Satrix Money Market Fund

A1 Class | 31 October 2024

INVESTMENT POLICY SUMMARY

This fund aims to deliver a higher level of income than fixed deposits and call deposits over time. Capital preservation is of primary importance and the fund offers immediate liquidity. The fund has no offshore exposure. The fund invests in a range of money market instruments which include negotiable certificates of deposit, bankers' acceptances, debentures, treasury bills and call accounts. The fund may only invest in money market instruments with a maturity of less than 13 months. While capital losses are unlikely, they can occur if, for example one of the issuers of an instrument held by the fund defaults. In this event losses will be borne by the fund and its investors.

WHY CHOOSE THIS FUND?

- This fund is ideal for use as an emergency fund.
- It could form the core fund of your portfolio's cash component.
- It is ideal for risk-averse investors, or investors who are waiting for market volatility or global uncertainty to subside.
- The fund should produce higher returns than call deposits while interest rates are declining.
- The fund pays out income on a monthly basis.
- In rising interest rate environments, these funds will benefit soonest from higher call deposit rates.

FUND INFORMATION

ASISA Fund Classification	SA - Interest Bearing - SA Money Market
Risk profile	Conservative
Benchmark	STeFI Composite Index
Portfolio launch date	01 Dec 2016
Fee class launch date	01 Dec 2016
Minimum investment	Lump sum: R10 000 | Monthly: R500
Portfolio size	R488.0 million
Yield	8.70%
Last twelve distributions	31 Oct 2024: 0.71 cents per unit 30 Sep 2024: 0.71 cents per unit 31 Aug 2024: 0.73 cents per unit 31 Jul 2024: 0.73 cents per unit 30 Jun 2024: 0.71 cents per unit 31 May 2024: 0.74 cents per unit 30 Apr 2024: 0.70 cents per unit 31 Mar 2024: 0.73 cents per unit 28 Feb 2024: 0.68 cents per unit 31 Jan 2024: 0.73 cents per unit 31 Dec 2023: 0.73 cents per unit 30 Nov 2023: 0.71 cents per unit
Income decl. dates	Last day of each month
Income price dates	1st working day of the following month
Valuation time of fund	17:00
Transaction cut off time	13:00
Daily price information	www.satrix.co.za
Repurchase period	T+3

TOP 10 HOLDINGS

Securities	% of Portfolio
Nedbank F/r 08112024	19.44
Firstrand Bank F/r 17092025	6.39
Republic Of South Africa Tb 8.2338% 02012025	5.97
Standard Bank F/r 24102025	5.83
Republic Of South Africa Tb 9.1074% 19022025	5.37
Absa F/r 28072025	3.25
Republic Of Sa Tb 8.60% 05022025	2.57
Absa Ncd 9.1% 24032025	1.94
Republic Of South Africa Tb 8.975% 20112024	1.76
Republic Of South Africa Tb 8.9518% 02012025	1.48

as at 31 Oct 2024

PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	8.91	8.53
3 year	7.31	7.00
5 year	6.40	6.14
Since inception	6.85	6.58

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

ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS*

Highest Annual %	8.91
Lowest Annual %	3.87

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	0.29
Total Expense Ratio (TER)	0.31
Transactional Costs (TC)	0.00

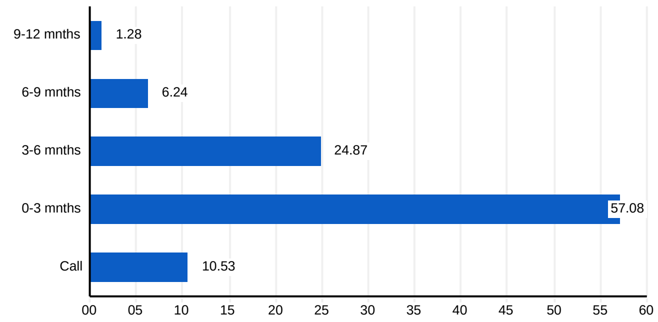
Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is 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 third quarter ended with strong returns for all key asset classes, despite a few episodes of market volatility. The long-awaited start of the US Federal Reserve (Fed)'s rate cutting cycle in September, together with a less hawkish tone from Japanese policymakers and new stimulus in China, helped soothe investor concerns and support a strong rally in stocks into quarter end. Fixed-income markets were supported by the expectation of lower rates. Government bonds and credit both delivered solid returns while emerging market debt rallied by 6.1% over the quarter.

The Fed started its cutting cycle with a significant 50-bps move in September. With unemployment drifting higher to 4.2% from a low of 3.4% in April 2023, they stated that they don't want any further weakening in the economy. The European Central Bank (ECB) cut rates for the second time in September by 25 bps.

Locally, the South African Reserve Bank (SARB) started its easing cycle with a unanimous 25-bps cut but they maintained a cautious tone. The Monetary Policy Committee (MPC) made large downward revisions to its inflation forecasts and now sees headline CPI inflation tracking below the mid-point through its forecast horizon. The MPC now sees the risks to the inflation outlook as balanced.

SA GDP rose by 0.4% quarter-on-quarter (q/q) in 2Q24 after being flat (0.0% q/q) in 1Q24, as the country experienced no loadshedding for the entire quarter for the first time in years. Seven out of 10 sectors grew positively, with finance, real estate and the business services sector leading the way. The unemployment rate increased to 33.5% in 2Q24, the highest in two years, increasing from 32.9% q/q in 1Q24.

August headline CPI inflation printed softer than expected at 4.4% year-on-year (y/y), down 0.2% from July. This was the first reading below the mid-point of the target range since early 2021. Core inflation also surprised to the downside at 4.1% y/y. PPI inflation also fell more than expected to 2.8% y/y in August from 4.2% y/y in July.

The ABSA manufacturing PMI slipped back into contractionary territory, falling to 43.6 in August from 52.4 in July. The economy-wide PMI improved to 50.5 in August from 49.3 in July, mainly supported by improved new sales orders. July manufacturing production was stronger than expected, rising by 2.1% month-on-month (m/m) after falling by a cumulative 3.7% in May and June. July mining output surprised to the downside, falling by 0.9% m/m and declining for the third month in a row. Retail sales for July came in slightly lower than expected, falling by 0.2% m/m in July. Domestic vehicle sales fell markedly in August by 6.7% m/m as the July 8.3% m/m jump proved unsustainable.

Earlier in the quarter the International Monetary Fund (IMF) forecast global GDP growth of 3.2% for 2024 and 3.3% for 2025. On inflation they said that the pace of global disinflation has slowed due to stickiness in services inflation offsetting lower goods inflation and that this would complicate monetary policy normalisation. They left SA's GDP forecast unchanged at 0.9% for 2024 and 1.2% for 2025.

Fitch Ratings affirmed SA's sovereign credit rating at BB- and maintained a Stable outlook. They emphasised a lower growth outlook, saying that although operation Vulindlela had made progress with reform implementation, it did not expect these to lift the growth potential, which it estimates at 1%. Against this, they project 0.9% growth in 2024, 1.5% in 2025 and 1.3% in 2026, as it believes that logistics infrastructure and weak investment, among other factors, will continue to constrain growth.

Headline CPI decreased to 4.4% y/y in August from 5.1% y/y in June. Core CPI also decreased from 4.5% y/y to 4.1% y/y. PPI inflation decreased substantially from 4.6% y/y to 2.8% y/y. The rand strengthened significantly from 18.23 in June to 17.22 in September vs the US dollar. The 10-year SA government bond yield also strengthened substantially from 11.24% in June to 9.95 % in September. The trade balance decreased from a surplus of R24.2 billion in June to a surplus of R5.6 billion in August.

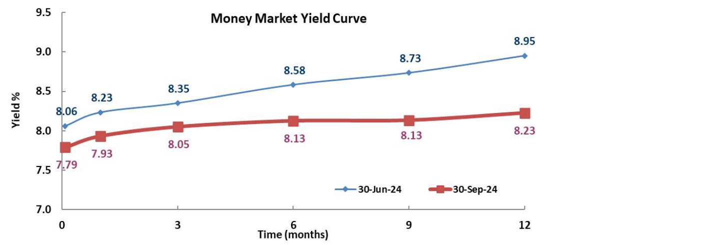
The money market yield curve shifted downward and flattened significantly over the quarter following the SARB's 25-bps rate cut and lower interest rate expectations from the market.

What We Did

Quality corporate credit and RSA Treasury Bills, which are yielding higher than JIBAR rates, were added to the portfolio. The combination of corporate credit, high-yielding RSA Treasury Bills, negotiable certificates of deposit (NCDs) and floating-rate notes (FRNs) will enhance portfolio returns.

Our Strategy

Our preferred investments would be a combination of fixed-rate notes, FRNs and quality corporate credit to enhance returns in the portfolio. With the MM yield curve up to one year flattening significantly, fixed-rate bank notes do not seem attractive relative to FRNs, however, if the SARB were to cut rates more/faster than expected by the market, they will outperform. RSA Treasury Bills are still attractive relative to bank NCDs.



RISK PROFILE (CONSERVATIVE)

A conservative portfolio caters for an extremely low risk tolerance and is designed for minimum capital fluctuations and volatility. It is appropriate as a short-term investment. There are no growth assets in this portfolio, and it is a cash-based investment. The conservative portfolio aims to yield returns that are similar to inflation. Capital protection is of prime importance.

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