

### Fund Objective

This fund aims to deliver a higher level of income than fixed deposits and call deposits over time. Capital preservation is of primary importance and the fund offers immediate liquidity. The fund has no offshore exposure.

### Fund Strategy

The fund invests in a range of money market instruments which include negotiable certificates of deposit, bankers' acceptances, debentures, treasury bills and call accounts. The fund may only invest in money market instruments with a maturity of less than 13 months. While capital losses are unlikely, they can occur if, for example one of the issuers of an instrument held by the fund defaults. In this event losses will be borne by the fund and its investors.

### Why choose this fund?

- This fund is ideal for use as an emergency fund.
- It could form the core fund of your portfolio's cash component.
- It is ideal for risk-averse investors, or investors who are waiting for market volatility or global uncertainty to subside.
- The fund should produce higher returns than call deposits while interest rates are declining.
- The fund pays out income on a monthly basis.
- In rising interest rate environments, these funds will benefit soonest from higher call deposit rates.

### Fund Information

<b>ASISA Fund Classification</b>	SA - Interest Bearing - Money Market
<b>Risk profile</b>	Ultra conservative
<b>Benchmark</b>	STeFI Composite Index
<b>Portfolio launch date</b>	01 December 2016
<b>Fee class launch date</b>	01 December 2016
<b>Minimum investment</b>	Lump sum: R10 000   Monthly: R500
<b>Portfolio size</b>	R344,9 million
<b>Yield</b>	4.33%
<b>Last twelve distributions</b>	31 May 2022: 0.41 cents per unit 30 Apr 2022: 0.38 cents per unit 31 Mar 2022: 0.41 cents per unit 28 Feb 2022: 0.34 cents per unit 31 Jan 2022: 0.36 cents per unit 31 Dec 2021: 0.36 cents per unit 30 Nov 2021: 0.34 cents per unit 31 Oct 2021: 0.35 cents per unit 30 Sep 2021: 0.33 cents per unit 31 Aug 2021: 0.34 cents per unit 31 Jul 2021: 0.34 cents per unit 30 Jun 2021: 0.32 cents per unit
<b>Income decl. dates</b>	Last day of each month
<b>Income price dates</b>	1st working day of the following month
<b>Valuation time of fund</b>	17:00
<b>Transaction cut off time</b>	13:00
<b>Daily price information</b>	www.satrix.co.za
<b>Repurchase period</b>	T+3

### 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>	0.29
<b>Total Expense Ratio (TER)</b>	0.32
<b>Transactional Costs (TC)</b>	0.01

**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](http://www.satrix.co.za)

### Top 10 Holdings

Securities	% of Portfolio
Republic Of South Africa Tb 5.2186% 17082022	6.66
Nedbank F/r 29062022	2.91
Republic Of South Africa Tb 4.55% 13072022	2.87
Absa F/r 06042023	2.33
Absa F/r 08022023	2.32
Absa Ncd 6.45% 04042023	2.04
Pick N Pay Retailers Pn 5.642% 30082022	2.03
Nedbank F/r 13042023	1.46
Nedbank F/r 20062022	1.46
Southchester Debenture 5.117% 02062022	1.46

as at 31 May 2022

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

Retail Class	Fund (%)	Benchmark (%)
1 year	4.04	4.09
3 year	5.26	5.08
5 year	6.20	5.98
Since inception	6.32	6.10

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

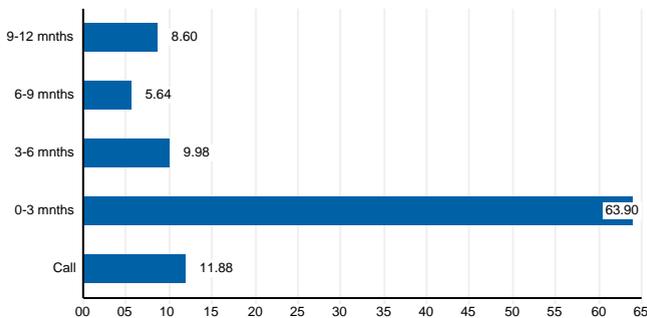
Retail Class	Fund (%)	Benchmark (%)
1 year	4.04	4.09
3 year	16.62	16.01
5 year	35.08	33.67
Since inception	39.37	37.81

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

### Actual highest and lowest annual returns\*

Highest Annual %	7.64
Lowest Annual %	4.04

### Asset Allocation



### Portfolio Manager(s) Quarterly Comment - 31 Mar 2022

#### Market review

Early in the quarter fears relating to the Omicron variant of Covid-19 subsided and the market's focus clearly shifted back towards the fear of continued higher inflation and concerns about central bank tightening. Mid-quarter geopolitical tensions took the main stage, culminating in the Russian invasion of Ukraine. Equity and bond markets were affected negatively as the market tried to assess the economic implications of the ongoing conflict and the need for faster rate hikes to combat higher inflation. The already implemented sanctions and threats of more sanctions combined with the fact that Russia is a major energy and commodity producer resulted in extremely high energy and commodity prices, intensifying the upward inflation pressure, supply chain bottlenecks and increasing the risk of stagflation.

In January the South African Reserve Bank (SARB)'s Monetary Policy Committee (MPC) voted 4-1 to hike the repo rate by 25 basis points (bps). A significantly higher oil price resulted in the SARB adjusting their near-term headline CPI inflation forecast sharply higher. Then, in March, the MPC decided again to hike the repo rate by 25 bps, with three members preferring 25 bps and two members 50 bps, which shows concern regarding upside inflation risks. Looking at GDP growth, the MPC became more positive, with a faster forecasted closing of the output gap, despite higher oil prices and weaker global growth. The US Federal Reserve (Fed) also hiked rates by 25 bps. Fed Chairman Jerome Powell also later said that 50-bps hikes may be possible in the near future if required.

GDP in the fourth quarter of 2021 (4Q21) grew by 1.2% quarter-on-quarter (q/q) after contracting by 1.7% q/q in the third quarter. Agriculture had a strong recovery and construction continued to decline, while most other sectors were broadly in line with expectations. Consumer expenditure also had a strong recovery. This means that the economy expanded by 1.7% year-on-year (y/y), slowing from 2.9% y/y in the previous year.

The unemployment rate in 4Q21 hit a new record high of 35.3%. Only 262k jobs were added after many shocks, including the July unrest during which 660k jobs were lost. As a consequence of this small recovery, employment remained about 1.9 million below pre-Covid-19 levels. With the size of the labour force increasing substantially, the official unemployment rate hit a new record high of 35.3%.

During the State of the Nation Address in February 2022 President Ramaphosa gave an update on structural economic reform progress and announced an extension of the Covid-19 Social Relief of Distress (SRD) grant for another fiscal year. The economic reforms included improved efficiencies in SA's network industries, increased electricity generation capacity, amendments to the Electricity Regulation Act, private sector involvement with Transnet, and that telecoms regulator ICASA will start a process to auction high-frequency spectrum in March. The International Monetary Fund (IMF) highlighted the need for strong reforms in its Article IV as SA's economic recovery remains fragile.

The 2022 Budget presented by Finance Minister Enoch Godongwana showed that National Treasury forecast that the budget deficit will increase to 6% of GDP in FY22/23 from 5.5% of GDP in the current FY21/22. Higher than expected spending risks over the forecast horizon remain in the form of public sector compensation increases, non-termination of the SRD grant at the end of FY22/23 and further bailouts of SOEs. The budget also did not provide a solution for Eskom's unsustainable debt burden. In the same context, the energy regulator granted Eskom less than half of the increase that it applied for in FY22/23.

At the fourth SA Investment Conference investment pledges of R332 billion were made spread out over 83 different projects. Some of the industrial sectors covered

were renewable energy, mining, agriculture, health and pharmaceuticals, and car manufacturing.

Headline CPI inflation decreased to 5.7% y/y from 5.9% y/y during the quarter. PPI inflation decreased to 10.5% y/y from 10.8% y/y. The rand strengthened to 14.64 against the US dollar from 15.93 during the quarter. The 10-year SA government bond yield weakened to 9.94% from 9.75% during the quarter. The trade balance decreased to a surplus of R10.6 billion from R29.1 billion.

The money market yield curve shifted higher following the 50-bps repo rate hike and continued to steepen because of the Russia-Ukraine war and continued higher inflation expectations. Over the next year the curve is still pricing in about 190 bps of rate hikes.

#### What we did

Quality corporate credit and RSA Treasury Bills, which are yielding higher than JIBAR rates, were added to the portfolio. The combination of corporate credit, high-yielding RSA Treasury Bills, negotiable certificates of deposit (NCDs) and floating-rate notes (FRNs) will enhance portfolio returns.

#### Our strategy

Our preferred investments would be a combination of fixed-rate notes, FRNs and quality corporate credit to enhance returns in the portfolio. With the money market yield curve remaining very steep, fixed-rate bank notes are still more attractive than FRNs. Bank floating-rate spreads, which are now at higher levels, combined with the recent 50-bps repo rate hike, make a strong case for investment, with only some RSA Treasury Bill yields now slightly higher than bank NCDs.



### 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 (Conservative)

An ultra-conservative portfolio caters for an extremely low risk tolerance, and is designed for minimum capital fluctuations and volatility. It carries a short time-frame for investment. There are no growth assets in this portfolio and it is a cash-based investment. The ultraconservative portfolio aims to yield returns that are level with inflation. Capital protection is of prime importance

### 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

#### Annualised total returns

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

#### Call deposits

Call deposits or call deposit accounts allow investors to deposit and withdraw funds in several currencies, which commonly include the U.S. dollar, the euro and the British pound. This flexibility reduces investors' exposure to foreign exchange expenses and currency risk.

#### Capital preservation

This is an investment strategy where the primary goal is to preserve (protect) capital and prevent losses in a portfolio. Preserving capital is a priority for retirees and those approaching retirement, since they may be relying on their investments to generate income to cover their living expenses, and have limited time to recoup losses if markets experience a downturn.

#### Fixed deposits

A fixed deposit or term deposit is an amount of money held at a financial institution for a fixed amount of time. It pays higher interest than a savings account but imposes conditions on the amount, frequency, and/or period of withdrawals.

#### LISP (Linked Investment Service Provider)

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.

#### Money market instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 25% for foreign (offshore) and 5% African assets.

#### Sharpe ratio

The Sharpe ratio measures risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

#### Standard deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the amount of expected volatility in an investment.

#### 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.