

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, 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	FTSE/JSE All Bond Index
Portfolio launch date	Dec 2008
Fee class launch date	Apr 2014
Minimum investment	Manual: Lump sum: R10 000 Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R5.3 billion
Last two distributions	30 Jun 2021: 41.44 cents per unit 31 Dec 2021: 43.18 cents per unit
Income decl. dates	30 Jun 31 Dec
Income price dates	1st working day in July and 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	0.52
Total Expense Ratio (TER)	0.49
Transaction Cost (TC)	0.03

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 2018 to 31 March 2022. 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.

Top 10 Holdings

Securities	% of Portfolio
Republic Of South Africa 10.50% 211226	18.33
Republic Of South Africa 8.00% 31012030	12.97
Republic Of South Africa 8.75% 280248	12.29
Republic Of South Africa 8.25% 31032032	9.44
Republic Of South Africa 8.50% 31012037	8.73
Republic Of South Africa 8.875% 28022035	8.43
Republic Of South Africa 8.75% 31012044	7.34
Republic Of South Africa 9.00% 31012040	6.29
Republic Of South Africa 7.00% 280231	5.27
Rsa 6.25% 310336	3.09

as at 31 May 2022

Performance (Annualised) as at 31 May 2022 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	5.04	5.59
3 year	7.02	7.69
5 year	7.64	8.25
Since inception	7.49	8.15

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

Performance (Cumulative) as at 31 May 2022 on a rolling monthly basis

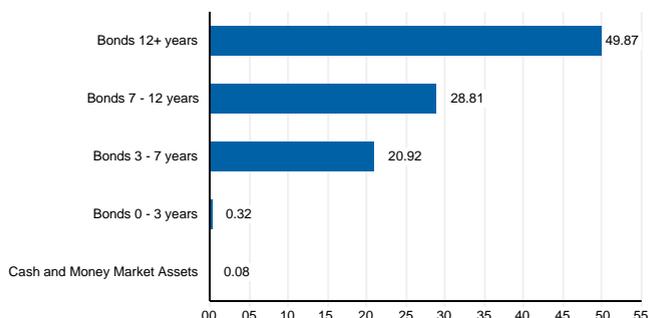
Retail Class	Fund (%)	Benchmark (%)
1 year	5.04	5.59
3 year	22.58	24.89
5 year	44.47	48.61
Since inception	79.35	88.32

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

Actual highest and lowest annual returns*

Highest Annual %	12.75
Lowest Annual %	0.34

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2022

Market Commentary

Global bonds experienced one of their worst quarters on record. The Bloomberg Global-Aggregate Total Return Index delivered a minus 6.16% return, and 10-year benchmark rates rose by 83 basis points (bps), 73 bps and 64 bps in the US, Germany and UK respectively. The sell-offs were led by the shorter-tenure bonds, which are affected most by changes in monetary policy, as the markets started to come to terms with central bank hawkishness. The yield on the US 2-year bond rose from 0.73% to 2.33%. Notwithstanding the repricing of developed market bonds, when adjusted for inflation, bond yields remain deeply negative. At the March Federal Open Market Committee (FOMC) meeting, the US Federal Reserve (Fed) hiked rates by 0.25% as expected, but delivered hawkish guidance with its dot plots showing a terminal rate above neutral at 2.75%. The Fed chairman emphasised the seriousness of the inflation problem and the strength of the labour market, suggesting that the hiking path is well set. The Bank of England's Monetary Policy Committee hiked its policy rate by 0.50% during the quarter, while the European Central Bank (ECB) is set to stop QE in the third quarter and only deliver its first hike 'some time' after the end of QE.

The JSE All Bond Index (ALBI) returned 1.86% for the quarter. Nominal bonds outperformed inflation-linked bonds and cash, with the CILI returning 0.31% and the STeFI Composite returning 1.03%. The ALBI ended off its best levels as the February Budget disappointed and the outlook for inflation deteriorated following a spike higher in energy and food prices as a consequence of the conflict in Ukraine. Bond investors were disappointed with the budget because there had been hope that a larger share of the revenue overrun would be used to reduce debt and bond issuance in the new fiscal year. Instead, the minister presented a budget that showed a slower consolidation path and increased spending on social grants. The South African Reserve Bank (SARB)'s Monetary Policy Committee (MPC) hiked rates for the third consecutive time at its March meeting, taking the repo rate to 4.25%. The SARB's latest inflation forecasts showed CPI averaging 5.8% in 2022, up from 4.9% in January. The output gap is also expected to substantially close in 2023. The SARB's year-end forecast for the repo rate increased to 5.06%, which suggests that the MPC will raise rates by at least 0.25% at every meeting in 2022. It was anticipated that lenders would reach an agreement with government on the way forward on Land Bank. However, at the last minute the majority of lenders rejected the proposal put forward by Land Bank and its advisors. Lenders now have until September 2022 to hammer out a deal which will be acceptable to all lenders and government or risk a disorderly wind-down of the bank.

Bond Market Outlook

Inflation in the US, UK and Eurozone is at multi-decade highs and is well above the central banks' 2% target. At the same time, with strong growth and low unemployment the Fed and Bank of England will have latitude to pursue tighter monetary policy while the ECB's policy path will be complicated by the conflict in Ukraine. At the May FOMC meeting the Fed will give guidance on how it will unwind its balance sheet. All this is to say that financial conditions are set to tighten materially in the coming quarters.

10-Year Real Rates



Source: Bloomberg, Yield on 10-yr bond less spot CPI

Notwithstanding the challenging backdrop South African bonds are supported by high positive real yields at a time when many countries have deeply negative real yields, and secondly, within the Central and Eastern Europe, Middle East, and Africa (CEEMEA) region, South Africa is attractive because Russia and Turkey are 'un-investible', Eastern European countries are too close to the conflict in Ukraine and may be negatively affected, and lastly, South Africa is benefiting from high PGM prices because of concern over Russian supplies.

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 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.

Trustee Information

Standard Chartered Bank

Tel no.: 011 217 6600, E-mail: southafrica.securities-services@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.

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 R36 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.