THE ROOTSTOCK RAND FUND

ROOTSTOCK SCI WORLDWIDE FLEXIBLE FUND

MINIMUM DISCLOSURE DOCUMENT (MDD)

WORLDWIDE FLEXIBLE MULTI ASSET

31 July 2022

PERFORMANCE

	ANNUALISED				CUMULATIVE	
	Fund	Benchmark	Peer Average	Fund Percentile	Fund	Benchmark
1 Year	-13.7%	10.6%	3.2%	0	-13.7%	10.6%
3 Year	6.0%	9.3%	7.8%	14	19.1%	30.5%
5 Year	7.1%	9.4%	6.2%	73	41.0%	56.8%
7 Year	5.6%	9.8%	5.9%	45	46.2%	92.3%
10 Year	11.4%	10.0%	9.0%	85	193.5%	160.3%
Inception	13.1%	10.1%	10.2%	90	402.4%	251.2%

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%

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

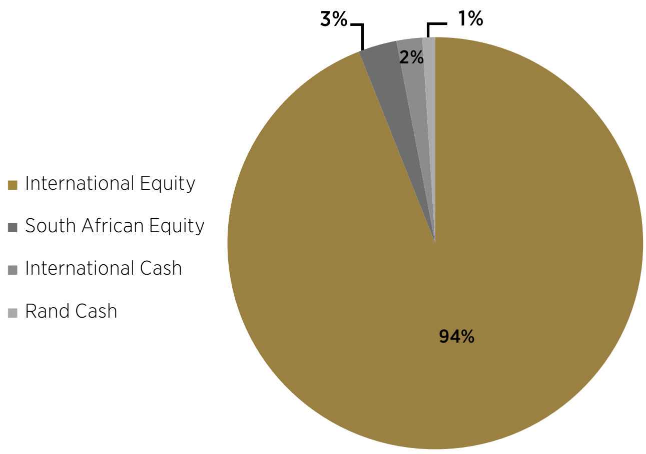
The fund is suitable for investors who:

- 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.

TOP HOLDINGS

1	Prosus NV	8.4%
2	Alphabet Inc	5.7%
3	Mastercard Inc	5.3%
4	Microsoft Corporation	5.1%
5	Amazon.com Inc	4.9%
6	Lonza Group AG	4.6%
7	ASML Holding NV	4.5%
8	Meta Platforms Inc	4.5%
9	Intuit Inc	4.3%
10	Adobe Inc	4.2%

ASSET ALLOCATION



FUND INFORMATION

Portfolio Manager	Johan Barkhuysen
ASISA Fund Classification	Worldwide - Multi Asset - Flexible
Risk Profile	Moderate
Benchmark	CPI + 5%
Fund Size	R 2,325,614,353
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	1.49%
Transaction Cost	0.17%
Total Investment Charges	1.66%
TER Measurement Period	01 Apr 2019 - 31 Mar 2022

DISTRIBUTION HISTORY

30/06/2022	0.00 cpu	30/06/2019	3.46 cpu
31/12/2021	0.00 cpu	31/12/2018	6.08 cpu
30/06/2021	0.00 cpu	30/06/2018	3.22 cpu
31/12/2020	0.00 cpu	30/12/2017	0.00 cpu
30/06/2020	14.31 cpu	30/06/2017	0.00 cpu
31/12/2019	2.62 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 June 2022

The first half of 2022 has been harrowing. The confluence of war in Europe and associated energy-price shocks, continued supply-driven inflationary pressure, and rapid tightening of monetary policy has resulted in chaotic financial markets. Many market gauges are at their extremes.

Both the S&P 500 and Nasdaq Indices experienced their worst first-half drawdown for at least 60 years, some 20.0% and 29.2% in US dollar respectively. Six-month rolling returns for the Nasdaq have been worse only in the crises during 1974, the dotcom bubble and the Global Financial Crisis. Safe-haven assets provided little refuge, as the US 10-year Treasury Index, the globe's primary risk-free asset, fell 10.6% in US dollar, its worst first-half showing since the 1788. This remarkable statistic aptly demonstrates how radical market moves have been.

In the market turmoil, the Rootstock Funds' have experienced their largest drawdown since inception.

The Rootstock SCI Worldwide Flexible Fund, the 'Rand Fund', fell 8.8% in rand for the quarter. On a one-year basis, the Fund was down 16.8% in rand, while our South African CPI + 5% benchmark rose 10.4%. Our primary error *year-to-date* has been our relatively high equity exposure, around 95%, relative to a historic average of 85%. Hindsight is a harsh critic. For some time, we have been wary of elevated equity valuations, particularly since the Covid crash. Yet a paucity of potential return in other assets drove us towards equity. Longer term, we continue to believe that equity remains the best means for real wealth accumulation, offering a superior risk-adjusted return profile across asset classes.

Macro Commentary

Much of the market upheaval coalesces around inflation and the economic implications of central bank efforts to combat it. As multiple supply shocks have driven persistent inflationary pressure, the world's most systemically important central bank, the US Federal Reserve (the Fed), has been caught flat footed. For reference, at this point last year, they forecast not a single 25-basis point interest-rate hike in 2022, unconcerned by inflation at two-and-a-half-times their target. As Inflation has proven decidedly intransient, aggressive action has been necessitated.

At present, the Fed forecasts a year-end Fed Funds Rate (read: equivalent to South African Repo Rate) at around 3.50%, which if enacted would be a14 times increase from March 2022. The present Fed Funds Rate, at 1.75%, is up seven times from earlier this year, and already represents the most aggressive rate hike in history. The previous record was a three-times year-over-year lift in 2005.
The market ramifications of the vicious about-face in interest rate policy are plain to see. An estimated $31 trillion has been lost across bonds and equities in the past six months, more than three times the capital destruction in the depths of the Global Financial Crisis.

Despite the obvious carnage, the Fed believes they can engineer a goldilocks scenario of moderating inflation without impact to economic growth or employment. Colour us sceptical. The real economy is unlikely to remain unaffected by the historic bludgeoning of Wall Street.

Already, numerous Main Street headwinds are evident. As negative wealth effects compound cost-of-living pressures, US consumer sentiment, a key growth driver, is at multi-decade lows. In addition, the US housing market, after a fantastic post-pandemic run, is starting to cool, adding significant deleveraging risk. On the production side, inventory levels are racing higher amid darkening clouds in US and EU manufacturing expectations. China's Covid-lockdowns continue to constrain supply chains.

Yet, not all is doom and gloom. Markets are ever forward-looking, and much of the unwelcome news may already be reflected in equity valuations. While an imperfect guide, history may be instructive. Since 1946, a drawdown in the S&P 500 similar to recent experience has occurred eight times. In each instance, the subsequent twelve-month return has been a 26% rise in US dollar, on average. Should history rhyme, our misery may be closer an end than not. Market risks undoubtedly remain elevated – geopolitics, unanchored risk-free rates, energy crises, inflation, recession. There may be more pain in the offing, as the Fed faces an inflation-and-growth trade-off absent over the last two decades. Yet, with market moves already at extremes, the odds of a significant dislocation are muted.

We will stay the course. Our holdings' combination of talented management teams, tremendous long-term growth opportunities and significant profitability will likely produce excellent long-term returns, only enhanced by the sell-off. The companies we own have become greatly discounted relative to their intrinsic value, and should grow their earnings regardless of the inflationary regime.

Portfolio Actions

Owning high-quality companies over long periods of time provides the best protection against the vagaries of macro uncertainty. The highest quality businesses tend to come out stronger once the dust settles. As such, we continuously seek to improve the quality of the companies we hold in our portfolio.
With stocks on sale, we took the opportunity to gain exposure to favourable long-term trends in the video gaming, building materials and medical technology sectors. We continue to build our positions and will discuss these opportunities in more detail in forthcoming *Quarterly Commentaries.*

During the quarter, the Funds' exposure to Prosus and Tencent was consolidated into Prosus. Prosus' discount to its underlying basket of assets, primarily Tencent, had blown out to an all-time high, around 60%. At such a level, we believed the discount would prove intolerable to the board of directors and management, compelling meaningful action to address it.

In other news, we sold Monster Beverages and S&P Global, both of which we have held for years. We reluctantly parted ways with these high-quality businesses as some medium-term risks to earnings are not fully discounted in their valuations. The risk-reward calculus is unfavorable, with better opportunities on offer.

Portfolio Commentary

As a difficult economic environment comes into view, investors generally fret over which companies may be vulnerable. Businesses with limited pricing power, high fixed costs and poor returns on capital are at risk of serious earnings retrenchment. In comparison, our portfolio of high-quality companies can withstand and grow in a sluggish economic environment.

The second half of 2022 is to be turbulent as the extent of weaker growth becomes apparent, and markets get a sense of where interest rates may land. Regardless of the macroeconomic situation, the companies we own should continue to compound both their competitive advantages and earnings, offering patient investors the prospect of excellent long-term returns. Moreover, the present crises offers a rare opportunity to improve the quality and durability of the portfolio at attractive valuations. The investment team is wholly engaged in its task, that of delivering excellent long-term performance to clients. 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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