

Denker Global Dividend Fund

A sub fund of Sanlam Universal Funds plc
Class A USD

DENKER

CAPITAL

Minimum disclosure document
(fund fact sheet)

31 January 2019

This fund was formerly named the SIM Global Equity Income Fund.

Fund objective

The objective of the fund is to provide a regular and growing stream of income derived from equity dividends for investors with the potential for real growth in capital value.

Investment style

The manager strives to achieve the fund objective through investing in the shares of companies that are offering relatively high dividend yields and are well established, have healthy balance sheets, generate strong cash flows and have demonstrated a commitment to paying regular dividends.

Asset allocation as at month end

Top 10 holdings



Company	Country	Percentage
Cisco	USA	5.4%
Royal Dutch Shell	UK	4.0%
Legal & General	UK	3.9%
Unilever	UK	3.6%
Boeing Company	USA	3.5%
Procter & Gamble	USA	3.5%
McDonalds Corporation	USA	3.1%
Micro Focus International	UK	3.0%
Novartis	Europe	3.0%
HP Inc	USA	2.8%

Asset allocation




Asset Class	Percentage
Equities	96.9%
Cash	3.1%

Geographical breakdown



Region	Percentage
UK	29.1%
USA	36.6%
Europe	25.5%
Cash	3.1%
Asia	3.1%
Scandinavia	2.6%

Sectors



Sector	Percentage
Financials	23.7%
Consumer Staples	20.4%
Information Technology	12.8%
Health Care	9.9%
Energy	9.6%
Consumer Discretionary	9.3%
Industrials	5.9%
Telecommunication Services	5.2%
Cash	3.1%

Key facts

Fund inception	6 September 2012
Benchmark	Composite index: Annualised income yield of the MSCI World High Dividend Yield NTR Index + US CPI
Portfolio manager	Douw Steenekamp
Base currency	US Dollar
Fund type	UCITS
Domicile	Ireland
Fund size	\$146 million
Unit price	\$1.1172
Minimum investment	\$1 000
Class inception	6 September 2012
Distribution	Bi-annual (detail on page 3).
Morningstar category	Global Equity Income
ISIN	IE00B7VS0236
SEDOL	B7VS023
Bloomberg	SANSGAU ID

The codes above are for Class A USD (Inc).

Performance summary (in USD)

	Denker Global Dividend Fund	Benchmark: Composite index
Annualised performance		
1 Year	-10.7%	4.6%
3 Years	4.4%	5.2%
5 Years	4.5%	4.6%
10 Years	-	-
Since inception	5.5%	4.6%
Cumulative performance		
YTD	6.6%	0.2%
Since inception	125.4%	110.6%

Actual annual performance

Highest annual return	19.3%
Lowest annual return	-4.7%

Based on 12 month rolling periods over 10 years (or since inception where the performance history does not exist for 10 years).

Source of all performance figures: Morningstar and Denker Capital. Performance figures are net of fees.

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Portfolio manager



Douw Steenekamp
B.Compt. (Hons), CA(SA)

Douw joined the Denker Capital business in 2011, bringing with him extensive industry experience. He spent 15 years at Old Mutual Asset Managers (now OMIGSA) where he held several research positions, including head of the industrial sector research team, before assuming responsibility for the value equity style boutique in 2002. During his time at Old Mutual, he managed various unit trusts, including the Old Mutual Consumer Fund, Value Fund and High Yield Opportunity Fund, in addition to a number of institutional portfolios. In 2007, Douw co-founded Orthogonal Investments – a boutique asset manager managing domestic long-only balanced, bond and equity mandates – and also co-managed the Nedgroup Investments Equity Fund.

Quarterly comment: December 2018

Global equity markets suffered a sharp correction during the past quarter due to a significant deterioration in investor sentiment. The benchmark MSCI World Index posted a negative return of 13.4% as its forward price/earnings multiple plunged from 15.5 times to 13.4 times during the period. The catalyst for this dramatic shift in sentiment was the statement by Federal Reserve Chairman Jerome Powell on 3 October following the September meeting of the central bank which said that they were “a long way” from getting interest rates to a neutral level. The market took this to imply that rates are likely to be raised much further than previously forecast and led many market participants to conclude that the current US growth cycle has peaked. The fact that speculation about the possibility of a US economic recession in twelve to eighteen months’ time started to emerge illustrates the extent of the change in sentiment that occurred. Despite Powell attempting to soothe the market’s nerves by issuing a more dovish statement after the Federal Reserve meeting in late December and continued evidence of robust economic growth, it appears that it will take more than words and some satisfactory economic data to restore the market’s confidence.

Developments in the other important global markets did nothing to counteract the significant sentiment shift in the US. The on-going trade dispute between China and the US continued and appears to be contributing to a slowdown in the Chinese economy which will inevitably have an impact on the prospects for global growth. In Europe the central bank reaffirmed its intention to withdraw its stimulus measures, despite the region’s continued disappointing economic performance and the possibility of contractions in the German and Italian economies. Across the channel, the outlook for the United Kingdom remains beholden to the final outcome of the Brexit process. The final withdrawal agreement negotiated with the EU, published during November, has been roundly denounced and appears to have little prospect of gaining parliamentary approval. It is incredible that with less than 100 days to go until the UK leaves the EU on 29 March a wide range of outcomes is still possible. Such uncertainty is not good for market sentiment.

Being fully invested in equities, the fund was not immune to the significant drawdown in the market, but thanks to its focus on financially secure, cash generative and high yielding shares it was able to withstand the correction better than the index. Notable contributions to this performance were derived from holding Procter & Gamble (+11%), McDonald’s Corporation (+7%), Royal Ahold Delhaize (+10%) and Verizon Communications (+6%), while not owning Apple (-30%), Amazon.com (-25%) and NVIDIA Corporation (-52%) also benefited the fund. Notable detractors from performance were British American Tobacco (-30%), TUI (-25%), Lockheed Martin (-24%) and HP Inc (-20%).

The prices of all the US exposed tobacco manufacturers remained under pressure during the quarter as market share data confirmed an acceleration in the shift in consumption from traditional cigarettes to electronic vaping devices, particularly JUUL. Amplifying this bad news was the FDA’s announcement of its intention to introduce a range of measures intended to counteract the initiation of nicotine addiction among young people, including a total ban on the sale of menthol flavoured cigarettes. If implemented, such a ban will have a materially negative effect on the profitability of all of the traditional cigarette manufacturers. Due to the importance of this category to its US business, British American Tobacco would be worst affected. The industry is expected to vigorously resist this ban using all legal avenues at its disposal, which implies that its final implementation, if ratified, will be delayed for quite some time. This turn of events is obviously not good news for the company, but based on our assessment of the situation it appears that the share price is currently discounting an overly pessimistic scenario.

Given the established inability of humans to accurately foretell the future, I am loathe to make predictions about the outlook for the forthcoming year. It does, however, appear that the market’s current valuation provides ample potential for an upward rerating should the slowdown expected by the current consensus view not occur to the extent implied.

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Distribution: Class A USD (Inc)

Frequency	Bi-annually (April and October)
Declaration dates	31 March and 30 September
Last three distributions	30 September 2018: 2.90 cents per unit 31 March 2018: 1.76 cents per unit 30 September 2017: 2.67 cents per unit

Fees

	Class A USD (Inc) Income distributed	Class I USD (Acc) Income accumulated
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Annual management fee	Fixed fee of 1.25% per annum	
Total expense ratio (TER) ¹	1.41%	0.91%
Transaction cost (TC) ²	0.20%	0.20%
Total investment charges (TER+TC) ³	1.61%	1.11%

Other allowed expenses include depository fees, custody fees, administration fees, director's fees, legal fees, audit fees, bank charges, regulatory fees, brokerage/trading fees.

Notes

1. TER 1 July 2015 to 30 June 2018

The percentage of the value of the financial product that was incurred as expenses relating to the administration of the product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

2. TC 1 July 2015 to 30 June 2018

The percentage of the value of the financial product that was incurred as costs relating to the buying and selling of the assets underlying the product. TCs are a necessary cost in administering the product and impacts the product's returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, type of financial product, investment decisions of the investment manager and the TER.

3. TER+TC

The percentage of the value of the financial product that was incurred as costs relating to the investment of the financial product.

Risk profile: Aggressive

You can afford to take on a higher level of risk (i.e. will have a greater exposure to equities in your portfolio) because of your investment time horizon, or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

Fund information

Manager	Sanlam Asset Management (Ireland)
Investment Manager	Denker Capital (Pty) Ltd, an authorised financial services provider under the South African Financial Advisory and Intermediary Services Act, 2002.
Depository/ Custodian	Brown Brothers Harriman Trustee Services (Ireland) Ltd
Administrator	Sanlam Asset Management (Ireland)
Transfer Agency	Brown Brothers Harriman Fund Administration Services (Ireland) Ltd
Listing	Irish Stock Exchange
Salient risk factors	This fund is relatively high risk in relation to other asset classes due to its equity based investment approach, however the investment manager aims to reduce the overall risk by their value and fundamental stance.
Dealing/Redemption frequency	Daily
Dealing deadline	4 PM (Irish time on the business day before a dealing day)
Valuation point	Midnight (South African time) on each dealing day.
Daily prices	Irish Stock Exchange & www.sanlam.ie

Contact information

Investment Manager and client service: Denker Capital

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South Africa

The appointed investment manager is Denker Capital (Pty) Ltd, an authorised financial services provider in terms of Financial Advisory and Intermediary Act, 2002, FSP 47075.

Manager: Sanlam Asset Management (Ireland)

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Ireland

Company registration number: 267640 – UCITS IV Management Company & Alternative Investment Fund Manager regulated by the Central Bank of Ireland and is licensed as a Financial Services Provider in terms of Section 8 of the South African FAIS Act of 2002.

Depository/Custodian: Brown Brothers Harriman Depository Services (Ireland) Ltd

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Regulatory statement

The Fund is a sub-fund of the Sanlam Universal Funds plc, a company incorporated with limited liability as an open-ended umbrella investment company with variable capital and segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank. The Fund is managed by Sanlam Asset Management (Ireland) Limited, Beech House, Beech Hill Road, Dublin 4, Ireland, Tel + 353 1 205 3510, Fax + 353 1 205 3521 which is authorised by the Central Bank of Ireland, as a UCITS Management Company, and an Alternative Investment Fund Manager, and is licensed as a Financial Service Provider in terms of Section 8 of the South African FAIS Act of 2002.

The Sanlam Universal Funds Plc full prospectus, the Fund supplement, the MDD and the KIID is available free of charge from the Manager or at www.sanlam.ie. This is neither an offer to sell, nor a solicitation to buy any securities in any fund managed by us.

Any offering is made only pursuant to the relevant offering document, together with the current financial statements of the relevant fund, and the relevant subscription/application forms, all of which must be read in their entirety together with the Sanlam Universal Funds plc prospectus, the Fund supplement the MDD and the KIID. No offer to purchase securities will be made or accepted prior to receipt by the offeree of these documents, and the completion of all appropriate documentation. A schedule of fees and charges and maximum commissions is available on request from the Manager.

This is a Section 65 approved fund under the Collective Investment Schemes Control Act 45, 2002 (CISCA). Sanlam Collective Investments (RF) (Pty) Ltd is the South African Representative Office for this fund.

The information to follow does not constitute financial advice as contemplated in terms of the South African 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, not all investments are suitable for all investors. Collective Investment Schemes (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future performance. Changes in exchange rates may have an adverse effect on the value, price or income of the product. 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 based on the initial fees applicable, the actual investment date, 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. Trail commission and incentives may be paid and are for the account of the Manager.

The Manager has the right to close any Portfolios to new investors to manage them more efficiently in accordance with their mandates. Performance figures for periods longer than 12 months are annualised. The performance fee is accrued daily, based on performance over a rolling 6 month period with payment to the manager being made bi-annually. Performance fees will only be charged once the performance fee benchmark is outperformed. The portfolio management of all the portfolios are outsourced to Regulated and authorised financial services providers.

Glossary Terms

Annualised total returns

Annualised return is the weighted average compound growth rate over the period measured.

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.

Dividend income

The investor's share of a company's profits, given to him or her as a part-owner of the company.

Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling.

Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

Undervalued equity stocks (value investing approach)

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.

Securities

A general term for shares, bonds, money market instruments and debentures.

Collective investment scheme (CIS)

Collective investment schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Total expense ratio (TER)

This is the total costs associated with managing and operating an investment administration, financial planning and servicing fees. These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which administration, financial planning and servicing fees. These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

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 amount of expected volatility in an investment.

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19 February 2019



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