

INNOVATIVE COMPANIES WE INVEST IN



DIGITAL REALTY



Top 5 Holdings

Holding	Weight
Global X Lithium & Battery Tech ETF	9.5
iShares Automation & Robotics ETF	9.2
iShares Healthcare Innovation ETF	7.5
iShares Global Clean Energy ETF	7.3
Global X Fintech ETF	7.0

PORTFOLIO COMMENTARY

The Sasfin Innovation Portfolio has returned nearly 30% per annum in US dollars over the past five years and since its inception (as of 30 September 2021). However, the portfolio declined 9.6% in the third quarter (Q3) and had fallen just over 1% this year (Q1: -0.3%; Q2: +9.9%) by the end of September.

Q3 was a tough quarter for the portfolio. The continued rise in long-term US interest rates over the period was a headwind and once again resulted in growth stocks - which this portfolio is heavily exposed due to its investment strategy – coming under pressure. Good performances over the quarter by the **Global X Lithium & Battery Tech ETF**, **First Trust Nasdaq Cybersecurity ETF** and **Elastic NV** were offset by weakness in our two Chinese holdings, **LexinFintech** and **Baozun**, streaming device and platform company **Roku** and gene-editing group **CRISPR Therapeutics**, in particular.

Smart Mobility and Clean Energy play, the **Global X Lithium & Battery Tech ETF**, invests in the full lithium cycle, from mining and refining the metal, through to battery production. Lithium battery technology is essential to the rise of electric vehicles (EVs), renewable energy storage, and mobile devices. We have a favourable view on the upstream lithium miners and battery producers who are responsible for extracting the raw materials and manufacturing the batteries for EVs and are therefore likely to determine the growth trajectory for EVs.

The **First Trust Nasdaq Cybersecurity ETF** provides exposure to companies engaged in the cybersecurity segment of the technology and industrials sectors. Its largest holdings are Palo Alto Networks, Accenture, CrowdStrike Holdings, Okta and Cisco Systems. Remote work and growth in cloud computing since the start of the pandemic have complicated corporate security, leaving many enterprises vulnerable to hackers. As a result, complaints to the FBI's Cyber Division are up 400% from prior to the pandemic. This has served as a tailwind for companies with exposure to these areas.

LexinFintech and **Baozun** declined sharply as the Chinese government continued its clampdown on the tech and related sectors during the quarter. LexinFintech is a leading online consumer finance platform in China. The company utilises technologies including big data, cloud computing and artificial intelligence (AI) to enable the near-instantaneous matching of user funding requests with offers from the company's more than 100 funding partners. We are keeping a close eye on our Chinese exposure but believe that these stocks have been overly punished by the market at this stage.

It was a challenging quarter for genetics companies - the **ARK Genomic Revolution ETF** and gene-editing group **CRISPR Therapeutics** both pulled back sharply.

CRISPR Therapeutics is a Switzerland-based gene-editing company. It focuses on the development of gene-based medicines for serious diseases. The company develops its products using a Clustered Regularly Interspaced Short Palindromic Repeats (CRISPR)/Cas9 gene-editing platform, which allows for precise directed changes to genomic deoxyribonucleic acid (DNA). It has a portfolio of therapeutic programs in a range of disease areas, including hemoglobinopathies, oncology, regenerative medicine and rare diseases. CRISPR is one of the largest and best-funded clinical stage biotech companies focused exclusively on gene therapy on the market today. Lacklustre clinical trial results published by the genetics companies during the third quarter weighed on the sector. CRISPR has been under further pressure in October. The company released data last week from its CAR-T treatment, CTX110, sending the share down more than 13%. In an ongoing phase 1 study for large B-cell lymphoma (LBCL), CTX110 demonstrated impressive safety data, with no evidence of serious forms of an inflammatory reaction called cytokine release syndrome. Unfortunately, only 21% of LBCL patients experienced a complete response at six months. In comparison, Gilead's Yescarta demonstrated a 74% complete response rate in first-line therapy for LBCL last year, with 9% experiencing a grade 3 or higher cytokine release syndrome. Though not a true like-for-like comparison, CRISPR will find it challenging going against not only multiple positive data sets for Yescarta but also years of clinician experience with the Gilead treatment.

However, CRISPR did have promising data for its gene therapy for sickle cell disease during the second quarter of this year. Furthermore, the company has numerous other treatments in its development pipeline targeting a broad range of diseases.

We currently hold **12 stocks and 8 exchange-traded funds (ETFs)** in the Innovation Portfolio – all of which we are very comfortable owning and will continue to monitor closely to ensure that we continue to deliver attractive returns for our clients going forward. We are currently conducting research into several new shares within the Cybersecurity, Fintech, and Cloud Computing themes.

Commentary by Nicholas Dakin

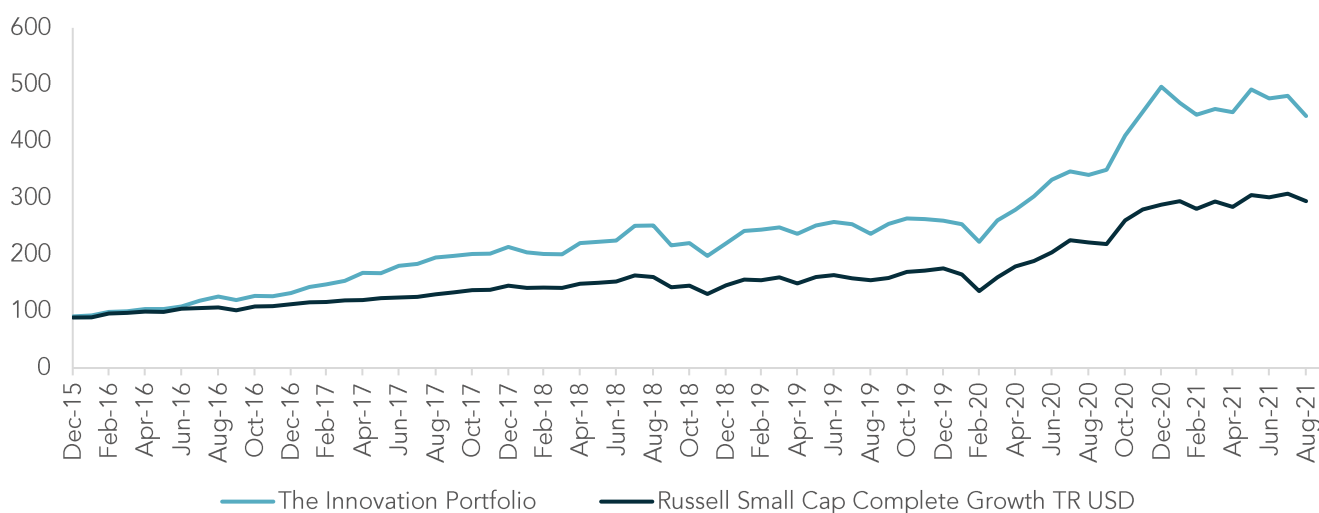
PERFORMANCE

Total return in US Dollar (USD) terms

USD Returns (%)	1 month	3 months	YTD	1 year	3 years*	5 years*	Since inception*
Sasfin Innovation Portfolio	-7.5	-9.6	-1.6	30.5	20.9	28.7	29.6
Russell Small Cap Growth	-4.3	-3.5	5.2	33.1	22.4	22.5	20.6

Source: FactSet, Sasfin * Annualised returns

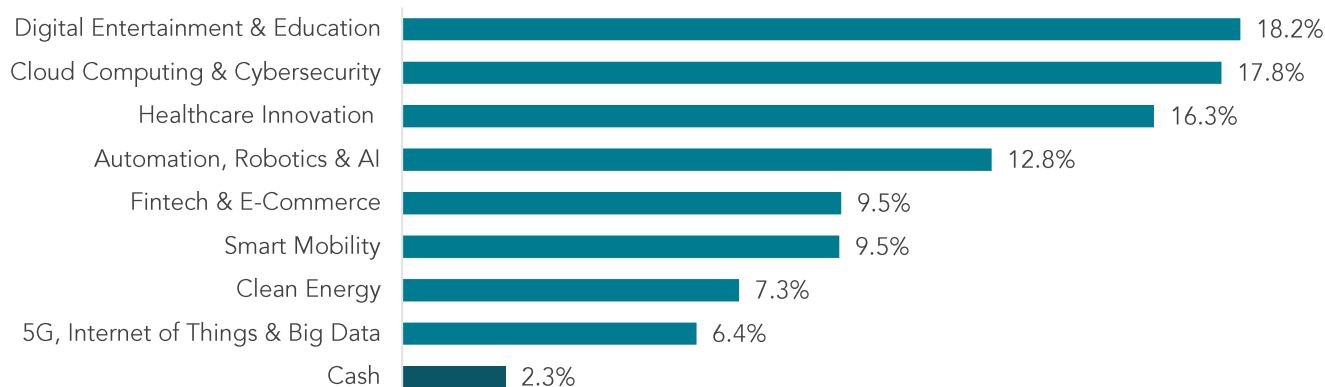
Indexed performance in USD since inception



Note: As of 30 September 2021. Performance reflects simulated returns to January 2019. Periods greater than one year are annualised. All performance is net of underlying instruments fees and gross of management fees

POSITIONING

Investment Theme Weightings



APPENDIX

What is the Innovation Portfolio?

Numerous disruptive thematic innovations are set to fuel world economic growth in the 2020s. The Innovation Portfolio seeks to **capitalise on the themes driving this growth** such as Smart Mobility, Healthcare Innovation, Internet-of-Things & 5G, Robotics & AI, Cloud Computing & Cybersecurity, e-Commerce & Digital entertainment, and Clean Energy.

The Innovation Portfolio invests in innovative global companies, using a combination of **active and passive investment strategies**. The portfolio invests in exchange traded funds (ETFs) to provide diversified exposure to each of the investment themes. Thereafter, stocks are selected to complement these ETFs within each theme.

It is an **offshore share portfolio** (the client owns each of the underlying holdings), based in US dollars, and benchmarked against the Russell Small Cap Complete Growth Index.

Why should you consider investing in this portfolio?

- The Innovation Portfolio provides **exposure to innovative global companies** that are positioned to benefit from attractive long-term investment themes that are driving growth and changing the world.
- The portfolio is managed by a **dedicated and experienced investment team**, with a deep understanding of the investment themes and underlying holdings.
- The portfolio contains a relatively **small number of holdings** to ensure that the holdings are understood in detail. However, it is highly diversified across geographies, sectors and investment themes.
- All proposed portfolio changes must be passed by the Sasfin Investment Committee thereby ensuring **good governance**.
- The **performance track record has been very strong**, and the portfolio has consistently outperformed its benchmark since inception on 1 January 2015.

Investment Team



Nicholas Dakin

Nicholas joined Sasfin in 2016 as a Global Equity Analyst, focused primarily on analysing technology and consumer shares. He is a Portfolio Manager at Sasfin's Cape Town branch, managing offshore portfolios for private clients. Nicholas is a member of the Sasfin Securities Investment Committee and holds a Bachelor of Business Science in Mathematical Statistics and Economics as well as a Master of Commerce in Financial Markets from Rhodes University. Nicholas covers the following investment themes: Digital Entertainment & Education; Smart Mobility.



Wouter van der Merwe, CFA

Wouter has worked as a Portfolio Manager at Sasfin Wealth for seven years, building wealth and a legacy for high-net-worth individuals and families. He is also a member of the Sasfin Investment Committee and is particularly involved in looking at the technology sector. Wouter holds a Bachelor of Commerce in Financial Management, Honours in Financial Economics and Investment Management, and is a CFA Charterholder. Wouter covers the following investment themes: FinTech & E-Commerce; Automation, Robotics & Artificial Intelligence.



Samuel van Tonder, CFA

Sam has worked as a Portfolio Manager in David Shapiro's investment team for over five years. He is focused primarily on the management of offshore equity portfolios. He has a keen interest in the renewable energy, semiconductor and broader tech sectors. Sam holds a Bachelor of Commerce in Investment Management, Honours in Economics and Financial Analysis, and is a CFA Charterholder. Sam covers the following investment themes: Healthcare Innovation; Clean Energy; Cloud Computing & Cybersecurity.

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