Denker Sanlam Collective Investments Global Financial Feeder Fund

Minimum Disclosure Document

As of 31/12/2024

MDD Issue Date 22/01/2025

Fund Objective

The objective of the portfolio is to provide long-term capital growth by investing in financial companies from around the world. This feeder fund portfolio primarily invests in participatory interests of the FSCA approved Denker Global Financial Fund, a sub-fund of the Irish domiciled Sanlam Universal Funds plc. The portfolio may also hold ancillary liquid assets including cash and/or money market instruments. The Portfolio may, where the Manager considers it in the best interests of the Fund, invest up to 100% of its net assets in securities traded in or dealt on the stock exchanges or regulated markets considered by the manager to be emerging markets.

Fund Strategy

The fund utilises its database and long experience of the financial sector to invest in financial companies with the search focused on companies that have a good track record of growing their net worth, whilst maintaining the discipline of investing only when they are undervalued.

Why Choose This Fund?

- The fund invests in undervalued financial companies around the world, the research focus being on undiscovered or neglected stocks.
- The fund employs an active stock-picking investment process.
- It is a Rand denominated fund. No foreign exchange tax clearance is required.

Fund Information

Ticker	SGFFA1
Portfolio Manager	Kokkie Kooyman
ASISA Fund Classification	Global - Equity - Unclassified
Risk Profile	Aggressive
Benchmark	MSCI World Financial Index
Fund Size	R 267,906,401
Portfolio Launch Date	01/03/2011
Fee Class Launch Date	01/03/2011
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	2nd business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Month End Price	56.94
Daily Price Information	Local media & www.sanlamunittrusts.co.za
Repurchase Period	3 business days

Fees (Incl. VAT)

Fees (Incl. VAT)	A1-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.15
TER	2.36
TC	0.01
TIC	2.37
TER Measurement Period	01 October 2021 - 30 September 2024

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Effective 1 December 2024, SCI will change a monthly administration fee of R23 (VAT Inclusive) on retail investors whose total investment value is less than R50 000. Clients with an active recurring monthly debit order will not be levied this fee

*Denker Sanlam Collective Investments Global Financial Feeder Fund.

**The main fund this feeder fund is investing in is a non-distributing fund, hence no income may be available for distribution.

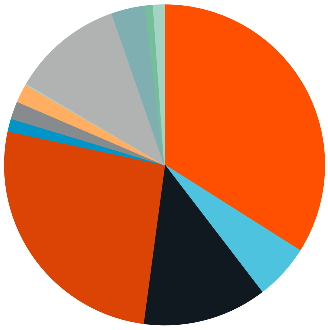
Top Ten Holdings

Top Ten Holdings	(%)
Portfolio Date	**31/12/2024**
US Bancorp	5.24
JP Morgan	4.48
Lancashire Holdings Limited	4.28
Renaissance Re	4.08
HSBC	3.91
ERSTE BANK	3.82
Chubb Ltd	3.63
Essent Group	3.49
BAWAG Group AG	3.43
Citigroup	3.35

These are the top holdings of the offshore fund in which this feeder fund invests.

Asset Allocation

Portfolio Date: 31/12/2024



	%
USA	33.98
Europe	5.62
ASIA	12.52
Other	26.26
UK	1.29
Eastern Europe	1.80
Scandinavia	1.89
Latin America	0.10
Cash	11.21
North America	3.36
Japan	0.84
Middle East & Africa	1.13
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	19.76	31.51
3 Years	13.55	16.83
5 Years	13.75	18.04
10 Years	11.56	14.78
Since Inception	13.45	16.89

Cumulative Performance (%)

	Fund	Benchmark
1 Year	19.76	31.51
3 Years	46.40	59.45
5 Years	90.40	129.12
10 Years	198.62	296.74
Since Inception	473.11	765.95

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2024

Highest Annual %	37.67
Lowest Annual %	-5.69

Risk Statistics (3 Year Rolling)

Standard Deviation	19.56
Sharpe Ratio	0.39
Information Ratio	-0.33
Maximum Drawdown	-19.67

Distribution History (Cents Per Unit)**

31/12/2020	0.00 cpu	31/12/2019	0.00 cpu
31/12/2020	0.00 cpu	30/06/2019	0.00 cpu
30/06/2020	0.00 cpu	31/12/2018	0.00 cpu

Administered by

Sanlam

Denker Sanlam Collective Investments Global Financial Feeder Fund

Minimum Disclosure Document

As of 31/12/2024

DENKER CAPITAL

Risk Profile

Aggressive

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to substantially outperform the markets and therefore carries a long-term investment horizon (5 years and upwards). The portfolio will be diversified across all major asset classes with significant exposure to equities, and may include offshore equities. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

Risk Considerations

- The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.
- Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.
- As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

Glossary Terms

Active Stock-picking Process
This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

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.

Feeder Fund
A feeder fund is a South African-based fund that feeds exclusively into its primary foreign-based fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

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.

LISP (Linked Investment Service Provider)
A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

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.

Regulation 28
Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 45% for foreign (offshore) assets.

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.

Undervalued Equity Stocks/ Investing in Neglected Global Equities
This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

Additional Information

Denker Capital (Pty) Ltd
(FSP) License No. 47075
Physical Address: 4th Floor, South Block, Avanti Office Park, 35 Carl Cronje Drive, Tyger Falls, Bellville 7530
Postal Address: PO Box: Private Bag X8, Tyger Valley 7536
Tel: +27 (21) 950 2603
Email: service@denkercapital.com
Website: www.denkercapital.com

Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 55 Willie van Schoor Avenue, Bellville, South Africa, 7530
Postal Address: Private Bag X8, Tygervalley, 7536
Tel: +27 (21) 916 1800
Email: *investorrelations@denkercapital.com*
Website: www.sanlamunittrusts.co.za

Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Administered by

Sanlam

Denker Sanlam Collective Investments Global Financial Feeder Fund

Minimum Disclosure Document

As of 31/12/2024

DENKER CAPITAL

Portfolio Manager Quarterly Comment

Quarter to December 2024

Market review

Across the globe voters are demanding and voted for change, showing clear dissatisfaction with incumbent governments. Several commentators have summarised the results as a sign that the electorate is seeking pro-growth reforms to benefit citizens.

Despite these major geopolitical and economic changes markets were strong during the year and remained resilient in the fourth quarter.

The US Fed started its cutting cycle but was far less aggressive than what had been expected at the start of the year as the US economy remained resilient and inflation more persistent. Yet the Magnificent 7 continued to outperform in 2024. The equally weighted S&P 500 delivered returns of 12.4%, substantially underperforming the market cap weighted index return of 24.5%. In recent years the market cap weighted index benefited from significant multiple expansion and rapid earnings growth.

The election of Donald Trump as president at the end of the year had a significant impact on equity, bond and currency markets over the three weeks that followed. Notably, the Euro declined by 15% against the US dollar, while other currencies like the Swedish krone and Japanese yen fell by 9%. At the same time, US banks jumped around 15%, compared to a 7% drop in European banks (or -16% when measured in US dollars). The dispersion between banks and insurers positioned for rising or falling interest rates was about 20%.

The MSCI World Index outperformed emerging markets with the index up 18.7% vs. 7.5% for the MSCI Emerging Markets Index (in US dollars).

Portfolio review

The Denker Global Financial Fund A class delivered a satisfactory 18.9% return for the year – ahead of the 18.7% MSCI World Index return but underperforming the MSCI World Financial Index's 26.7%. This was caused by the fund's poor performance in the last quarter (-2.0% versus the MSCI World Financials Index performance of 4.0%) which can be attributed to the election of Donald Trump by an overwhelming majority, giving him control over both Senate and Congress. The effect of this outcome is evident in the Q4 returns of the MSCI Euro (-9.7%) and the MSCI Emerging Markets Index (-8.0%).

Our investment philosophy is to search for and invest in companies in the financial sector that meet our criteria: good track record of growing shareholder value and undervalued relative to the prospective shareholder value growth. In doing this we reduce risk by avoiding concentrated views (in other words, by being diversified).

The fourth quarter return is disappointing but not surprising, as generally US banks (to which the fund has around 20% exposure) gained while European and emerging market bank stocks lost.

Top contributors wereJP Morgan, Wells Fargo, Erste Bank and HSBC. **The individual detractors**were Essent, Shinhan Bank (in Korea), Arch Capital, Renaissance. Looking at it collectively, the investments in India (5% of the fund) and other emerging markets (specially Latam) were the biggest detractors.

- Essent is a well-managed mortgage insurer with a great track record. However, higher interest rates have put pressure on house prices and the mortgage industry.
- The property and casualty insurers (Arch and Renaissance) were impacted by two major hurricanes that made landfall in the last quarter. In addition to this, the market is concerned that the hardening phase of the insurance re-pricing cycle is over and that higher interest rates could reduce demand for insurance.
- Shinhan was different. The Korean market and the won fell when the president unexpectedly declared a state of emergency. He was later ousted, but uncertainty surrounding the situation in Korea remains.
- Our US bank holdings reflect the divergent effects of higher interest rates as well. For example, Wells Fargo was up 24.4% whilst US Bancorp was up 5.4%.

Changes to portfolio and outlook

Higher US interest rates and an 'America first-policy' will indeed affect countries and companies differently. Countries that were entering a lower interest rate cycle will see (and have seen) their currencies weaken. However, these moves are based on the assumption that Trump will successfully follow through on his proposals.

Bear in mind that we invest in companies that have a long track record (including tough periods) of growing shareholder value and/or are mispriced (i.e. the prices are discounting some form of disappointment). However, we have re-looked at our assumptions and valuations and did make a few changes, the most important one being reducing the fund's investment in emerging markets further. We increased the fund's investments in US Bancorp and selectively in EU banks like ING and Alior (Poland) after their prices fell.

Markets are expensive, but the financial companies (especially EU financials) screen as very undervalued in absolute terms and relative to their history and the market. KBW released a report in January highlighting that EU bank share prices should be 55% higher just to trade at levels where they've traded historically to the market.

Coupled with the attractive valuations, several factors should benefit the sector and make it a very defensive investment:

- higher-than-expected interest rates;
- high levels of excess capital allowing the sector to pay high dividends and continue to buy back shares at value accretive valuations; and
- increased efficiency levels from using AI.

When markets correct, nothing escapes the downdraught, but the past 30 years have shown that quality financials (and the fund) jump back quickly. Investing in 2025 will be challenging, but we're staying defensive while also seeking challengers. Over time, challengers like Capitec and Tinkoff Credit Services have been big winners, and the fund is invested in a few such potential winners.

The largest part of the fund is invested in strong franchises in countries with growing economies. There are a couple of new ideas our analysts have been researching and we've started taking very small positions which we'll increase as our certainty grows. We'll provide updates on these as the year progresses.

Although 2025 is expected to be volatile, the fund's characteristics should deliver positive returns even if the broader market falls and should do really well if the market switches from growth to value.

Note: All returns included above are in US dollar terms.

Portfolio Manager
Kokkie Kooyman
BCom (Hons), HDE, CA (SA)