

PERPETUA GLOBAL EQUITY UCITS FUND



A sub-fund of the Sanlam Universal Funds plc

FUND OBJECTIVE

The objective of the portfolio is to deliver long-term capital growth while emphasising the preservation of capital and outperforming the benchmark index over a rolling five-year period.

FUND STRATEGY

The Fund invests primarily in a concentrated portfolio of global stocks that meet our investment criteria. We invest with a 5-plus year time horizon and capitalise on short-term price volatility to buy good businesses, run by capable management teams when their valuations become attractive.

FUND INFORMATION

Manager	Sanlam Asset Management (Ireland) Ltd
Investment Manager	Perpetua Investment Managers (Pty) Ltd
Portfolio Managers	Delphine Govender and Graeme Ronné
Depository / Custodian	Northern Trust
Transfer agency	Northern Trust
Domicile	Ireland
Risk Profile	Medium to High
Base Currency	US Dollar
Benchmark	MSCI ACWI (Net)
Fund Size	USD 22.9 million
Unit Price	USD 1.423 (Class A)
ISIN	IE00BG1D0S77 (Class A)
Portfolio Launch Date	01 February 2019
Minimum Investment	USD 100,000 (Class A USD)
Income Declaration Date	The Fund does not distribute income. Dividends and Income are automatically added to the NAV of the fund.
Portfolio Valuation Time	Midnight (South African time) on each dealing day.
Transaction Cut-Off Time	4 PM (Irish time on the business day preceding a dealing day).
Daily Price Information	www.sanlam.ie
Dealing/redemption frequency	Daily

FEES

Minimum Initial Advice Fee	0% (up to 5% with intermediary charges if applicable).
Manager Fee	0.15% per annum (Excl. VAT)
Investment Management Fee	0.65% per annum (Excl. VAT)
Performance Fee	None
Exit Fee	None
Other allowed expenses	Depository fees, custody fees, administration fees, directors' fees, legal fees, audit fees, bank charges, regulatory fees, and brokerage/trading fees.
Total Expense Ratio	0.98%
Transaction Cost	0.24%
Total Investment Charges	1.22%
TER Measurement Period	1 July 2021 – 30 June 2024

The Fund does not pay performance fees.

Full details of fees are contained in the fund supplement, which can be obtained free of charge at www.sanlam.ie

NOTE: A higher TER does not imply a poor return, nor does a low TER imply a good return. The current TER may not be an accurate indication of future TERs.

Transaction costs are a necessary cost in administering the Financial Product and impact 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.

MDD Issue Date: 25/10/2024

TOP 10 HOLDINGS (%)

Portfolio Date: 30/09/2024

Company	Country	Weight
Alibaba Group	China	6.0%
Brookfield Corporation	Canada	5.3%
British American Tobacco	United Kingdom	4.3%
PayPal	United States	4.2%
Diageo	United Kingdom	4.1%
Tencent	China	3.8%
Euronext	France	3.8%
Booking	United States	3.3%
Unilever	United Kingdom	3.3%
St James's Place	United Kingdom	3.2%
Top 10 Positions		41.3%

Source: Perpetua Investment Managers (Pty) Ltd and Bloomberg

SECTOR ALLOCATION (%)

Portfolio Date: 30/09/2024

MSCI Sector	Fund
Communication Services	13.8%
Consumer Discretionary	21.2%
Consumer Staples	18.6%
Energy	0.5%
Financials	33.3%
Health Care	7.6%
Industrials	0.0%
Information Technology	4.9%
Materials	0.0%
Real Estate	0.0%
Utilities	0.0%
Total	100.0%

Source: Perpetua Investment Managers (Pty) Ltd and Bloomberg

PERFORMANCE SUMMARY (%)

Since Inception to 30/09/2024

Fund performance (Net)	Fund	Benchmark
1 month	5.7%	2.3%
3 months	11.4%	6.6%
1 year	17.3%	31.8%
3 years	0.4%	8.1%
5 years	7.0%	12.2%
Since inception (annualised)	6.4%	12.1%

Source: Perpetua Investment Managers (Pty) Ltd and Bloomberg

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ASISA CATEGORY

Global - Equity – General

FEES

This fund is deemed to be medium to high risk in relation to other asset classes due to its equity-based investment approach and emerging and frontier markets exposure, it may be affected by uncertainties such as international political developments and changes in governmental policy or taxation.

Irish domestic law implementing EU and United Nations sanctions may limit or prohibit investment in particular African markets and this may have an adverse impact on the operations of the Fund. Investing in international companies means that currency exchange rate fluctuations will have an impact on the Fund returns. Foreign currency shortages in some frontier markets could reduce the fund's ability to repatriate funds. The investment manager aims to reduce the overall risk by their value and fundamental stance.

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.

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 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.

REGULATORY STATEMENT

The Fund is a sub-fund of the Sanlam Universal Funds plc, a company incorporated with limited liability by 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 are 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 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. The 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 annualized. The Manager retains full legal responsibility for this Fund.

CONTACT INFORMATION

Manager Information

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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.

Investment Manager Information

Perpetua Investment Management (Pty) Ltd

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PORTFOLIO MANAGER COMMENT

As of 30 September 2024

Market Overview

Global markets made strong advances in the third quarter of 2024 despite pronounced volatility, and emerging markets continued to dominate developed markets with the MSCI Emerging Markets Index returning 8.7% vs the MSCI World's 6.4%. Emerging market returns were driven by the People's Bank of China announcement late in the quarter which catalysed the long-awaited recovery of the Chinese stock market. Specifically, China's central bank governor announced a stimulus package which involved cuts in the policy rate, mortgage rates, reserve requirements for banks and an RMB 800 billion liquidity injection into the stock market. This led to a massive rally which culminated in the MSCI China index returning 23.5% in Q3 2024. On the other hand, developed markets faced a tumultuous quarter. Disappointing earnings from big tech companies and the unwinding of Japan's carry trade led to significant market declines early in the quarter. The Nikkei 225 saw a historic single day drop of -12.4%, while the S&P 500 declined by -3% on the same day. On a more positive note, the Federal Reserve initiated their highly anticipated rate-cutting cycle, reducing rates by 50 basis points which prompted a rally in US stocks.

The MSCI ACWI returned 6.6% in the quarter ended 30 September 2024. From a sectoral view, Real Estate (16.8%) and Utilities (16.6%) drove returns in the quarter along with Financials (10.7%) and Industrials (10.2%). Information Technology posted a 1.1% gain for the quarter, underperforming all other sectors except Energy which declined -2.2%. The market appears to be rotating away from the technology growth stocks that drove performance over the first half of 2024 and fourth quarter of 2023. Nvidia fell 1.7% during the quarter while Microsoft declined 3.5%, Alphabet was down 8.6%, Amazon lost 3.5% and ASML fell 18.4%. These stocks are richly valued with high growth expectations baked into their share prices. A broadening of stock market returns is positive for active managers and stock pickers such as Perpetua given the highly concentrated and narrowly driven returns since 2023.

The strong recovery in Chinese stocks over the past two quarters mean they have posted returns ahead of all the Magnificent 7 with the exception of Nvidia and Meta Platform. Despite these strong returns, Chinese stocks remain deeply undervalued and especially compared to their U.S. counterparts. We think there is still a long runway for these stocks to re-rate while many of the Magnificent 7 have substantial downside price risk, especially Nvidia.

Portfolio Performance

The Perpetua Global UCITS Fund ("the Fund") delivered a return of 11.4% net of fees in the third quarter, outperforming the MSCI ACWI ("the benchmark") return of 6.6%. The top contributors to the Fund's returns over the quarter were our overweight positions in Alibaba Group, Brookfield Corporation, PayPal, St James' Place and British American Tobacco. Detractors from returns included our underweight position in Apple and our overweight positions in Kering, Pag Seguro, Dollar General and Samsung.

For the year ended 30 September 2024, the Fund returned 17.3% net of fees while the benchmark returned 31.8%. September 2023 marked the low point for the Technology sector rally as market participants became excited about a Fed pivot to 7 rate cuts (which didn't happen) and 'everything AI'. The 'AI' narrative appears to be running out of steam as the semiconductor and technology businesses need to deliver on the high growth expectations baked into their stock prices. We can see this from the stock price performance of the tech stocks during the third quarter.

Market Outlook and Portfolio Positioning

Looking ahead to the final quarter of the year, global markets face several potential headwinds. The outcome of the US election remains uncertain as do recession risks, with questions lingering about whether the US can engineer a soft landing. Rising tensions in the Middle East may also complicate global efforts to bring inflation under control, posing a challenge for global markets just as major central banks have begun cutting rates.

The correction of Japanese markets in Q3 2024 was instructive in that it demonstrated the extent to which sentiment drives the market and how badly things can go when reality falls short of overly optimistic expectations.

In China, while the government's stimulus programme announcement has driven a recovery in stock prices, the broader economic outlook remains unclear. Prior to the late-Q3 rally, Chinese stocks were significantly undervalued. While the market has re-rated from extremely lowly priced levels, the jury is still out on whether the new stimulus is enough to drive real economic growth on the mainland. How this will play out will have a significant impact on whether emerging markets will continue to outperform developed markets in the rest of 2024. It is clear to use that the Chinese authorities are now willing to do whatever it takes to support asset prices and ignite animal spirits within the Chinese consumer. This should put a floor under market sentiment and stock prices with substantial upside should conditions revert to normal.

Portfolio Managers

Delphine Govender

CA(SA) and CFA

Graeme Ronné

B Com (Hons) and CFA

Portfolio