

INVESTMENT POLICY SUMMARY

The Satrix Balanced Index Fund is Regulation 28 compliant and offers diversified exposure to all the key local and international asset classes. The Fund tracks a composite index benchmark, with a long term strategic asset allocation, rebalanced on a bi-annual basis in March and September.

FUND STRATEGY

The composite benchmark of the fund comprises the following asset class building blocks:

Asset Class Index Exposure

SA Equity (40%)	Satrix SmartCore™ Index
SA Bonds (12%)	FTSE/JSE All Bond Index
SA Property (5%)	FTSE/JSE SA Listed Property Index
SA Inflation-Linked Bonds (5%)	S&P SA Sovereign Inflation-Linked Bond Index
SA Cash (2%)	STeFI Composite
International Equity (26%)	MSCI All Country World Index (ACWI)
International Property (5%)	FTSE EPRA/Nareit Developed Dividend+ Index
International Infrastructure (5%)	FTSE Global Core Infrastructure Index

WHY CHOOSE THIS FUND?

- The Satrix SmartCore™ Index targets stocks with positive exposures to multiple desired attributes, such as Momentum, Value and Quality.
- These attributes are rewarded drivers of returns, and when combined using a multi-factor approach, offer strong overall exposure to the desired factors, while managing a variety of risks relative to the SA equity market.
- The international portion of the fund provides some rand-hedge protection.
- You gain access to a fund that aims to grow capital steadily, while providing income over the medium to longer term.
- The high equity exposure gives you material exposure to an asset class that, though more volatile than others, usually delivers superior performance in the long term.

FUND INFORMATION

ASISA Fund Classification	SA - Multi-Asset - High Equity
Category Benchmark	SA - Multi-Asset - High Equity - Median
Risk profile	Moderate Aggressive
Benchmark	Proprietary Satrix Balanced Index
Portfolio launch date	Oct 2013
Fee class launch date	Oct 2013
Minimum investment	Manual: Lump sum: R10 000 Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R9.1 billion
Last two distributions	30 Jun 2022: 31.36 cents per unit 31 Dec 2022: 30.34 cents per unit
Income decl. dates	30 June 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

TOP 10 HOLDINGS

Securities	% of Portfolio
Ish Dvl Mkt Prpty Yld Usd A	5.07
Ishares Gbl Infrastructure	4.99
Ishares Core Msci World Ucits Etf	4.93
Naspers Ltd	3.70
Gold Fields Ltd	3.07
Mtn Group Ltd	2.88
Anglo American Plc	2.12
Absa Group Limited	1.87
Nedbank Group Ltd	1.86
Firststrand Ltd	1.83

as at 31 May 2023

PERFORMANCE (ANNUALISED) AS AT 31 MAY 2023

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	5.35	6.92	8.18
3 year	13.76	14.90	12.06
5 year	8.40	9.43	7.64
Since inception	8.02	9.16	6.89

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

ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS*

Highest Annual %	25.18
Lowest Annual %	(2.96)

FEES (INCL. VAT)

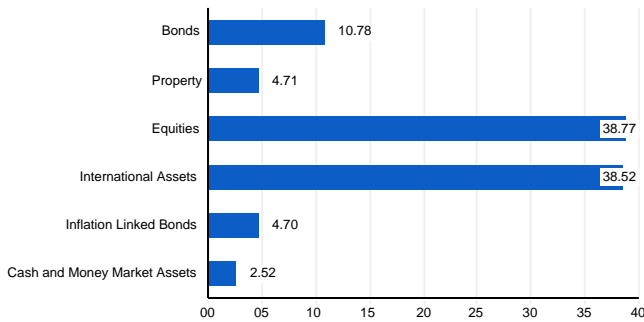
	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	0.40
Total Expense Ratio (TER)	0.49
Transaction Cost (TC)	0.12

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 January 2020 to 31 March 2023. 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 MAR 2023

Market comments

Much like last year, the first quarter of this year has been eventful. South Africa has continued to suffer continuous daily load shedding resulting in a decline in economic activity, and in March, S&P Global downgraded South Africa's credit rating outlook from positive to stable.

Listed US tech companies had a huge turnaround during the first quarter of the year, although markets were being cautious. Last year saw severe economic headwinds, but 2023 has had a good start for the sector. The banking sector experienced the total opposite. Billion-dollar tech-lender Silicon Valley Bank, the 16th biggest bank in the US, collapsed mid-March becoming the second-biggest bank failure in the US. Consumers, in panic, then did a bank run on Signature Bank, which then also collapsed making it the third-largest US bank failure in US history. On the other side of the globe, Credit Suisse, the second-largest bank in Switzerland, also collapsed and was bought by rival UBS for about US\$3.3 billion.

For the first quarter of the year, the MSCI World Index was up 7.7%, the MSCI Emerging Markets Index was up 4% and the MSCI USA Index was up 7.6% in US dollar total returns. The MSCI India Index was down 6.4% during the quarter in US dollar terms while the MSCI China Index was up 4.7%. The MSCI Europe Index was up 10.6% while the MSCI United Kingdom Index was also up 6.1% in US dollar total returns.

There were growing concerns about a possible US recession, fuelled by bank collapses, and the oil price fell to its lowest level since the beginning of the year, to US\$72.77 a barrel. The Brent price ended the quarter at US\$79.89 a barrel, a 7% decrease from the start of the quarter. The gold price went back to its March 2022 levels, ending the quarter at US\$1 967.90, up 7.9% since the beginning of the quarter, while the US 10-year Government Bond yield closed the quarter at the 3.49% level, lower than the previous quarter.

In local markets, the FSTE/JSE All Share Index (ALSI) was up 5.2% for the first quarter of the year, all thanks to a very strong January start, as both February and March were down. For the quarter, the FTSE/JSE Top 40 Index (Top 40) (6.2%) and FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) (2.4%) were also up. The South African 10-year Government Bond yield closed the quarter at 9.8%, while the All Bond Index (ALBI) was up 3.4% for the quarter. The cash benchmark, the Alexander Forbes Short-Term Fixed-Interest (STeFI) Composite Index, delivered positive money market returns of 1.8% for the quarter while the FTSE/JSE SA Listed Property Index (SAPY) was down 5.1% for the quarter.

Markets expected a 25-basis point (bps) increase from the South African Reserve Bank (SARB) Monetary Policy Committee (MPC) announcement in March, but Governor Lesetja Kganyago delivered an unexpectedly aggressive 50-bps increase. This was the ninth consecutive increase from the central bank since November 2021. The news helped the rand pull back against a strong dollar, introducing some volatility in the local currency. For the full quarter, the rand depreciated by 4.3% to the US dollar, closing at R17.74 to the greenback, coming from a high of R18.61 at the beginning of March, while it closed at R21.94 to the pound and at R19.28 to the euro.

Portfolio performance, attribution and strategy

For the first quarter of the year, equities had a strong start as the MSCI World Index was up 7.7% in dollar terms for the period. There was also an increase in risk appetite, as High Beta stocks were the best performers for the quarter, which was also evident in the Nasdaq returning a staggering 20.7% for the quarter. Value and Profitability stocks were among the strong performers for the quarter while Growth and Earnings Quality stocks also outperformed. The worst performing factors were Momentum stocks and Leverage. Locally, it was a very poor quarter for factors. Quality was the worst performer as Profitability stocks dragged the factor together with Leverage stocks. Momentum was also down, as the Price Momentum subfactor continued to underperform for the last 12 months, while Earnings Revision were fairly flat. The Value factor was a mixed bag, which made it end the quarter flat against the Capped SWIX as Earnings and Dividend yields were down while Price to Book and Cashflow were up for the quarter. Locally-listed Low Beta and Low Vol stocks were among the best performers for the quarter.

The Smartcore™ fund uses a multi-factor approach where stocks are selected based on their bottom-up combined Value, Momentum and Quality signal. In the first Issue Date: 15 Jun 2023

quarter of the year, the multi-factor model added value over and above the Quality single factor, but underperformed the Value and Momentum strategy. Over the same period, the multi-factor approach underperformed the Capped SWIX benchmark while it also underperformed the average of the single factors deployed in the multi-factor model. During the quarter, a pure blend approach of Satrix proprietary Quality, Value and Momentum indices also underperformed the Capped SWIX index.

From an attribution perspective, underweight positions in Capitec Bank (CPI) and Northam Platinum (NPH) and an overweight position in Gold Fields (GFI) added value to the strategy over the quarter. Counters that detracted value from the strategy included underweight positions in AngloGold Ashanti (ANG) and Richemont (CFR) and an overweight position in Anglo American Platinum (AMS).

The Satrix Smartcore™ Index rebalanced in March and the fund added Momentum (MTM), Santam (SNT) and Sibanye-Stillwater (SSW) while positions in Gold Fields (GFI), Mr Price (MRP) and South32 (S32) were increased. These were funded by reducing positions in Anglo American Platinum (AMS), FirstRand (FSR) and Prosus (PRX). There were no deletions during the rebalance.

Local bond and inflation-linked bond market

The volatility seen in developed markets was also evident in the local market. National Treasury data showed that foreign investors bought more than R29 billion of bonds in January but then sold R25 billion worth of bonds in February. Inflation-linked bond returns were higher than that of nominal bonds with the S&P South Africa Sovereign Inflation-Linked Bond 1+ year Index returning 5.11%. The lack of demand for inflation protection is to be expected as inflation is forecast to end the year close to 4.8% according to Bloomberg consensus, from 6.8% average in 2022. Unlike the US curve, the local curve continued to steepen with the R2048 (25-yr bond)/R2030 (7-yr bond) spread widening by 58 bps. The two main drivers leading to the underperformance of the long end were the low supply of electricity, which impacts growth, and a national budget which did not show much improvement in the fiscal consolidation path.

Local property

In the first quarter of 2023, the FTSE/JSE SA Listed Property Index (SAPY) realised a negative return of 5.05%, underperforming the FTSE/JSE All Property Index (ALPI), which returned a negative 3.92%. The top contributors to the quarterly performance were Attacq Limited (ATT) (+16%), Fortress A (FFA) (+10%), Sirius (SRE) (+6%) and NEPI Rockcastle (NRP) (+5%). Redefine (RDF) (-14%), Resilient (RES) (-13%), Hyprop (HYP) (-12%) and GrowthPoint (GRT) (-10%) were some of the top detractors from performance.

At the March FTSE/JSE index review there were no additions to or deletions from the index. The one-way turnover was 0.19%.

International equities

The MSCI All Country World Index captures large and mid-cap representation across 23 developed market (DM) and 24 emerging market (EM) countries*. With 2 888 constituents, the index covers approximately 85% of the global investable equity opportunity set. The index (in rand terms) had a return of 12.4% (7.31% in US dollar terms) in the first quarter of 2023. Overall, equity markets displayed incredible resilience during the first quarter of 2023.

RISK PROFILE (MODERATE AGGRESSIVE)

This is a moderate aggressive risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

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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