

INVESTMENT POLICY SUMMARY

The Satrix Quality Index Fund is an equity only portfolio. To capture this investment style and its effect, Satrix has developed the proprietary Satrix Quality Index. It aims to capture the return of the equity market enhanced by the Quality risk premium. This is achieved by constructing a portfolio tilted toward stocks (or equities) that display positive quality characteristics and away from stocks showing negative quality characteristics. Quality is defined for the index in terms of a composite of Profitability (Return on Equity) and Balance Sheet Quality (accruals). The index is reviewed and rebalanced twice a year (June and December) where parameters are recalculated with cognizance given to the liquidity of individual counters and the turnover of the index as a whole. The index is also moderated in terms of sector and stock specific risks. The universe for selection of stocks to be included in the Satrix Quality Index is all stocks on the JSE that meet the applicable liquidity screening requirements referred to in the calculation methodology, excluding listed property stocks.

WHY CHOOSE THIS FUND?

- Offers exposure to the Quality factor, which has delivered higher returns in the long-term by investing in companies that score high in Profitability and Balance Sheet quality.
- Provides diversification benefits when combined with other factor strategies.
- Single factor strategies, like Satrix Quality, offer an effective means of gaining exposure to a particular factor or style in order to compliment or offset other exposures, and should form part of a well-diversified portfolio.

FUND INFORMATION

ASISA Fund Classification	SA - Equity - General
Risk profile	Aggressive
Benchmark	Proprietary Satrix Quality Index
Portfolio launch date	Aug 2015
Fee class launch date	Aug 2015
Minimum investment	Manual: Lump sum: R10 000 Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R110.2 million
Last two distributions	30 Jun 2024: 24.05 cents per unit 31 Dec 2023: 25.41 cents per unit
Income decl. dates	30 Jun 31 Dec
Income price dates	1st working day in July & January
Valuation time of fund	17:00
Transaction cut off time	Manual: 15:00 SatrixNOW.co.za: 13:30
Daily Price Information	www.satrix.co.za
Repurchase period	T+3

TOP 10 HOLDINGS

Securities	% of Portfolio
Firstrand Ltd	9.31
Standard Bank Group Ltd	7.86
Naspers Ltd	7.52
Capitec Bank Holdings Ltd	6.87
Gold Fields Ltd	6.61
Shoprite Holdings Ltd	4.98
Bhp Group Limited	4.77
Bid Corporation Limited	4.70
Clicks Group Ltd	4.44
Harmony Gold Mining Company Ltd	4.35

as at 30 Sep 2024

PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	26.78	28.44
3 year	13.24	14.55
5 year	7.75	8.89
Since inception	5.77	6.96

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

ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS*

Highest Annual %	26.78
Lowest Annual %	(10.11)

FEES (INCL. VAT)

	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	0.69
Total Expense Ratio (TER)	0.81
Transaction Cost (TC)	0.33

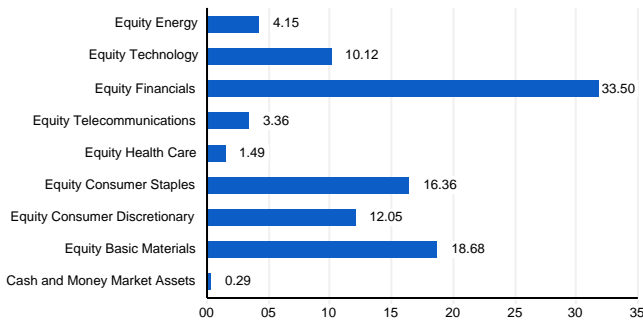
Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

Total Expense Ratio (TER) | The Management Fee is expressed as an annual percentage of the daily NAV of the CIS. This Fee is net of any scrip lending income and Management Fee waiver, where applicable.

The Total Expense Ratio (TER) is the charges incurred by the portfolio, for the payment of services rendered in the administration of the CIS. The TER is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 3 years on an annualised basis. The Transaction Cost (TC) is the cost incurred by the portfolio in the buying and selling of underlying assets. This is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 3 years on an annualised basis.

The current TER/TC cannot be regarded as an indication of future TER and TC. A higher TER and TC does not imply a poor return nor does a low TER and TC imply a good return. Obtain the costs of an investment prior to investing by using the EAC calculator provided at satrix.co.za.

ASSET ALLOCATION



PORTFOLIO QUARTERLY COMMENTARY - 30 SEP 2024

The Dow Jones Industrial Average and the S&P 500 closed the third quarter at all-time highs after the US Federal Reserve Bank (Fed) cut rates by 50 bps for the first time since 2020. The US inflation rate has been on a downward trend since March this year, moving from 3.5% to 2.5% in its last print in September. The euro area showed a similar trend, moving from 2.8% at the start of the year down to 1.8%. However, the European Central Bank (ECB) cut rates by 25 bps in June and a further 60 bps in September. South Africa's inflation eased from 5.6% at the start of the year to 4.4%, and the South African Reserve Bank (SARB) cut interest rates by 25 bps at their policy meeting in September.

In rand terms, the third quarter saw US stock-heavy indices mute as the MSCI World Index was up 0.4%, while the MSCI USA and the S&P 500 indices were both down 0.1%. The Nasdaq 100 Index had been trading sideways through the quarter and ended the period down 3.7%. China announced a late stimulus push to revive its troubled economy, which sent waves across the globe and saw its stock market significantly up. In rands, the MSCI China Index was up 16.5% for the quarter, pushing the MSCI Emerging Markets Index up 2.6% for the same period. The MSCI India Index was up 1.2% during the quarter and global bonds were up 1%. The MSCI Europe Index was up 0.6% and the MSCI United Kingdom Index was up 1.9%.

Possible disruption of oil supply, fuelled by the escalation in Middle East conflicts - particularly Iran and Israel - resulted in volatility in the oil price. OPEC+, on the other hand, was planning to restore some of the production capacity it had halted and is set to push up production in December this year. Brent crude oil ended the quarter at US\$71.70 a barrel, a 15.6% drop from the start of the quarter. The gold price continued its run, reaching an all-time high and ended the quarter up 13.3%, at US\$2 635.70.

In July, President Joe Biden announced his withdrawal from the 2024 US presidential election and endorsed his second-in-command, Vice President Kamala Harris, as his replacement. It is a close contest as 5 November approaches, the US' 60th quadrennial presidential election. The US 20-year Government Bond yield closed the quarter at 4.18%.

In local markets, the FTSE/JSE All Share Index (ALSI) was up 9.6% for the third quarter and the FTSE/JSE Top 40 Index (Top 40) was up 8.6%. The outperformance in the local market was largely driven by Financials, which were up 13.9% for the quarter, and Industrials, which were up 11.4%. Resources were down 1.1%. The South African 10-year Government Bond yield closed the quarter at 8.85%, while the All Bond Index (ALBI) was up 10.5%. The cash benchmark, the Alexander Forbes Short-Term Fixed-Interest (STeFI) Composite Index, delivered positive money market returns of 2.1%, while the FTSE/JSE SA Listed Property Index (SAPY) was up 18.7% for the quarter.

During the quarter, the rand appreciated by 5.6% to the US dollar, closing at R17.23 to the greenback, R23.11 to the pound and at R19.23 to the euro.

Portfolio Performance, Attribution and Strategy

In the third quarter of 2024, global equities continued to rise, and emerging markets again ended up outperforming developed markets with China leading the way this time around. The MSCI World Index was up 0.4% during the quarter while the MSCI Emerging Markets Index was up 2.6%, in rand terms. With the Fed cutting rates, along with the ECB and the South African Reserve Bank (SARB), there was some volatility in the market, with the Nasdaq Index closing the period down 3.7%.

Looking at offshore factor performance, Low Volatility, High Dividend Yield and Equal-Weighted indices outperformed the MSCI World Index over the quarter, while Value and Growth-targeting indices were tied with the market. The worst performing factor was Momentum, followed by Quality, which are factors that have high allocation in info tech stocks like NVIDIA and these stocks had been trading sideways through the quarter. The outperformances from Equal Weighting highlighted the pick-up in returns that came from smaller cap stocks while reducing the impact from the negative performance in large caps seen from the Nasdaq counters.

In emerging markets, the Equally Weighted strategy outperformed the MSCI Emerging Markets Index, followed by the Low Volatility and Growth strategies. The worst performing factors were Momentum and Value, followed by Quality and

Dividend Yield.

Locally, the Quality and Low Volatility factors outperformed the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) followed by the Momentum strategy. The Equally Weighted index was the worst performer against the Capped SWIX, followed by Value and Dividend Yield.

During the quarter, the Satrix Quality strategy outperformed the FTSE/JSE Shareholder Weighted (SWIX) index. From an attribution perspective, overweight positions in Mr Price (MRP) and MTN Group (MTN) and an underweight position in Anglo American plc (AGL) added value to the strategy over the quarter. Counters that detracted value from the strategy included underweight positions in The Foschini Group (TFG) and Nedbank (NED) and an overweight position in Exxaro Resources (EXX).

During the rebalance in September, the strategy added Bytes Technology (BYI), Life Healthcare (LHC), Nedbank (NED) and The Foschini Group (TFG) while it deleted Richemont (CFR), Coronation (CML), Italtile (ITE), Mondi plc (MNP), MTN Group (MTN), Old Mutual (OML), Transaction Capital (TCP), Truworths (TRU) and WeBuyCars (WBC).

The index and portfolio remain focused in its extraction of Quality and should markets give way to further risk aversion, the defensive character of the basket should prove rewarding while not meaningfully compromising returns during up markets.

RISK PROFILE (AGGRESSIVE)

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term. It is designed to track the benchmark and is a pure equity fund. There will be capital volatility in the short- to medium-term, although higher returns should be expected over longer-term periods.

CONTACT DETAILS

Manager

Satrix Managers (RF) Pty Ltd (Reg. No. 2004/009205/07). 4th Floor, Building 2, 11 Alice Lane, Sandown, 2146.

Investment Manager

The management of investments are outsourced to Satrix, a division of Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Trustee

Standard Chartered Bank, Tel No.: 011 217 6600, E-mail: southafrica.securities-services@sc.com

DISCLAIMER

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*The highest and lowest annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet exist for 10 years.

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 performances, 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, Satrix Managers (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 other unit trust portfolios which 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 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. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Chartered Bank is the appointed trustee of the Satrix Managers Scheme.

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R36 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are subject to tax penalties.