

### 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 2024: 29.44 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	9.86
Firstrand Ltd	9.03
Standard Bank Group Ltd	8.45
Gold Fields Ltd	5.97
Bhp Group Limited	5.85
Nedbank Group Ltd	4.86
Absa Group Limited	4.49
Mondi Plc	3.91
Clicks Group Ltd	3.61
Harmony Gold Mining Company Ltd	3.45

as at 30 Jun 2024

### PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	10.70	11.62
3 year	9.07	10.03
5 year	8.02	9.03
Since inception	7.98	9.00

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

### ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS\*

Highest Annual %	27.60
Lowest Annual %	(11.15)

### FEES (INCL. VAT)

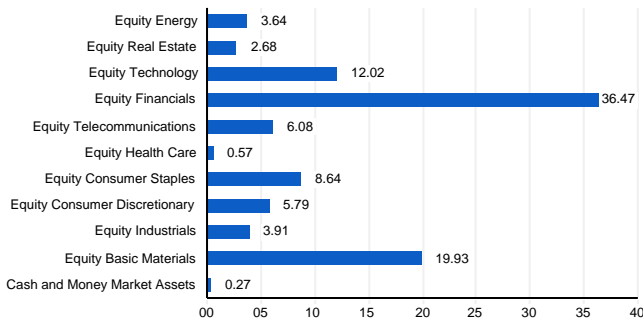
	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.69
<b>Total Expense Ratio (TER)</b>	0.70
<b>Transaction Cost (TC)</b>	0.18

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.

**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.

The Satrix SmartCore™ fund uses a multi-factor approach where stocks are selected based on their bottom-up combined Value, Momentum and Quality signal. In the second quarter of the year, the multi-factor model added value over and above the Value single factor while it underperformed the Momentum and Quality single factors. Over the same period, SmartCore™ underperformed the 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 index.

From an attribution perspective, overweight positions in Standard Bank (SBK) and Nedbank (NED) and an underweight position in Bidcorp (BID) added value to the strategy during the quarter. Counters that detracted value from the strategy included underweight positions in Anglo American plc (AGL) and Capitec (CPI) and an overweight position in MTN Group (MTN).

The Satrix SmartCore™ Index rebalanced in June 2024 and the fund added Life Healthcare (LCH), MultiChoice (MCG), Ninety One plc (N91), Sappi (SAP) and The Foschini Group (TFG) while positions in FirstRand (FSR) and Mondi plc (MNP) were increased. These were funded by deleting Woolworths (WHL) while positions in MTN Group (MTN) and Standard Bank (SBK) were reduced.

**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.

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