchase front, we increased our exposure to PayPal and Autodesk on a bout of share price weakness.

We remain optimistic that growing economies and productive efficacy, driven by technological advance, will pull equity markets higher over time. 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

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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