Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Quality Index Fund

May 2019

Fund Objective

To provide investors with income and capital growth in the medium to long term by tracking the S&P South Africa Quality Index as closely as possible.

Fund Strategy

We believe that the benchmark choice and resulting returns form the most important elements of an equity strategy - 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.

Why choose this fund?

- The S&P SA Quality Index, which the fund tracks, can have very dissimilar performance relative to broader market indices like the FTSE/JSE ALSI or -SWIX. This makes the fund a good diversifying equity bet.
- Over the medium to long term the S&P SA Quality Index provides a superior relative return experience to that of the broader market.
- While the index exhibits a better absolute drawdown experience, the time to recovery (post a volatile market) is also far quicker.
- The S&P SA Quality Index may underperform the broader market in a protracted and trending bull market.
- The addition of the S&P SA Quality Index to a portfolio of smart beta funds tracking factors like Momentum, Value and Size adds to the diversification benefit of the overall portfolio.

Fund Information

ASISA Fund Classification	SA - Equity - General
Risk profile	Aggressive
Benchmark	S&P SA Quality Index
Portfolio launch date	Aug 2015
Fee class launch date	Aug 2015
Minimum investment	Manual: Lump sum: R10 000 l Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R593.2 million
Last two distributions	30 Jun 2018: 28.47 cents per unit 31 Dec 2018: 13.74 cents per unit
Income decl. dates	30 Jun l 31 Dec
Income price dates	1st working day in July & January
Valuation time of fund	17:00
Transaction cut off time	Manual: 15:00 SatrixNOW.co.za: 13:30
Daily price information	www.satrix.co.za
Repurchase period	T+3

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	0.69
Total Expense Ratio (TER)	0.72
Transaction Cost (TC)	0.33

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 April 2018 to 31 March 2019. 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
Naspers -N-	11.24
Sanlam	9.87
Capitec	9.60
Old Mutual	9.34
Mrprice (MRP)	8.02
Clicks	7.76
RMB Holdings	5.49
Tiger Brands	5.13
AVI	4.38
Truworths	4.30

Top 10 Holdings as at 31 May 2019

Performance (Annualised) as at 31 May 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	(1.41)	(0.46)
3 year	6.61	7.96
5 year	N/A	N/A
Since inception	4.83	6.10

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

Performance (Cumulative) as at 31 May 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	(1.41)	(0.46)
3 year	21.15	25.82
5 year	N/A	N/A
Since inception	19.33	24.84

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

Actual highest and lowest annual returns*

Highest Annual %	23.63
Lowest Annual %	(1.41)

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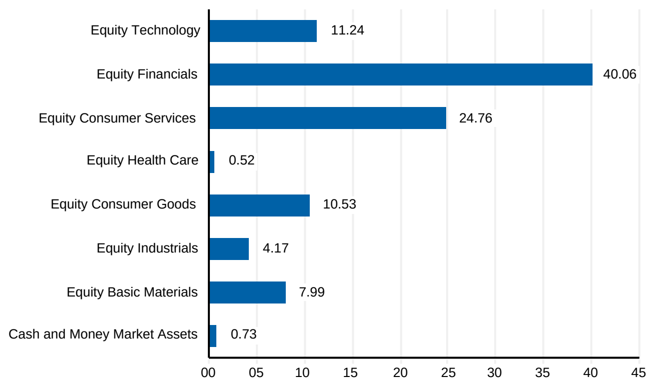
Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2019

Global Markets

MSCI developed markets experienced an exceptional quarter with a US Dollar return of 12.5%, outperforming emerging markets, which in turn also realised good absolute numbers of 9.9% year to date. After experiencing their worst December since 1931, global stocks posted their best January since 1987 and global equities had their second-best quarter on record. But the rally wasn't plain sailing with economic data releases surprising on the downside. Global growth is trending around the 3% mark, but the key question remains whether global growth has indeed bottomed at around trend levels.

The temporary ceasefire in the trade war and the postponement of the 25% tariff rate have provided the markets with some relief. The US Federal Reserve (Fed) joined the party with some dovish comments and markets now expect the Fed to cut rates both this year and the next, with only a modest rise in the US 10-year bond rate being anticipated. Finally, lower volatility provided a more favourable environment for risky assets.

Despite the S&P 500 Index posting its best start of the year in a decade, the inversion of the US yield curve at the end of the quarter put a damper on the initial bullish mood with concerns of a recession looming. The Fed will be using interest rates to target inflation, but Fed Chair Jerome Powell mentioned that the US was not at the neutral rate providing optimism that future hikes will be delayed. The Fed has effectively paused the federal funds rate at 2.5%, which is below the neutral level of 3%. This provided a boost to risk assets and weakened the greenback temporarily.

However, the possibility of a no-deal Brexit is also in the balance with another extension expected beyond the crucial 2 April vote. There is an increasing possibility that Britain will go for the customs union route (a so-called 'soft' Brexit), but there remains the possibility of a referendum and an early election.

The Chinese economy continues to experience a soft landing with growth expected to be in the 6.0-6.5% p.a. range in the year to come, the slowest growth rate in three decades. The Chinese are stimulating their economy further with tax cuts – the latest measure to be implemented – and at the end of March the manufacturing PMI surprised on the upside with the biggest month-on-month increase since 2012.

Local Markets

In the past decade economic growth has been hampered structurally by poor productivity. The SA Reserve Bank (SARB) leading indicator has started pointing downwards due to low manufacturing confidence and orders. Manufacturing confidence and orders have remained low for 10 years with the latest data showing a deepening contraction. We expect, nonetheless, a mild recovery from the GDP shock suffered in the first half of 2018, which is partly linked to weakening terms of trade and a weaker exchange rate (PPP Rand/Dollar being closer to 13) to shift our growth rate back towards a tepid 1.4% run rate (structurally we remain stuck below 2%).

South Africa is experiencing a steep yield curve, which would suggest that the economy should be improving. But the poor fiscal position has meant that the government has crowded out the private sector. This, in part, explains the low rate of credit growth at a sub-par 6% p.a. South Africa needs the private sector to invest but the return on investment remains too low. We do, however, expect a rebound in agricultural production to boost growth.

A key risk remains Eskom with the electricity availability factor dropping to 65% at the beginning of the year, leading to stage four load shedding. This has already negatively impacted manufacturing output. In the National Budget government committed to provide some R69 billion of support to Eskom over the next three years, partly allaying short-term fears given its balance sheet hole of some R200 billion. At the end of the quarter, Moody's also gave us a stay of execution postponing the release of its credit review until after the elections.

The JSE had a solid quarter with the FTSE/JSE Capped Shareholder Weighted Index (Capped SWIX) posting a return of about 3.85% for the quarter, but is still staying in negative territory for the past 12 months. The market has rewarded businesses that have been stable and focused on organic growth while businesses that have been acquisitive and laden with debt have been punished. We are in an environment where there is a serious risk that liquidity will be withdrawn by central banks. Businesses which were very acquisitive and funded these acquisitions with debt have been at the mercy of the economic slowdown, which contributed to poor returns.

On a sectoral basis resources stocks were the stars of the JSE once again, up close to 18% this quarter. Platinum stocks continued to shine bright, up close to 50% aided by rising basket prices and the benefit of good cost management over the past few years. Financial stocks were flat this quarter with credit growth being very weak and corporate credit growth dipping below household credit growth for the first time in almost a decade. Industrial stocks posted solid returns, up close to 9% this quarter, a welcome difference to the recent past.

Portfolio performance, attribution and strategy

On the factor front globally, the year-to-date numbers are mixed. Quality, Low Volatility and Growth were the big winners with both Momentum and Value underperforming. The least surprising of these was Momentum, which tends to lag during major market reversals like the one we saw in the first quarter. The performance pattern of Value versus everything else has re-emerged and one that has been present more often than not since the Global Financial Crisis. This implies that investors globally are cautious on the economic outlook and will continue to tilt towards defensive styles, or putting it another way, there are significant headwinds for Value performance. The troubles with Value have flummoxed quant managers in general, most of whom try to exploit the Value anomaly in some capacity despite the belief that the factor should provide positive returns over the long run.

Domestically, the cyclical turnaround in local equities saw some profit-taking in defensive factors – this after an extended period of a risk-off environment which provided a fertile ground for Quality factors, in particular profitability factors such as Return on Equity. The strategy thus underperformed its benchmark over the quarter as quality stocks were not preferred.

In terms of stock selection, the largest contributions to outperformance over the quarter came from overweight positions in Kumba Iron Ore, Capitec and Assore, while underweight positions in FirstRand and Shoprite also added value. Detractors from relative performance came from Naspers, British American Tobacco and Anglo American plc, and overweight positions in Mr Price, Truworths, Sanlam, AVI and Clicks.

After the December rebalance, which added Naspers to the Quality Index, the active risk profile remains to be lower to that of broad equity benchmarks. In particular, the FX sensitivity (to a strong Rand) of the strategy is now more balanced, which in our view is a positive modification to the index. There were no other changes to the index over the first quarter. The index and portfolio remain focused in its extraction of Quality and should markets give way to further risk aversion, the defensive character of the basket should prove rewarding while not meaningfully compromising returns during up markets.

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 (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.

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.

Equities
Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

S&P SA Quality Index
The objective of the index is to capture the stock performance of high quality South African companies based on:
their future profitability potential; the integrity of their earnings; financial robustness.

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.

Market capitalisation (or market cap)
Market capitalisation (or market cap) is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the current share price by the number of shares outstanding. This value is an indication of a company’s size (or capitalisation).

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.

Pure equity fund
A pure equity fund invests only in equities (also referred to as stocks or shares) and aims to achieve aggressive capital growth over the very long term. This type of fund will experience volatility in the short term.

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

Tax Free Investing
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 subject to tax penalties.

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.

Volatility
Volatility is a measure of ‘risk’, and refers to the extent to which the price of an investment or fund fluctuates over a certain period of time. Funds with a high volatility usually offer the potential for higher returns over the longer term than low volatility funds but also the potential for significant downside.