Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Bond Index Fund

April 2018

Fund Objective

The fund tracks the performance of its benchmark, the FTSE/JSE All Bond Index. The fund is rebalanced monthly.

Fund Strategy

The fund will invest in a basket of permitted government and corporate fixed-interest securities. The aim is to track the FTSE/JSE All Bond Index. By investing in a passive vehicle the returns to investment strategies are known. By applying a full replication strategy there is minimum risk of deviation from the chosen benchmark. In order to reduce costs and minimise tracking error, Satrix Bond Index Fund engages in scrip lending activities.

Why choose this fund?

*If you seek general market performance through a well-diversified bond portfolio at low cost.
*If you seek a core component for the bond portion of your portfolio.
*If you who prefer to take a longer term view when building wealth.
*If you are cost conscious.

Fund Information

ASISA Fund Classification	SA - Interest Bearing - Variable Term
Risk profile	Moderate
Benchmark	FTSE/JSE All Bond Index
Portfolio launch date	Dec 2008
Fee class launch date	Apr 2014
Minimum investment	Manual: Lump sum: R10 000 I Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R734.2 million
Last two distributions	30 Jun 2017: 40.99 cents per unit 31 Dec 2017: 43.12 cents per unit
Income decl. dates	30 Jun I 31 Dec
Income price dates	1st working day in July and December
Valuation time of fund	17:00
Transaction cut off time	Manual: 15:00 SatrixNOW.co.za: 13:30
% of fund assets allocated to scrip lending desks	Sanlam Investments: 42%
Daily price information	Local newspaper and www.satrix.co.za
Repurchase period	3 working days

Fees (Incl. VAT)

	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	0.49
Total Expense Ratio (TER)	0.49
Transaction Cost (TC)	0.04

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 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 1 year. The TER is calculated from 01 April 2017 to 30 March 2018. 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 1 year. Obtain the costs of an investment prior to investing by using the EAC calculator provided at www.satrix.co.za

Top 10 Holdings

Securities	% of Portfolio
RSA 10.50% 211226	16.43
Republic of South Africa 8.75% 280248	12.09
Republic of South Africa 8.75% 31012044	7.46
Republic of South Africa 8.50% 31012037	7.30
Republic of South Africa 8.00% 31012030	7.19
Republic of South Africa 7.00% 280231	6.31
Republic of South Africa 8.25% 31032032	5.86
Republic of South Africa 7.75% 280223	5.07
RSA 6.25% 310336	4.98
Republic of South Africa 8.875% 28022035	4.84

Top 10 Holdings as at 30 Apr 2018

Performance (Annualised) as at 30 Apr 2018 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	13.34	13.75
3 year	7.99	8.57
5 year	N/A	N/A
Since inception	8.65	9.30

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

Performance (Cumulative) as at 30 Apr 2018 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	13.34	13.75
3 year	25.92	27.98
5 year	N/A	N/A
Since inception	39.34	42.74

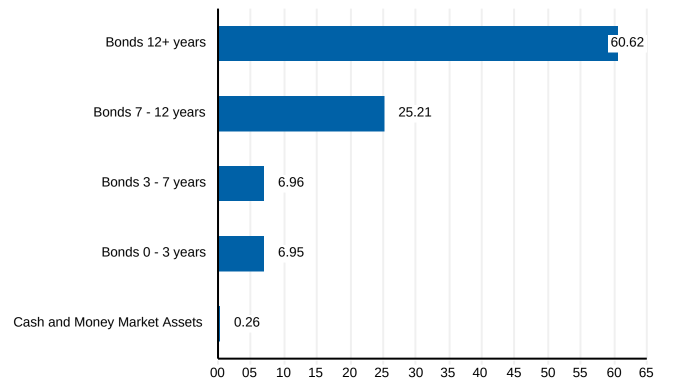
Cumulative return is aggregate return of the portfolio for a specified period

Actual highest and lowest annual returns*

Highest Annual %	13.34
Lowest Annual %	1.04

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary Terms Sheet.

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2018

Those of us who are car fanatics or simply Toyota fans will remember the long running jingle “Everything keeps going right, Toyota” which was introduced in 1973 and ran until 2004. Since the election of Cyril Ramaphosa as ANC President in December 2017, everything has gone right for the South Africa bond market. The political risk premium has been unwound. After much political manoeuvring Jacob Zuma finally resigned as President of the Republic clearing the way for Cyril to ascend to the highest office in the land. The State of the Nation address was well received as the President committed to take tough decisions to close the fiscal gap, stabilise debt and restore our State-owned Enterprises (SoEs) to health. The President also reshuffled cabinet bringing back the much respected Nhlanhla Nene as finance minister and putting Pravin Gordhan in charge of public enterprises.

Minister Gigaba delivered the February budget which promised significant debt consolidation relative to the October Medium Term Policy Statement. The centre piece of the budget was an increase in the VAT rate by 1% to 15% and a reduction in spending of some R85bil over the medium term. The various tax increases and spending reductions will result in government debt stabilising at 56% of GDP compared to previous projections of 60%. The VAT increase was well received by the markets because it showed commitment to fiscal sustainability and the ability to take tough, unpopular decisions ahead of an election year. However as in recent budgets there were few growth enhancing measures and the reduction in spending is coming almost entirely from lower capital expenditure.

On the 23rd of March Moody’s released their much anticipated rating assessment for South Africa. The rating agency decided to keep South Africa’s rating at Baa3 (BBB-equivalent) and crucially changed the outlook from negative to stable. In addition to fiscal consolidation, Cyril’s government has also taken steps to restore institutional strength. The Board of Eskom has been replaced with a more competent and less compromised Board and Tom Moyane has been suspended as Commissioner of SARS. The decision by Moody’s keeps South African debt eligible for inclusion in the Citi Bank World Government Bond index, thus removing a major risk to the bond market.

Bond Market Review

Bond yields in developed markets (DM) rose sharply in January and February before falling back in March. The yields on the US 10-year bond rose 30bps and 16bps in January and February respectively and fell 12bps in March to end the quarter at 2.74%. In January the markets were concerned that inflation was accelerating after Average Hourly Earnings rose by 2.9% y-o-y; the fastest pace since 2009. The market also started to price a higher chance of 4 rate hikes in 2018, one more than the Fed “dot plot” had previously indicated. Inflation fears subsided somewhat as the February jobs report showed an increase of 2.6% in AHE. The equity markets were rocked by increasing signs of trade protectionism as the US and China sparred on trade tariffs. In January the Trump administration announced tariffs of as much as 50% on washing machines and 30% on solar panels. This was followed by tariffs on steel and aluminium of 25% and 10% respectively in March. The Trump administration has pledged to impose tariffs on a further $100billion worth of trade with China. Investors sought the relative safety of bonds and equity market volatility increased.

Emerging market (EM) local currency bonds largely ignored the increase in DM yields because the dollar was weakening and global growth projections were being revised higher. Stronger EM currencies also led to lower inflation in EM economies. South African bonds outperformed their EM counterparts as political risks waned and the Rand strengthened more than other currencies. The ALBI returned 8.06% in Q1 and the benchmark R186 yield fell to 7.99% from 8.64%.

The SARB cut the repo rate to 6.5% at its Monetary Policy Committee meeting of the 28th of March. The move was widely expected as the stronger Rand and Moody’s decision to keep the rating unchanged had reduced risks to the inflation outlook despite the VAT increase.

Credit spreads continued to compress as demand outstripped supply. However credit underperformed the ALBI owing to its lower duration. In February Steinhoff settled all the JSE listed bonds early after selling most of its equity stakes in PSG and KAP.

Bond Market Outlook.

The outlook for (DM) bonds remains poor given a combination of lower liquidity as central banks buy less government bonds, increasing inflation and larger deficits in the US. We think yields in the US will end 2018 closer to 3% perhaps even a little higher. For emerging markets, firmer commodity prices are a positive and coupled with stronger global growth, which leads us to expect continued capital inflows and firmer currencies in EM. However given the outperformance by the Rand and SA bonds over other EMs in the 1st quarter, the outlook for South African bonds is less positive.

Our forecast for inflation is somewhat more bearish than the market. We think CPI will print closer to 5.6% by July from 4% currently and end the year near 5.5%. We do not expect the SARB to cut rates again this year. The decision to cut at the previous meeting was opposed by 3 out of 7 members and also the SARB believes that in order to achieve 4.5% inflation in the long term real repo needs to be 2%.

The risks to our view is that the anticipated growth rebound does not materialise and inflation is softer than current projections which would lead to a more accommodative stance from the SARB.

Portfolio Manager(s)

The Satrix Investment Team

Management of Investments

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

Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to track the benchmark and is a pure bond fund. It aims to minimise volatility and aims to cultivate as smooth a ride as possible. This portfolio has a medium to long-term investment horizon.

Additional Information

Although all reasonable steps have been taken to ensure the information on this website/advertisement/brochure is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

*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 is 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.

Trustee Information

Standard Chartered Bank

Tel no.: 011 217 6600, E-mail: zatrustee.securities@sc.com

Glossary of Terms

Collective investment scheme (CIS)
A collective investment scheme (or unit trust) comprises a pool of assets such as equities, bonds, cash and listed property, which is managed by an investment manager and is governed by the Collective Investment Schemes Control Act no 45 of 2002. Each investor has a proportional stake in the CIS portfolio based on how much money he or she contributed. The word “unit” refers to the portion or part of the CIS portfolio that is owned by the investor. The “trust” is the financial instrument that is created in order to manage the investment. The trust enables financial experts to invest the money on behalf of the CIS investor.

Bonds
Bonds are long term debt obligations of its issuers. Each issuer undertakes to repay the face value at the end of the stated redemption (maturity) period of the bond, plus interest (coupon rate) at specified intervals or at the end of the period, and the interest rate may be fixed or floating. The holder of a bond has a claim on the assets and revenue of the issuer in the event of bankruptcy. This means that a corporate bondholder has a prior claim in relation to the equity.

FTSE/JSE All Bond Index (ALBI20)
FTSE/JSE All Bond Index (ALBI20) is a composite index containing the top 20 vanilla bonds ranked dually by liquidity and market capitalisation. Bonds with a term less than one year are excluded.

Pure bond fund
Pure bond fund invests only in bonds (of permitted government and corporate fixed-interest securities).

Index
An index is a unique grouping of shares, selected according to a pre-defined methodology e.g. largest market capitalisation or highest dividend yield. An index can be constructed to represent the overall market, a specific sector or a theme. The index performance can be used as a benchmark against which to compare active fund performances. A well-constructed index should be transparent, replicable and investable.

Linked Investment Service Provider (LISP)
A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Passive investment
Passive investment is a style of investing where a fund replicates the performance a particular market index. Passive investment vehicles include Exchange Traded Funds (ETF’s) and index tracking unit trusts. They are so called because the portfolio manager doesn’t choose the underlying portfolio. They simply replicate the index they have chosen to track.

Replication strategy
This fund employs a full replication strategy i.e. it replicates the index exactly by buying the same instruments as those in the index in the same proportions, re-balancing whenever the index is rebalanced.

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Tax Free Unit Trust
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 R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

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