

#### INVESTMENT POLICY SUMMARY

The Satrix SmartCore™ Index Fund aims to replicate the price and yield performance of the proprietary Satrix SmartCore™ Index ("Index") as closely as possible. The portfolio is equity only for investors with a more aggressive risk profile and a longer-term investment horizon. The Satrix SmartCore™ Index Fund is designed to offer a diversified equity portfolio with the objective to enhance the returns relative to the FTSE/JSE Capped SWIX. This is achieved by targeting stocks with positive exposures to multiple desired attributes, such as Momentum, Value and Quality. These attributes are rewarded drivers of returns, and when combined using a multi-factor approach, offer strong overall exposure to the desired factors, while managing a variety of risks relative to the SA equity market. Through the cycle, this strategy aims to deliver capital growth, while delivering positive risk-adjusted excess returns with robust risk control relative to its benchmark.

#### WHY CHOOSE THIS FUND?

- You have an aggressive risk profile and are seeking longer-term capital growth.
- You require a diversified equity portfolio which aims to deliver returns in excess of the market.
- You have a long term investment horizon, i.e. greater than 5 years.
- You would like to use the portfolio as a core equity holding or as a building block within a multi-asset portfolio

#### FUND INFORMATION

<b>ASISA Fund Classification</b>	South African - Equity - General
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	Satrix SmartCore™ Index
<b>Portfolio launch date</b>	30 April 2019
<b>Fee class launch date</b>	30 April 2019
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R4.1 billion
<b>Last two distributions</b>	30 Jun 2023: 26.87 cents per unit 30 Dec 2023: 24.97 cents per unit
<b>Income decl. dates</b>	30 June   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
Naspers Ltd	10.61
Standard Bank Group Ltd	8.81
Mtn Group Ltd	8.46
Gold Fields Ltd	6.95
Bhp Group Limited	5.83
Nedbank Group Ltd	5.04
Firststrand Ltd	4.62
Absa Group Limited	4.45
Investec Ltd	3.55
Harmony Gold Mining Company Ltd	3.40

as at 31 Mar 2024

#### PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	4.93	5.79
3 year	6.83	7.80
5 year	N/A	N/A
Since inception	6.96	7.98

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

#### ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS\*

Highest Annual %	52.73
Lowest Annual %	(8.94)

#### FEES (INCL. VAT)

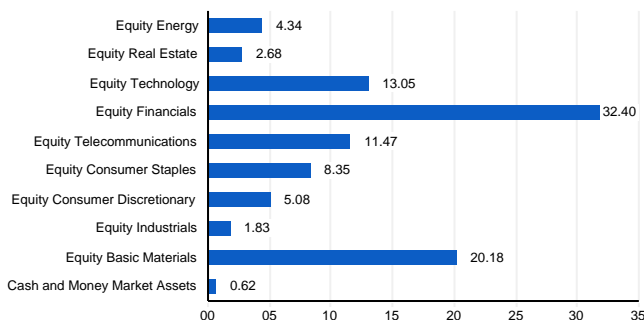
	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.69
<b>Total Expense Ratio (TER)</b>	0.70
<b>Transaction Cost (TC)</b>	0.18

**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 - 31 MAR 2024

Offshore equity markets started the year strong as optimism surrounding Artificial Intelligence (AI) and strong economic growth prospects continued, allowing central banks to keep their interest rate-cutting plans in play. Annual inflation in the US edged up 3.2% in February while unemployment ticked up to 3.9% from 3.7%. China set an ambitious 5% growth target for the year, while it vowed to transform its development model and lower risks associated with its property sector being bankrupt.

In rand terms, the first quarter of the year saw the MSCI World Index up 12.7%, the MSCI Emerging Markets Index up 6%, and the MSCI USA Index up 14.2%. The MSCI India Index was up 9.8% during the quarter, while the MSCI China Index rose 1.3%. The MSCI Europe Index was up 9% while the MSCI United Kingdom Index rose 6.8%.

During their March meeting, the US Federal Reserve (Fed) left rates unchanged for the fifth time in a row, since pausing last year. Oil prices spiked during the quarter with oil producers like Russia and members of OPEC cutting production to tighten the supply-demand in the market. Brent oil ended the quarter at US\$86.97 a barrel, a 12.9% increase from the start of the quarter. The gold price ended the quarter up 8.5%, hitting a record high of US\$2 238. The US 20-year Government Bond yield ticked up to 4.46% at the end of the quarter.

The story was different in local markets, as the FTSE/JSE All Share Index (ALSI) was down 2.2% for the first quarter and the FTSE/JSE Top 40 Index (Top 40) was down 2.3%. The underperformance was largely driven by local Financials being down 7.1% for the quarter with Resources and Industrials up 0.6% and 0.7% respectively. The South African 10-year Government Bond yield closed the quarter at 10.9%, while the All Bond Index (ALBI) was down 1.8%. The cash benchmark, the Alexander Forbes Short-Term Fixed-Interest (STeFI) Composite Index, delivered positive money market returns of 2%, while the FTSE/JSE SA Listed Property Index (SAPY) was up 3.8% for the quarter.

South Africa heads to the polls in May this year, and the elections might prove to be the most contested since 1994. The markets will be watching how the exchange is impacted with the potential coalition permutations that may be spun out of the election results. The markets are also keeping a close eye on the South African Reserve Bank (SARB)'s policy on rate cutting anticipated for this year. At their last meeting, the SARB kept rates unchanged, though it cited some inflation risks as it moved closer to the top of the central banks' 3-6% inflation target range, printing 5.6% in February. During the quarter, the rand depreciated by 3.5% to the US dollar, closing at R18.94 to the dollar, R23.92 to the pound and at R20.45 to the euro.

## Portfolio performance, attribution and strategy

The first quarter of 2024 had a strong start, with the MSCI World Index up 8.3% in dollar terms, on the back of strong economic growth prospect, delayed rate cuts and the optimism around Artificial Intelligence (AI). Again, the so-called Magnificent Seven stocks led the performance during the quarter (except Apple and Tesla), driving the Growth factor even further.

Offshore, Quality, Growth and Momentum outperformed the MSCI World Index over the quarter with Momentum the best performer. Risk-averse investors were the least rewarded during the quarter as Low Volatility underperformed, though the worst underperforming factor was Equal Weighting, which up-weights smaller companies while down-weighting on Large Caps. Factors that also underperformed were Dividend Yield and Value. In Emerging Markets, Momentum was the only factor that outperformed the MSCI Emerging Markets Index, with the Equal Weighting and Quality factors struggling the most and underperforming the region index.

Locally, the Price Momentum and Earnings Revisions sub-factors had a strong quarter while the Leverage sub-factor was also relatively strong, contributing positively to the Quality factor. The Price to Book sub-factor outperformed during the quarter, adding to the Value factor performance, while Dividend Yield, Earnings Yield and Price to Cash Flow were down for the quarter. Low Beta and Low Volatility underperformed while Profitability was flat.

The SmartCore™ fund uses a multi-factor approach where stocks are selected based on their bottom-up combined Value, Momentum and Quality signal. In the first quarter of the year, the multi-factor model added value over and above the Quality single factor while it underperformed the Momentum and Value single factors. Over the same period, SmartCore™ underperformed the FTSE/JSE Capped Shareholder Issue Date: 22 Apr 2024

Weighted All Share Index (Capped SWIX) benchmark while it also underperformed the average of the single factors deployed in the multi-factor model. During the quarter, a pure blend approach of the Satrix proprietary Quality, Value and Momentum indices also underperformed the Capped SWIX.

From an attribution perspective, underweight positions in Sasol (SOL) and Remgro (REM) and an overweight position in Harmony Gold (HAR) added value to the strategy during the quarter. Counters that detracted value from the strategy included underweight positions in Richemont (CFR) and AngloGold Ashanti (ANG) and an overweight position in Standard Bank (SBK).

The Satrix SmartCore™ Index rebalanced in March 2024 and the fund added AngloGold Ashanti (ANG) while positions in MTN Group (MTN) and Thungela Resources (TGA) were increased. These were funded by deleting Sappi (SAP) while positions in Gold Fields (GFI), Glencore (GLN), Standard Bank (SBK) and Woolworths (WHL) were reduced.

## RISK PROFILE (AGGRESSIVE)

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to track the benchmark and is a pure equity fund. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

## 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.

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.