

INVESTMENT POLICY SUMMARY

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. 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 Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R112.3 million
Last two distributions	30 Jun 2022: 34.06 cents per unit 31 Dec 2022: 29.89 cents per unit
Income decl. dates	30 Jun 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

TOP 10 HOLDINGS

Securities	% of Portfolio
Sasol Ltd	11.39
Bhp Group Limited	11.02
Capitec Bank Holdings Ltd	9.27
Clicks Group Ltd	8.88
Aspen Pharmacare Holdings Ltd	7.91
Anglo American Platinum Limited	7.59
Exxaro Resources Ltd	7.58
Oursurance Group Limited	7.44
Kumba Iron Ore Ltd	4.39
Thungela Resources Ltd	4.09

as at 31 Jan 2023

PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	5.04	6.05
3 year	6.04	7.09
5 year	1.21	2.25
Since inception	4.38	5.56

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

ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS*

Highest Annual %	37.35
Lowest Annual %	(7.18)

FEES (INCL. VAT)

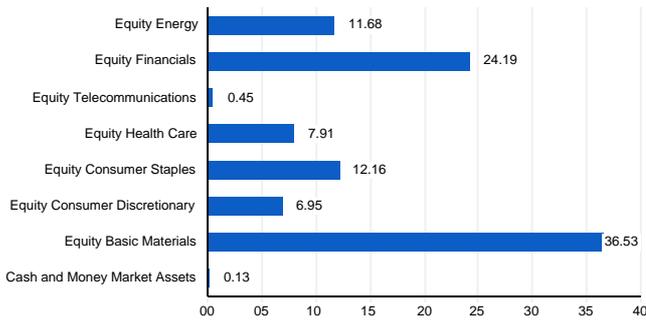
	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	0.69
Total Expense Ratio (TER)	0.80
Transaction Cost (TC)	0.36

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 October 2018 to 30 September 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

ASSET ALLOCATION



PORTFOLIO QUARTERLY COMMENTARY - 31 DEC 2022

Market Commentary

The last quarter of 2022 was filled with surprises, with October and November posting strong positive returns to soften the blow suffered from the year's high volatility. The US Federal Reserve (Fed) hinted on interest rate hikes cooling in upcoming meetings, which removed some of the uncertainties faced by investors and eased nervousness. On the other side of the world, China eased some of its lockdown restrictions which had led to many people in the country protesting, affecting the Asian markets negatively. Together with inflation numbers easing to 7.1% for the US markets, stock markets rallied, but with December posting negative returns the rally was not enough to recover to positive returns for the year.

For the fourth quarter of the year, the MSCI World Index was up 9.8%, the MSCI Emerging Markets Index was up 9.7% and the MSCI USA Index up 7% in US dollar total returns. The MSCI India Index was up 2% during the quarter in dollar terms while the MSCI China Index was also up 13.5%. The MSCI Europe Index was up 19.3% while the MSCI United Kingdom Index was also up 17% in US dollar total returns.

As concerns of a potential US recession and the China Covid-19 limitations harming global economies persisted, the outlook for global demand deteriorated, and the oil price fell to US\$76 a barrel at the beginning of December, its lowest level in 2022. The Brent price ended the quarter at US\$85.91 a barrel, a 2.9% increase from the start of the quarter. US recession concerns pushed the gold price up since its lows in November, and the metal ended the quarter at US\$1 824.40, up 9.9% since the beginning of the quarter. The US 10-year Government Bond yield eased from its record 4% level and closed the quarter at 3.8%.

In local markets, the FSTE/JSE All Share Index (ALSI) was up 15.2% for the fourth quarter of the year, gathering momentum which looked like it would close the year positive, but it didn't as it slowed again in December. For the quarter, the FTSE/JSE Top 40 Index (Top 40) (17.1%) and FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) (12.2%) were also up. The South African 10-year Government Bond yield closed the quarter at 10.19%, while the All Bond Index (ALBI) was up 5.7% for the quarter. The cash benchmark, the Alexander Forbes Short-Term Fixed Interest (STeFI) Composite Index, delivered positive money market returns of 1.57% for the quarter while the FTSE/JSE SA Listed Property Index (SAPY) was up 19.3% for the quarter.

President Cyril Ramaphosa clinched victory and was re-elected as the president of the ruling party – the ANC – in their 55th national conference in December. This was after the president dodged a bullet, as Parliament voted against a report that would have put him up for a possible impeachment vote. The news introduced some volatility in the local currency, while the markets also expected that the South African Reserve Bank (SARB) would continue hiking interest rates in the upcoming new year. For the full quarter, the South African rand appreciated by 5.3% to the US dollar, closing at R17.02 to the greenback, R20.47 to the pound and at R18.16 to the euro.

Portfolio Performance, Attribution and Strategy

For the fourth quarter, Yield, Momentum, Value and Low Size outperformed offshore equity benchmarks, while in Emerging Markets (EM), all but Value and Low Size also outperformed, with Low Volatility and Growth also outperforming the region's benchmarks. The Momentum factor also came with a profile that was more volatile in 2022 when compared to the Quality factor, which underperformed as it invested less in oil companies. For the year, across many regions, the Value factor and Yield were the top outperformers. In a year filled with a lot of uncertainty
Issue Date: 20 Feb 2023

and high volatility, the expectation would be Quality outperforming, but in 2022, as the factor had an overexposure to tech/software stocks and big-size companies, it underperformed.

The Quality strategy underperformed the FTSE/JSE Shareholder Weighted All Share Index (SWIX) during the fourth quarter. From an attribution perspective, overweight positions in Prosus NV (PRX) and Kumba Iron Ore (KIO) and an underweight position in Sasol (SOL) added value to the strategy over the quarter. Counters that detracted value from the strategy included an underweight position in Naspers (NPN) and overweight positions in Aspen Pharmacare (APN) and Clicks (CLS).

The index rebalanced in December and tickers that were dropped were ArcelorMittal (ACL), DRDGold (DRD), Impala Platinum (IMP), Northam Platinum (NPH), Pan African Resources (PAN), Prosus NV (PRX) and Sibanye-Stillwater (SSW). New additions to the index were Capitec (CPI), JSE Ltd (JSE), Motus (MTH), OUTsurance (OUT), South32 (S32), Sasol (SOL) and Thungela Resources (TGA).

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.

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.

CONTACT DETAILS

Manager

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

Investment Manager

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

Trustee

Standard Chartered Bank, Tel No.: 011 217 6600, E-mail: southafrica.securities-services@sc.com

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*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.

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