THE ROOTSTOCK RAND FUND

ROOTSTOCK SCI WORLDWIDE FLEXIBLE FUND

MINIMUM DISCLOSURE DOCUMENT (MDD)

WORLDWIDE FLEXIBLE MULTI ASSET

31 May 2022

PERFORMANCE

	ANNUALISED				CUMULATIVE	
	Fund	Benchmark	Peer Average	Fund Percentile	Fund	Benchmark
1 Year	-7.7%	10.3%	6.8%	0	-7.7%	10.3%
3 Year	6.4%	9.2%	8.6%	11	20.6%	30.1%
5 Year	6.3%	9.4%	6.7%	45	35.7%	56.4%
7 Year	5.2%	9.8%	6.1%	27	42.4%	91.8%
10 Year	11.1%	10.0%	9.4%	77	185.5%	159.7%
Inception	12.9%	10.1%	10.4%	81	377.0%	244.6%

TOP HOLDINGS

1	Prosus NV	6.8%
2	Microsoft Corporation	6.0%
3	Alphabet Inc	5.7%
4	Mastercard Inc	5.5%
5	Meta Platforms Inc	5.5%
6	Electronic Arts Inc	5.2%
7	ASML Holding NV	4.9%
8	Lonza Group AG	4.6%
9	Adidas AG	4.5%
10	Fastenal Company	4.5%

RISK STATISTICS

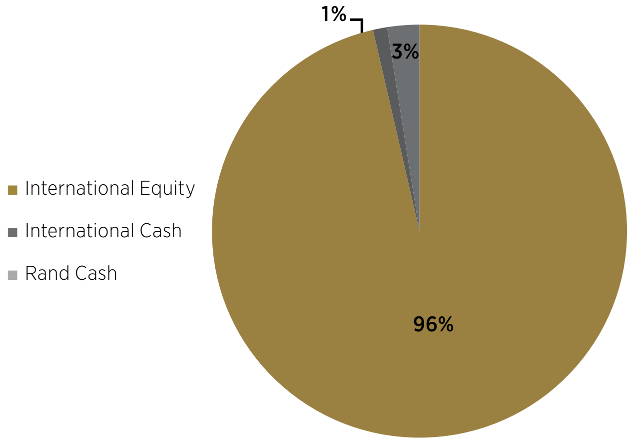
Annual Basis, Since Inception

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	-23.20%

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 2,157,503,789
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	0.17%
Total Investment Charges	1.67%
TER Measurement Period	01 Jan 2019 - 31 Dec 2021

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administered by Sanlam

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 March 2022

The financial news of the moment remains mostly unchanged. Already surging inflation in the western world, alongside historically tight labour markets, is being compounded by cascading geopolitical uncertainty. Central bankers are contemplating aggressive policy tightening, all while global GDP growth is marked down. The future is cloudier than usual, yet opportunities abound in volatility.

In this context, the US markets have entered spin cycle. The NASDAQ Composite Index entered a bear market (read: a fall of 20% or more), collapsing 21% in 48 trading days from its early January peak. This marked the NASDAQ's quarterly low, with a subsequent 16% bounce in a mere 14 trading days. The NASDAQ ended 9.1% lower in US dollar for the quarter. The S&P 500 and MSCI World Index, similarly volatile, fell 4.6% and 5.2% in US dollar for the quarter, respectively.

The Rootstock SCI Worldwide Flexible Fund, the 'Rand Fund', fell 20.6% in rand for the quarter. On a one-year basis, the Fund was down 2.5% in rand, while our South African CPI + 5% benchmark rose 10.1%. Measured in US dollar, the Rand Fund was down 1.7% over 12 months.

For both Funds, our Chinese exposure, around 10% of the portfolio, is largely responsible for our performance deficit, while large US banks and the cyclical US energy industry, sectors we explicitly eschew due to their unfathomable complexity and cyclical nature, have produced exceptional short-term returns.

Philosophy & Process
As our performance figures illustrate, the past quarter has proven exceptionally trying. The Rootstock Fund experienced its largest quarterly drawdown since its 2009 inception, serving up the greatest-ever test of our risk tolerance.

Now is not the time for rash action, despite what human impulse may dictate. In trying times, we rely on our structured investment process, that forces objectivity, factual analysis and calm decision making. Operating alongside our well-defined investment philosophy, this serves as defense against emotion-driven investment action that may result in poor long-term outcomes.

We believe our philosophy of owning high-quality, profitable and growing businesses at reasonable valuations will continue to produce outstanding results over the long term. We will not alter our philosophy or risk profile in a foolish effort to 'make up' for poor short-term performance. Having looked over our portfolio with a heightened risk perspective, we remain comfortable with its construction. To further refine our process, we need an honest and accurate appraisal of mistakes we have made. In the short term, the three largest errors we have made, in our self-analysis, include:

1 .Exposure to Chinese Regulation – We have consciously constrained our Chinese exposure to 10% of the portfolio, aiming to balance longer-term growth opportunities with the up-to-recently theoretical regulatory and governance concerns. Unfortunately, some draconian and capricious government action has realised our regulatory fears. We underestimated the China Communist Party's tolerance for wealth destruction, as the severity and longevity of the regulatory crackdown deeply impacted the Chinese market. Confidence has been severely shaken. Tencent and Alibaba's attractive valuations have become more so even as greater political risk is discounted. Exiting the businesses at the regulatory onslaught's apex may realise losses in two excellent stand-alone businesses. Notwithstanding, our already elevated required-return hurdle for Chinese equity has risen.

2. Meta Platforms (née Facebook) Headwinds – The company's difficulties are well known. Media distaste, alongside regulatory scrutiny from both sides of the Atlantic (relatedly, an inability to acquire) and rising competition from TikTok serve up significant noise. Compounding the headwinds, Apple's ATT initiative is disruptive alteration of essential internet-advertising infrastructure, and has slowed revenue growth. We believed Meta was better placed to absorb ATT headwinds than smaller players, a view that proved accurate. While all fundamental indicators remain compelling, we failed to anticipate the market reaction to the confluence of the above headwinds, alongside the pivot to 'Metaverse' investment. A seemingly attractive valuation served no offset to souring sentiment as Mark Zuckerberg, who has ultimate control, invests in an unusual direction. With hindsight, we were over-exposed to the risks inherent in the business. At around 10 times its present operating earnings, its valuation remains too compelling to ignore.

3. Valuation is Important – We spend an enormous amount of time assessing what a 'reasonable' valuation constitutes. We aim to be as accurate as possible with the information we have, but also account for an uncertain future and the inherent risks in each business we investigate. Too much conservatism misses compelling opportunities (we sold Nvidia too early, for example), while being too aggressive in our assumptions can lead to overpaying for growth that may not materialise (we started buying PayPal at too high a valuation). The trade-off between quality and price is an ever-present dilemma that all investors face. In this regard, patience is a virtue.

We face a challenging period. Our mistakes have concentrated around our quality-valuation trade-off. We come away from our assessment placing an even greater premium on quality.

Market Commentary
Raging US inflation, 7.9% in February, alongside near-zero interest rates, has fomented the deepest negative US 'real yield' (read: the US 10-year treasury yield less the US CPI inflation rate) on record, -4.6%, which exceeds the -3.8% seen at the height of the late 1970s oil-crises inflationary bulge. In the old continent, EU-wide prices rose 7.5% in March 2022, a record figure, spurred by a 45% rise in energy costs.

Global central banks, with inflation four times their target rates, must shift focus to price stability over economic expansion. After two decades of goldilocks inflation, central banks face a significant growth/inflation trade-off that risks an economic slowdown, if not outright recession. As elevated medium-term inflation becomes more likely, we take comfort in our largely inflation-resistant portfolio.

Opportunities
Amid significant short-term noise, we tend to focus on the long term. Indeed, the Rootstock Funds are positioned to participate in many structural, long-term themes that are largely divorced from inflation and interest rate considerations.

Our portfolio maintains substantial exposure to the shift of advertising online, the rapid growth of cloud computing and machine learning, and rapidly improving medical technology extending humanity's longevity. We are exposed to the inexorable growth of online commerce and increasing penetration of digital payments mechanisms. We have stakes in video-gaming companies, the largest and fastest growing form of entertainment, and maintain exposure to the growth in semiconductor content across all aspects of our lives. We also aim to capture the benefits generated by digital technology (read: software), improving business efficiency and access to content and information.

These structurally growing themes should see companies flourish regardless of inflation, interest rates and short-term GDP slowdowns. The primary constraints on owning these exceptionally high-quality companies are our ability to appraise their long-term growth and margin structures, and market price relative to our assessment of their intrinsic worth.

We continuously stress test the quality and valuation of our holdings, with even greater emphasis this quarter. We are confident in the quality of the underlying businesses in the portfolio and believe the Rootstock Funds have favorable return characteristics. Market turmoil is painful, but history has taught us that remaining invested is the best course of action. 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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