

### 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

<b>ASISA Fund Classification</b>	South African - Equity - General
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	Proprietary Satrix Quality Index
<b>Portfolio launch date</b>	Aug 2015
<b>Fee class launch date</b>	Aug 2015
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R99.8 million
<b>Last two distributions</b>	30 Jun 2024: 24.05 cents per unit 31 Dec 2023: 25.41 cents per unit
<b>Income decl. dates</b>	30 Jun   31 Dec
<b>Income price dates</b>	1st working day in July & January
<b>Valuation time of fund</b>	17:00
<b>Transaction cut off time</b>	Manual: 15:00 SatrixNOW.co.za: 13:30
<b>Daily Price Information</b>	www.satrix.co.za
<b>Repurchase period</b>	T+3

### TOP 10 HOLDINGS

Securities	% of Portfolio
Firstrand Ltd	9.24
Standard Bank Group Ltd	7.53
Naspers Ltd	7.45
Capitec Bank Holdings Ltd	7.04
Mtn Group Ltd	5.21
Gold Fields Ltd	4.94
Harmony Gold Mining Company Ltd	4.60
Shoprite Holdings Ltd	4.49
Clicks Group Ltd	4.45
Bhp Group Limited	4.43

as at 30 Jun 2024

### PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	22.24	23.69
3 year	6.75	7.90
5 year	4.37	5.46
Since inception	4.71	5.89

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

### ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS\*

Highest Annual %	22.33
Lowest Annual %	(13.99)

### FEES (INCL. VAT)

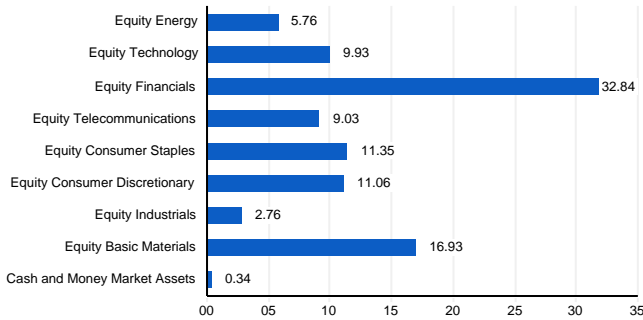
	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.69
<b>Total Expense Ratio (TER)</b>	0.81
<b>Transaction Cost (TC)</b>	0.38

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 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. The TER is calculated from 01 April 2021 to 31 March 2024. A higher TER does not imply a poor return nor does a low TER imply a good return.

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. Obtain the costs of an investment prior to investing by using the EAC calculator provided at [www.satrix.co.za](http://www.satrix.co.za)

**ASSET ALLOCATION**



**PORTFOLIO QUARTERLY COMMENTARY - 30 JUN 2024**

Following a strong first quarter in terms of equity returns, the second quarter was mixed when considering different jurisdictions and asset classes. Demand for companies linked to Artificial Intelligence (AI) continued and improvements in corporate earnings in the US also drove the equity market. In addition, inflation continued to cool with some areas, like the Eurozone, starting to cut rates. Annual inflation in the US was up 3.3% and the US Federal Reserve (Fed) held rates constant while acknowledging that the anticipated rate cuts were pushed out, to start perhaps as late as December this year.

In rand terms, the second quarter of the year saw the MSCI World Index down 1%, the MSCI Emerging Markets Index up 1.2%, and the MSCI USA Index up 0.2%. The MSCI India Index was up 6.3% during the quarter, while the MSCI China Index was also up 3.3%. The MSCI Europe Index was down 3% while the MSCI United Kingdom Index was flat (-0.01%).

A rise in demand for oil and production cuts from OPEC+ influenced inventories, but oil prices were down during the second quarter. Brent crude oil ended the quarter at US\$85 a barrel, a 2.3% drop from the start of the quarter. The gold price reached an all-time high and ended the quarter up 4%, at US\$2 326.40. After a disastrous US presidential debate with current president Joe Biden and former president Donald Trump, the projections for a second term started to shift in favour of Trump. His policies on higher import tariffs, tight immigration laws and possible tax cuts were largely seen as inflationary by the markets. During this period the US 20-year Government Bond yield ticked up to 4.68% at the end of the quarter, while investors continued to take guidance from the Fed's notes on rate cuts and the upcoming US elections.

In local markets, the FTSE/JSE All Share Index (ALSI) was up 8.2% for the second quarter while the FTSE/JSE Top 40 Index (Top 40) was up 7.9%. The outperformance was largely driven by local Financials being up 17.1% for the quarter with Industrials and Resources up 4.8% and 3.4% respectively. The South African 10-year Government Bond yield closed the quarter at 10.2%, while the All Bond Index (ALBI) was up 7.5%. 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 5.5% for the quarter.

President Cyril Ramaphosa was voted in for his second term as president, as several political parties agreed to form a Government of National Unity (GNU) with the ANC, which later drove a massive recovery in SA Inc. stocks in June. In their last meeting, the South African Reserve Bank (SARB) kept rates constant again, as they reiterated that interest rates may remain elevated for an extended period as the committee was sticking to its mandate of achieving its inflation targets. During the quarter, the rand appreciated by 3.6% to the US dollar, closing at R18.26 to the greenback, R23.08 to the pound and at R19.57 to the euro.

**Portfolio performance, attribution and strategy**

In the second quarter of 2024, global equities continued to rise and emerging markets ended up outperforming developed markets with India leading the way. The MSCI World Index was down 1% during the quarter while the MSCI Emerging Markets (EM) Index was up 1.2%, in rand. Optimism around Artificial Intelligence (AI) continued, with the Nasdaq index up 4.1% over the same period.

Offshore, Quality, Growth and Momentum continued to outperform the MSCI World Index over the quarter with Quality the best performer of the two, while Growth also did better than the market. The worst-performing factor was Value, followed by Equally Weighted strategies, which would have reduced exposure to frontrunners like Nvidia and the other Magnificent Seven stocks that reached all-time highs. Again, risk-averse investors were not rewarded during the quarter as the Low Volatility factor underperformed, while High Dividend stocks also underperformed. In Emerging Markets, again, Momentum outperformed the MSCI EM Index, followed by Enhanced Value and High Dividend stocks. The Equally Weighted strategy was the worst performer during the quarter, with Low Volatility and the Growth factor also underperforming.

Locally, the Quality factor outperformed the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) while Momentum was flat. The Value factor was the worst performer during the quarter compared to the Capped SWIX while the Low Volatility factor also underperformed.

During the quarter, the Satrix Quality strategy outperformed the FTSE/JSE  
 Issue Date: 22 Jul 2024

Shareholder Weighted All Share (SWIX) index. From an attribution perspective, overweight positions in WeBuyCars (WBC), Capitec (CPI) and FirstRand (FSR) added value to the strategy over the quarter. Counters that detracted value from the strategy included overweight positions in MTN Group (MTN) and Transaction Capital (TCP) and an overweight position in Anglo American plc (AGL).

There were no deletions nor additions during the quarter, as the strategy rebalances in March and September.

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

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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.

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