Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Bond Index Fund

February 2019

Fund Objective

The fund tracks the performance of its benchmark, the 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 JSE All Bond Index. By investing in a passive vehicle, the returns to investment strategies are known. By applying a full replication strategy, the fund will mirror the composition of 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	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	R1 238.7 million
Last two distributions	30 Jun 2018: 42.53 cents per unit 31 Dec 2018: 43.36 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.)	1.15
Manager annual fee	0.52
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 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 January 2018 to 31 December 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	16.28
Republic of South Africa 8.75% 280248	12.69
Republic of South Africa 8.75% 31012044	7.92
Republic of South Africa 8.00% 31012030	7.66
Republic of South Africa 8.50% 31012037	7.10
Republic of South Africa 8.25% 31032032	6.27
Republic of South Africa 7.00% 280231	6.08
Republic of South Africa 7.75% 280223	5.73
Republic of South Africa 8.875% 28022035	5.29
Republic of South Africa 9.00% 31012040	5.14

Top 10 Holdings as at 28 Feb 2019

Performance (Annualised) as at 28 Feb 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	3.64	4.21
3 year	10.01	10.58
5 year	N/A	N/A
Since inception	7.62	8.26

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

Performance (Cumulative) as at 28 Feb 2019 on a rolling monthly basis

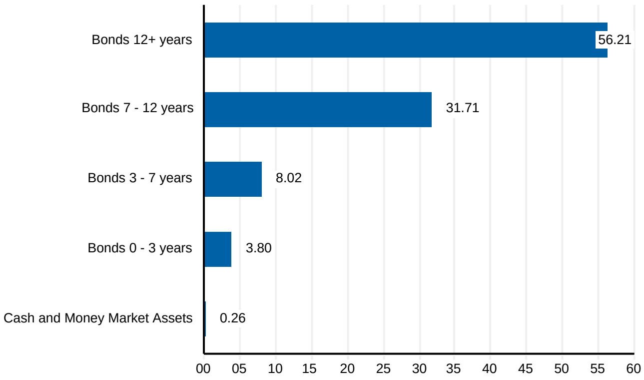
Retail Class	Fund (%)	Benchmark (%)
1 year	3.64	4.21
3 year	33.14	35.21
5 year	N/A	N/A
Since inception	42.61	46.76

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

Actual highest and lowest annual returns*

Highest Annual %	13.96
Lowest Annual %	(4.25)

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Dec 2018

Markets were very volatile

The standout feature of the markets in the fourth quarter was volatility in the equity markets and the near 35% collapse in oil prices. Since the beginning of the year the US equity markets had been driven higher by earnings growth associated with tax cuts and outperformance by the US economy. Other markets struggled to perform in the face of a stronger Dollar, rising oil prices and trade tension between the US and its trading partners. Oil prices hit a four-year peak in early October before evidence started to emerge showing increased US stocks and a report from the International Energy Agency (IEA) showing lower demand growth for oil for 2018 and 2019 due to weaker economic growth. On 3 November, a day before Iranian sanctions were due to be implemented, the Trump administration announced that eight countries had been granted a six-month extension before they had to cut imports of Iranian oil. Increased production from Russia and Saudi Arabia was meant to stabilise oil prices in the event of Iranian sanctions; instead, it has led to the market being oversupplied. The fall in oil prices will impact inflation and has resulted in the US bond market repricing policy rate expectations for 2019.

The yield on the US 10-year bond fell from a high of 3.23% on 8 November to end the year at 2.68%. The increased volatility and subsequent fall of the equity markets increased demand for safe-haven assets such as bonds. The US bond market is increasingly worried that the Federal Reserve (Fed) is making a policy mistake by raising rates in the face of declining inflation and slowing growth. Along with the US, 12 other OECD and G20 countries, including Mexico, Russia and Canada, raised policy rates in the fourth quarter.

The next instalment of tariffs on Chinese imports to the US was due to come into effect on 1 January 2019. However, the two sides declared a temporary truce following negotiations at the G20 meeting in Argentina to give negotiations a chance. The new deadline to reach a deal is now 1 March 2019. In the meantime, China has reversed some of the retaliatory tariffs on US cars and corn imports. While these moves have been positive for markets, they have generally been overshadowed by Fed rate hikes.

Bond Market Review

The yield on the benchmark US 10-year bond fell to 2.68% from 3.08% during the quarter and the market repriced expectations of rate hikes for 2019 and beyond. This was despite a 0.25% increase in the federal funds rate at the December Federal Open Market Committee (FOMC) meeting. The dot plot, which shows Fed officials' rate expectations, now projects just two rate hikes in 2019 and a terminal rate of 2.75% in 2021, a decline of 0.25% compared to the September projections. Elsewhere, 10-year bond yields in Japan fell from 0.16% to 0% and in Germany the 10-year bond yield ended the year at 0.24%. The stock of debt with negative yields rose to about US$8 trillion from US$5.7 trillion in October 2018.

Capital flows out of emerging markets stabilised in the fourth quarter, with November inflows followed by small outflows in December. The South African bond market experienced outflows of R5.3 billion for December, resulting in net outflows of R70.8 billion for the year.

National Treasury's Medium Term Budget Policy Statement again disappointed as fiscal consolidation was delayed owing to projections of fiscal deficits of about 4% of GDP. This resulted in a sharply steeper curve with the spread between the 30-year and 10-year bond increasing from 0.66% to 0.75%. However, the FTSE/JSE All Bond Index (ALBI) had a positive return of 2.8% as the benchmark R186 yields rallied from 9.03% to 8.875% during the quarter. Credit continued to perform strongly as demand outstripped supply.

Bond Market Outlook

In the first quarter of 2019 the bond market will be keenly anticipating the February Budget, not least because it will be seen as Tito Mboweni's first budget given that he could not have influenced the October statement having taken over the post as finance minister just two weeks before. The market will be anticipating a much tighter fiscal policy stance. Failure to deliver could hasten a credit downgrade from Moody's. While there is reason to believe that reforms will only be delivered after the May general elections, should the ANC win a convincing mandate, the market will also be anticipating announcement of SOE reforms to enhance sustainability.

For the first half of 2019 - and for the first quarter in particular - the market will be supported by declining inflation locally and a pause in the Fed hiking cycle. However, the recent rally in developed market bond yields has left the markets vulnerable to a repricing of policy rates in line with the Fed's projections. With inflation expected to average about 5.2% in 2019, local bonds offer good value with the 10-year bond yielding about 3.8% when adjusted for inflation.

The general consensus is that markets should see volatility remain high in 2019 as they grapple with Brexit uncertainly and the continuing trade war between China and the US. We share this view.

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

*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.

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.