

Satrix MSCI EM ESG Enhanced Feeder Portfolio

**Annual Financial Statements
for the year ended 31 December 2023**

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Annual Financial Statements

for the year ended 31 December 2023

<i>Contents</i>	<i>Page</i>
Trustee's report	1
Directors' approval of the financial statements	2
Manager's report	3
Independent auditor's report	4 - 7
Statement of financial position	8
Statement of comprehensive income	9
Statement of changes in net assets attributable to investors	10
Statement of cash flows	11
Notes to the financial statements	12 - 35



Satrix Managers (RF) (Pty) Ltd
Building 2
4th Floor
11 Alice Lane
Sandton
Gauteng
2146

25 March 2024

Attention: **Rick Martin**

SATRIX Collective Investment Scheme – (the Scheme) Year end 31 December 2023

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Scheme, are required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the “**Act**”), to satisfy ourselves that every Statement of Financial Position, Statement of Comprehensive Income and other return prepared by the manager of the Scheme in terms of Section 90 of the Act (the “**Accounts**”) fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

We note that responsibility for the Accounts rests with the manager of the scheme in terms of the Act and that they have the obligation to ensure that the Accounts have been properly drawn up in accordance with both generally accepted accounting principles and the Act and that they fairly represent the financial position of each portfolio of the Scheme. Nothing in this report can be construed as us giving an accounting opinion in relation to the Accounts.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

- (a) the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
- (b) the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
- (c) the fact that the Manager has administered the scheme in accordance the provisions of the Act and the relevant deed.

Sincerely,

Chantell Kruger
Senior Manager, Trustee Services

Chantelle Gertenbach
AME Head: Fund & Trustee Operations

Standard Chartered Bank

Johannesburg Branch

2nd Floor, 115 West Street, Sandton, 2196
P.O. Box 782080, Sandton, 2146
South Africa

Tel: (+27) 11 217 6600
Fax: (+27) 11 217 6601
www.sc.com/za

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Directors' approval of the financial statements

for the year ended 31 December 2023

The directors of Satrix Managers (RF) Proprietary Limited ("the Manager") are ultimately responsible for the preparation and fair presentation of the financial statements of the Satrix MSCI EM ESG Enhanced Feeder Portfolio ('the Portfolio') comprising the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets attributable to investors and statement of cash flows for the year then ended, and the notes to the financial statements, which includes a summary of material accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Collective Investment Schemes Control Act of South Africa.

The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Portfolio's ability to continue as a going concern and have no reason to believe the Portfolio will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented, in accordance with the applicable financial reporting framework.

Approval of annual financial statements

The annual financial statements of the Satrix MSCI EM ESG Enhanced Feeder Portfolio, as identified in the first paragraph, were approved by the directors of the Manager on 25 March 2024 and are signed on their behalf by:



Director



Director

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Manager's report

for the year ended 31 December 2023

The Manager has the pleasure in presenting its report for the year ended 31 December 2023.

Nature of business

The Satrix MSCI EM ESG Enhanced Feeder Portfolio was launched on 10 September 2020 and is registered in terms of the Collective Investment Schemes Control Act ("CISCA") as set out in the supplemental Portfolio Trust Deed. The investment objective of the Portfolio is to track the value of the MSCI EM ESG Enhanced Focus Index in ZAR.

Satrix MSCI EM ESG Enhanced Feeder securities are securities listed and traded on the JSE Limited ("JSE") in much the same way as any listed share. By owning Satrix MSCI EM ESG Enhanced Feeder securities, an investor will obtain market exposure to the constituent companies included in the MSCI EM ESG Enhanced Focus Index. This exposure is obtained by purchasing the iShares MSCI EM ESG Enhanced UCITS ETF.

Trustee

The Trustee at the date of this report is Standard Chartered Bank.

Management Company

The Management Company at the date of this report is Satrix Managers (RF) Proprietary Limited.

Beneficiaries

Vested income and capital beneficiaries include all holders of Satrix MSCI ESG Emerging Markets securities.

Registered address

5th Floor, Building 2
11 Alice Lane
Sandton
2196

Postal address

P.O. Box 653477
Benmore
2010

Company Registration number

2004/009205/07

Country of incorporation and domicile

South Africa

Auditors

KPMG Inc
85 Empire Road
Parktown
2193

Supervised by

The preparation of the annual financial statements were supervised by Colleen Wagner CA (SA), Chief Financial Officer of Satrix Managers (RF) Proprietary Limited.



KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa
Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Web <http://www.kpmg.co.za>

Independent Auditor's Report

To the manager and the holders of securities in the Satrix MSCI EM ESG Enhanced Feeder Portfolio

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Satrix MSCI EM ESG Enhanced Feeder Portfolio (the Portfolio) set out on pages 8 to 35, which comprise the statement of financial position at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets attributable to investors and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Satrix MSCI EM ESG Enhanced Feeder Portfolio at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Collective Investment Schemes Control Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Portfolio in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors of the manager ("the directors") are responsible for the other information. The other information comprises the information included in the document titled "Satrix MSCI EM ESG Enhanced Feeder Portfolio Annual Financial Statements for the year ended 31 December 2023". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Collective Investments Schemes Control Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Portfolio's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Portfolio or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Satrix MSCI EM ESG Enhanced Feeder Portfolio for three years.

DocuSigned by:
KPMG Inc
4522B7AFD440406...

KPMG Inc.
Per ZA Beseti
Chartered Accountant (SA)
Registered Auditor
Director

25 March 2024

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Statement of financial position

at 31 December 2023

	<i>Notes</i>	2023 R	2022 R
Assets			
Participatory interest in foreign Collective Investments Schemes	3	131 906 553	109 085 599
Interest receivable		24	149
Cash and cash equivalents	4	81 524	58 363
Total assets		131 988 101	109 144 111
Liabilities			
Other payables		41 637	55 634
Total liabilities (excluding net assets attributable to investors)		41 637	55 634
Net assets attributable to investors		131 946 464	109 088 477

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Statement of comprehensive income

for the year ended 31 December 2023

	<i>Notes</i>	2023 R	2022 R
Income			
Interest income on cash and cash equivalents		1 651	3 159
Foreign exchange gain		995	810
Total income		<u>2 646</u>	<u>3 969</u>
Expenses			
Management fee		(170 450)	(126 239)
Trustee and custodian fees		(84 206)	(86 887)
Tracking, licence and listing fees		-	(2 530)
Total operating expenses		<u>(254 656)</u>	<u>(215 656)</u>
Income attributable to investors		<u>(252 010)</u>	<u>(211 687)</u>
Net fair value gains / (losses) on financial instruments measured at fair value through profit or loss	5	18 941 290	(25 321 149)
Total fair value adjustments		<u>18 941 290</u>	<u>(25 321 149)</u>
Increase / (decrease) in net assets attributable to investors		<u><u>18 689 280</u></u>	<u><u>(25 532 836)</u></u>

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Statement of changes in net assets attributable to investors

for the year ended 31 December 2023

	<i>Notes</i>	Net assets attributable to investors R
Balance at 1 January 2022		155 205 507
Redemption of Satrix MSCI ESG Emerging Markets Securities	5	(20 584 194)
Decrease in net assets attributable to investors		(25 532 836)
Balance at 31 December 2022		109 088 477
Creation of Satrix MSCI ESG Emerging Markets Securities	5	18 441 213
Redemption of Satrix MSCI ESG Emerging Markets Securities	5	(14 272 506)
Increase in net assets attributable to investors		18 689 280
Balance at 31 December 2023		131 946 464

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Statement of cash flows

for the year ended 31 December 2023

	<i>Notes</i>	2023 R	2022 R
Cash flows from operating activities		(266 877)	(175 515)
Cash utilised by operations	10.1	(268 653)	(178 564)
Interest received	10.2	1 776	3 049
Cash (outflow) / inflow from investing activities		(3 879 664)	20 771 563
Purchase of underlying constituents		(18 441 213)	
Sale of underlying constituents		14 561 549	20 771 563
Cash inflow / (outflow) from financing activities		4 168 707	(20 584 194)
Creation of Satrix MSCI ESG Emerging Markets Securities		18 441 213	-
Redemption of Satrix MSCI ESG Emerging Markets Securities		(14 272 506)	(20 584 194)
Net increase in cash and cash equivalents		22 166	11 854
Effect of exchange rate fluctuation on cash and cash equivalents		995	810
Cash and cash equivalents at the beginning of the year		58 363	45 699
Cash and cash equivalents at the end of the year	4	81 524	58 363

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

1 BASIS OF PREPARATION

1.1 Basis of measurement

The financial statements are prepared with the going concern principle on a historic cost basis, except for financial instruments which are accounted for as set out in note 2.1.

1.2 Statement of compliance

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in accordance with the requirements of the Collective Investment Schemes Control Act of South Africa ("CISCA"), in order to meet the requirements of the Trust Deed approved by the Financial Sector Conduct Authority ("FSCA").

1.3 New standards and interpretation

The new pronouncements applicable for the financial year ended 31 December 2023 for the first time, were assessed and did not have a significant impact to the financial position or performance of the Portfolio.

1.4 Forthcoming requirements - New standards and interpretations not yet adopted

A number of standards, amendments to standards and interpretations are not effective for the year ended 31 December 2023, and have not been applied in preparing these financial statements. All standards and interpretations issued but not effective for the year ended 31 December 2023 have been considered. The following applicable standards are not expected to be applicable to the financial statements of the Portfolio.

Standard/Interpretation		Effective date annual periods beginning on or after
IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
IAS 1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
IAS 7 and IFRS 7	<i>Supplier finance arrangements</i>	1 January 2024

1.5 Judgements and Estimates

The preparation of the annual financial statements necessitates the use of judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities and contingent liabilities at the reporting date, as well as affecting the reported income and expenses for the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Use of available information and application of judgement is inherent in the formation of estimates. Actual results in the future could differ from estimates, which may be material to financial statements within the next financial period.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

1 BASIS OF PREPARATION (continued)

1.5 Judgements and Estimates (continued)

Major items subject to the application estimates, assumptions and judgement include:

Functional currency:

The functional currency is denoted in South African Rand. Judgement was applied in determining the functional currency of a Fund that holds investments that are denominated in foreign currencies. This judgement was reached because all funds are raised and distributed in South African Rand and performance evaluated in South African Rand.

There are no other significant assumptions or sources of estimation uncertainty included in the financial statements for the current year.

1.6 Functional and presentation currency

These financial statements are presented in South African Rand, being the Portfolio's functional and presentation currency.

1.7 Foreign currency translation

Foreign currency purchase and sale transactions are recorded at the closing exchange rate ruling at the date of the transaction. Interest income is translated at the weighted average exchange rate for the period.

Monetary items, such as foreign accrued income and debtors and creditors denominated in foreign currencies are translated at the closing exchange rates ruling at the financial year-end and realised and unrealised differences on translation are recognised in profit or loss in the statement of comprehensive income in the period in which they arise.

Financial instruments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the 'net gain or loss on financial assets and liabilities at fair value through profit or loss.

2 ACCOUNTING POLICIES

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

2.1 Financial instruments

Recognition

Financial instruments are recognised when, and only when, the Portfolio becomes a party to the contractual provisions of that particular instrument. Purchases or sales of financial assets are recognised on the trade date, i.e. the date that the Portfolio commits to purchase or sell the asset. Other financial assets and financial liabilities are recognised on the date on which they are originated. The amount expected to be recovered or settled for each asset and liability line item is no more than twelve months after the reporting period.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Classification

In accordance with IFRS 9, the initial recognition of the Portfolio's financial instruments are classified into the categories of financial assets and financial liabilities as set out below.

Financial assets

A financial asset is measured at *amortised cost* if meets the following conditions:

- (a) It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- (b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (c) It is not irrevocably designated as measured at fair value through profit or loss ('FVTPL') at initial recognition so as to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

All other financial assets of the Portfolio are classified as measured at FVTPL.

Financial liabilities

The Portfolio classifies its financial liabilities as measured at amortised cost or fair value through profit or loss. The classification of financial liabilities are determined at initial recognition based on the purpose for which the financial liabilities are assumed.

A financial liability is classified as measured at fair value through profit or loss if it meets the definition of held for trading, is a derivative or it is designated as such on initial recognition so as to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

All other financial liabilities are classified as measured at amortised cost.

Financial instruments measured at Fair Value Through Profit or Loss (FVTPL)

The Portfolio includes in this category:

- Investments

Financial assets measured at FVTPL include listed equities and investments in other collective investment schemes which are publicly tradable in the open market. These are generally settled in cash within seven days. These investments are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Financial instruments measured at Fair Value Through Profit or Loss (FVTPL) (continued)

- *Derivative contracts and Instruments sold short*

Financial liabilities measured at FVTPL include derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading.

- *Net assets attributable to investors*

The Portfolio also includes its net assets attributable to investors as financial liabilities measured at FVTPL, as it does not meet the conditions to be classified as equity. The Net assets attributable to investors represent the total value of all the redeemable securities issued by the Portfolio and provide investors with the right to require redemption for cash or in specie at the value proportionate to each investor's share. The value of redeemable securities is measured at the redemption amount that is payable (in cash and securities representing each investor's equal, undivided and vested interest in the assets as a whole, subject to liabilities, as defined by the Portfolio's Trust Deed). The securities are redeemable at any time at the option of the investor at the net asset value per share at the time of redemption, in accordance with the Portfolio's Trust Deed and CISCA.

The fair value of financial instruments that are traded in an active organised financial market is determined by reference to quoted market prices, at the close of business on the reporting date, without any deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

All changes in fair value, other than dividend income, REIT income and interest income are recognised in profit or loss as a net fair value gain / (loss) from financial instruments at fair value through profit or loss.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Financial asset measured at amortised cost

The Portfolio includes in this category:

- Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise current accounts, deposits held on call with banks that are highly liquid and readily convertible to cash. These current accounts, cash on call and deposits are net of outstanding bank overdrafts where the Portfolio currently has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis. Current accounts, cash on call, and deposits are measured at amortised cost, based on the relevant closing exchange rates at the reporting date, where applicable. The Portfolio manager is of the opinion that the carrying value approximates the fair value, due to the short term nature of these items.

- Other receivables

Other receivables are classified as measured at amortised cost and include debtors resulting from asset sales and creations receivables. Settlement terms of other receivables relating to asset sales are generally less than 7 days. Creations receivables are investor transactions that were legally received on the last day of the reporting period but the cash only settled the following day. Subsequent to initial recognition, other receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when receivables are derecognised or impaired, as well as through the amortisation process using the effective interest method. Other receivables are short term in nature and are not discounted. The carrying value approximates the fair value.

- Interest receivable

Interest receivables are classified as measured at amortised cost. On initial recognition interest receivable is measured at fair value plus any directly attributable incremental costs of acquisition or issue. Subsequent to initial recognition, interest receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when receivables are derecognised or impaired, as well as through the amortisation process using the effective interest method. Interest receivables are current and receivable in cash. The carrying value approximates the fair value.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Financial liabilities measured at amortised cost

The Portfolio includes in this category:

- *Other payables*

Other payables are measured at amortised cost and include creditors resulting from asset purchases, unsettled redemptions, management, audit and trustee fees payable. Other payables are recognised when the Portfolio becomes obliged to make future payments resulting from the purchase of goods and services. Other payables are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when creditors are derecognised as well as through the amortisation process. The carrying value approximates the fair value.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Portfolio has a current legal enforceable contractual right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, for example, gains and losses arising from a group of similar transactions such as gains and losses from financial instruments at fair value through profit or loss.

Impairment

The Portfolio recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the loss allowances are measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition.

At each reporting date the loss allowances are measured at an amount equal to the 12 month expected credit losses if:

- The credit risk on a financial instrument has not increased significantly since initial recognition; or
- Financial instruments are determined to have a low credit risk at the reporting date.

The Portfolio determines whether the credit risk on a financial instrument has increased significantly by comparing the risk of default occurring on the financial instrument as at the reporting date, with the risk of default occurring on the financial instrument as at the date of initial recognition, together with reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.1 Financial instruments (continued)

Impairment (continued)

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

An impairment loss or a reversal of impairment loss is recognised in profit or loss for the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses and are measured as the present value of all cash short falls (i.e. the difference between the cash flows due to the Portfolio in accordance with the contract and the cash flows that the Portfolio expects to receive).

Presentation of loss allowances in the statement of financial position

Loss allowances for expected credit losses are presented as a deduction from the gross carrying amounts of the financial assets.

Write-off

The gross carrying amount of a financial asset is written off when the Portfolio has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition of financial instruments

The Portfolio derecognises financial assets when and only when:

- The contractual rights to the cash flows arising from the financial assets have expired or have been forfeited by the Portfolio; or
- It transfers the financial assets including substantially all the risks and rewards of ownership of the assets and no longer retains control of the asset.

A financial liability is derecognised when and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

On derecognition of a financial instrument in its entirety (or part thereof), the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.2 Interest income on cash and cash equivalents

The interest income is earned from cash balances in the settlement accounts and is recognised in profit or loss as it accrues, using the effective interest method.

2.3 Taxation

Income is taxed in the hands of the investor if distributed within 12 months, failing which the revenue will be deemed to be received by and accrued to the Portfolio and will be taxed in its hands. Capital gains and losses incurred in the Portfolio are not taxed in the hands of the Portfolio. The Portfolio is not liable for any taxation during the period under review as all revenue received was or will be distributed within 12 months.

2.4 Expenses

Expenses are recognised in profit or loss as the related services are performed or incurred.

2.5 Creations and redemptions

Primary market creations and redemptions

Investors can acquire or redeem Satrix MSCI ESG Emerging Markets securities in the primary market by either a cash subscription / redemption or the delivery of one or more full basket of constituent securities. Investors trading in the primary market are obligated to subscribe or redeem securities in blocks of 100 000 Satrix MSCI ESG Emerging Markets securities.

Security prices are determined by reference to the net assets of the Portfolio divided by the number of securities in issue. For security pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market price quoted on the JSE. The cash subscription price will be a function of the pro rata cost to the Portfolio of acquiring the underlying basket of securities.

Secondary market

Investors can acquire or sell Satrix MSCI ESG Emerging Markets securities by trading on the JSE. These purchases will be made at the current market price of the securities plus a brokerage fee that is negotiable with the broker and any additional transaction costs applicable to such a trade.

2.6 Distributions

In accordance with the Portfolio's Trust Deed, the Portfolio distributes its distributable income and any other amounts determined by the Management Company, to security holders in cash. The first distribution is payable in a period not exceeding 12 months commencing on the date of the commencement of the Portfolio. The underlying fund does not pay dividends, therefore any distribution would constitute other income such as interest less expenses incurred by the Portfolio.

Any applicable distributions payable to investors on securities redeemed and payable by investors on securities created, are recognised as part of distributions in profit or loss when the redemptions or creations are approved.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

2 ACCOUNTING POLICIES (continued)

2.7 Segment Reporting

The Portfolio trades under the umbrella of the Satrix Collective Investment Scheme ("CIS") as a separate exchange traded fund. The Portfolio is separately listed and trades on the JSE. The Portfolio falls within the Scope of IFRS 8: Operating Segments. This Portfolio has a narrowly defined mandate and operates in a single line of business. Therefore the Portfolio as a whole is considered to be one operating segment.

2.8 Capital and Income attributable to investors

Income attributable to investors relates to the income remaining in the Portfolio after distribution. Capital attributable to investors relates to the realised and unrealised gains/losses on financial instruments measured at fair value through profit and loss.

The Portfolio is not subject to externally imposed capital requirements.

2.9 Total Expense Ratio ('TER')

The TER is a standard measure used by the Collective Investment Schemes ('CIS') industry to illustrate costs of Portfolios on a comparable basis. The TER includes the management fee, audit fees, bank charges, custodian fees, tracking and licence fees, listing fees and taxes. The TER is calculated as the average over a 3 year rolling period.

Increased consumer demand for greater transparency in financial services and the recognition thereof by the Collective Investment industry requires managers to calculate and publish a total expense ratio for each Portfolio under their management.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

3 Participatory interest in foreign Collective Investments Schemes

Name of company	2023				2022			
	No. of shares	Current price	Fair Value R	% of the Portfolio	No. of shares	Current price	Fair Value R	% of the Portfolio
iShares MSCI EM ESG Enhanced UCITS ETF	1 343 316	98.19	131 906 553	100.0%	1 296 726	84.12	109 085 599	100.0%
			<u>131 906 553</u>				<u>109 085 599</u>	
Sector								
Financials			31 340 997				25 307 859	
Information Technology			29 797 690				20 802 623	
Consumer Discretionary			18 176 723				15 817 412	
Communications			11 278 010				10 417 675	
Consumer Staples			10 262 330				8 683 214	
Materials			8 270 541				7 461 455	
Energy			6 041 320				5 137 932	
Industrials			6 542 565				5 028 846	
Health Care			5 342 215				4 897 943	
Utilities			2 387 509				2 628 963	
Real Estate			1 952 217				2 159 895	
Other			514 436				741 782	
			<u>131 906 553</u>				<u>109 085 599</u>	

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

3 Participatory interest in foreign Collective Investments Schemes (continued)

Segment Reporting

The investment vehicle offers only one product, being the specific exchange traded fund, tracking the specific identified index. The Portfolio has a narrowly defined mandate and operates in a single line of business. Therefore the Portfolio as a whole is considered to be one operating segment.

The management company's practice is to disclose the investments of the Portfolio based on their geography, being the country in which the individual index securities have their primary listing.

The Satrix MSCI EM ESG Enhanced Feeder Portfolio's net assets attributable to investors and the increase in net assets attributable to investors are generated from investments where the primary listing of the underlying fund is in the United Kingdom.

The geographic exposure below relates principally to the domicile of the issuers of the securities held by the underlying fund, added together and then expressed as a percentage of the underlying fund's total holdings.

Geography	2023		2022	
	% of total Investment	Total Investment R	% of total Investment	Total Investment R
China	25.1%	33 148 117	30.4%	33 194 748
Taiwan	18.0%	23 729 989	14.7%	16 035 583
India	16.3%	21 448 005	14.2%	15 533 789
Korea (South)	13.0%	17 108 280	11.4%	12 435 758
South Africa	4.1%	5 381 788	4.7%	5 072 481
Brazil	5.5%	7 188 907	4.6%	4 985 212
Other	18.1%	23 901 467	20.0%	21 828 028
		<u>131 906 553</u>		<u>109 085 599</u>

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

4 Cash and Cash Equivalents	2023	2022
	R	R
Cash and cash equivalents comprise the following balances:		
Local current account	404	24 322
Foreign current account	81 120	34 041
	81 524	58 363
5 Reconciliation of fair value of financial instruments measured at fair value through profit or loss	Number of securities in issue	Fair value of underlying constituents Rand
Opening balance at 1 January 2022	3 104 446	155 178 311
Redemptions during the year	(500 000)	(20 584 194)
Unrealised fair value loss		(22 014 871)
Realised fair value loss		(3 306 278)
Transfer capital to income to settle Portfolio payables		(187 369)
Closing balance at 31 December 2022	2 604 446	109 085 599
Opening balance at 1 January 2023	2 604 446	109 085 599
Creations during the year	400 000	18 441 213
Redemptions during the year	(300 000)	(14 272 506)
Unrealised fair value gain		18 899 211
Realised fair value gain		42 079
Transfer capital to income to settle Portfolio payables		(289 043)
Closing balance at 31 December 2023	2 704 446	131 906 553

The reconciliation above details the changes in the value of the underlying constituents of the Portfolio.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

6 Total Expense Ratio ('TER')

The Satrix MSCI EM ESG Enhanced Feeder Portfolio had a TER of 38.47 (2022: 39.30) basis points (annualised) for the period 1 January 2021 to 31 December 2023.

7 Quarterly review of Satrix MSCI ESG Emerging Markets Security prices

Quarter ended	High Cents	Low Cents	Close Cents
2023			
31 March 2023	4900	4209	4529
30 June 2023	5025	4478	4869
30 September 2023	5020	4628	4664
31 December 2023	5055	4438	4879
2022			
31 March 2022	5200	3920	4272
30 June 2022	4537	4005	4197
30 September 2022	4432	4050	4056
31 December 2022	4542	3956	4240

The above prices represents the market price of the securities as quoted on the JSE.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

8 Securities lending

The Manager of the Satrix MSCI EM ESG Enhanced Feeder Portfolio is permitted to engage in securities lending in respect of the securities held by the Satrix MSCI EM ESG Enhanced Feeder Portfolio as envisaged in the offering circular. CISCA also permits securities lending in the Portfolio, subject that not more than 70% of the market value of all the securities in the Portfolio can be lent to borrowers.

The Portfolio's exposure to credit risk is mitigated by the management company only accepting the following minimum collateral in the form of:

- * 105% Cash Deposit;
- * 110% Bonds restricted to the top South African Banks and Government Bonds;
- * 105% Money Market Instruments restricted to the top South African Banks; and
- * 115% - 120% Equities.

At reporting date significant concentrations of credit risk existed as the management company engaged in significant lending.

The market value of securities lending exposures not derecognised as at 31 December are as follows:

	2023	2022
	R	R
Securities out on loan		
Sanlam Investment Management Proprietary Limited	14 883 375	8 407 112
	14 883 375	8 407 112

The collateral held, but not recognised, by the management company for the securities lending in the form of cash, bonds, equities and money market instruments as at 31 December is as follows:

	2023	2022
	R	R
Collateral held on securities out on loan		
Sanlam Investment Management Proprietary Limited	19 053 424	16 368 583
	19 053 424	16 368 583

The maximum credit risk the Portfolio is exposed to is R 14 883 375 (2022: R 8 407 112), to the extent that there is insufficient collateral, should the borrowers default. The securities out on loan represents 11% (2022: 8%) of the market value of the Portfolio. The fees earned for the administration of securities lending activities, received by the management company and distributed to the benefit of all investors by way of reduction of management fees was R40 605 (2022: R24 547).

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

9 Increase / (decrease) in net assets attributable to investors

	2023	2022
	R	R
Increase / (decrease) in net assets attributable to investors include:		
Fair value gains / (losses) on financial instruments measured at fair value through profit or loss	18 941 290	(25 321 149)
Management fee paid to Satrix Managers (RF) Pty Ltd	(170 450)	(126 239)
Portfolio expenses	(84 206)	(89 417)
– Trustee and custodian fees	(84 206)	(86 887)
– Tracking, licence and listing fees	-	(2 530)

The Management Company is entitled to a service fee per accounting period equivalent to 20 (twenty) basis points of the market value of the total assets in the Portfolio. The Management Company has decided to waive a portion of these service fees in order to achieve efficient tracking of the Index.

10 Notes to the statement of cash flows

2023	2022
R	R

10.1 Cash utilised by operations

Increase / (decrease) in net assets attributable to investors	18 689 280	(25 532 836)
Adjusted for non-cash and separately disclosable items:		
Interest income on cash and cash equivalents	(1 651)	(3 159)
Foreign exchange profit	(995)	(810)
	18 686 634	(25 536 805)
<i>Fair value adjustment</i>		
Net (gains) / losses on financial instruments measured at fair value through profit or loss	(18 941 290)	25 321 149
	(18 941 290)	25 321 149
<i>Changes in other receivables and other payables</i>		
(Decrease) / increase in other payables	(13 997)	37 092
	(13 997)	37 092
	(268 653)	(178 564)

10.2 Interest received

Receivable at beginning of year	149	39
Recognised in profit or loss	1 651	3 159
Receivable at end of year	(24)	(149)
	1 776	3 049

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

11 Related parties

Related parties include Satrix Managers (RF) Proprietary Limited in its capacity as the management company of the Portfolio.

The following related party balances and transactions occurred during the year:

	2023	2022
	R	R
Management fee paid		
Satrix Managers (RF) Proprietary Limited	184 447	89 147
Management fee payable at 31 December		
Satrix Managers (RF) Proprietary Limited	41 637	55 634

Outstanding balances will be settled in the ordinary course of business.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management

Exposure to credit, index, investment, liquidity, market, price, operational and secondary trading risks arise in the normal course of investment activities in listed Index securities. The Portfolio's acceptance of risk is directly attributable to the risks associated with any investment in equities.

The objectives for managing the risks associated with financial instruments held for investment purposes as well as a brief description of the relevant risks and methods adopted to mitigate these risks, are outlined in more detail below. The Satrix MSCI EM ESG Enhanced Feeder Portfolio is an underlying Portfolio of the Satrix Collective Investment Scheme which is regulated by CISCA ('the Act'). In terms of the Act, the Management Company must appoint a Trustee.

The Management Company has outsourced a number of key processes to services providers. The Management Company monitors compliance in terms of the CISCA requirements and reports are submitted to the FSCA on a quarterly basis.

The daily net asset value of the Portfolio is publicly available.

The investment policy of the Satrix MSCI EM ESG Enhanced Feeder Portfolio is to provide an investment vehicle for investors wishing to track the movement of the MSCI EM ESG Enhanced Focus Index by investing in the iShares MSCI EM ESG Enhanced UCITS ETF securities. The Portfolio will apart from assets in liquid form, and financial instruments for the exclusive purpose of hedging exchange rate risks, invest in participatory interests of the iShares MSCI EM ESG Enhanced UCITS ETF established under the iShares VII PLC approved by the Central Bank of Ireland in August 2011.

The investment objective of the iShares MSCI EM ESG Enhanced UCITS ETF is to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the MSCI EM ESG Enhanced Focus Index. In order to achieve this investment objective, the investment policy of the iShares MSCI EM ESG Enhanced UCITS ETF is to invest in a Portfolio of equity securities that as far as possible and practicable consists of the component securities of the MSCI EM ESG Enhanced Focus Index. The Benchmark Index measures the performance of emerging market companies that screens out controversial business areas and gives greater weighting to companies with higher environmental, social and governance (ESG) score size, liquidity and free-float criteria.

The Portfolio has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The abovementioned risks have been addressed below in more detail.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum credit exposure at the date of the statement of financial position is equal to the carrying amounts of the following assets disclosed on the face of the Portfolio's statement of financial position:

- Interest receivable
- Cash and cash equivalents

The investment managers of the Portfolio analyse credit concentration based on the counterparty of the financial assets that the Portfolio hold. Bankruptcy or insolvency of these entities may cause the Portfolio's rights with respect to securities held to be delayed or limited. The investment managers monitor their risk by monitoring the credit quality and financial position of the entities used by the Portfolio. The Manager considers all of the entities to be reputable with minimal credit risk.

Credit risk arising on cash on call and cash deposits is mitigated by depositing funds with reputable banks with acceptable credit ratings. Credit risk arising on debt instruments is mitigated by investing in highly rated investments or instruments issued by rated counterparties in compliance with the Portfolio's investment objectives.

Credit risk relating to unsettled transactions is considered low due to the short settlement period involved. Credit risk arising on derivatives is mitigated by entering into transactions with reputable exchanges and counterparties, and/or by trading in derivatives which are traded in an active market.

Impairment on cash and cash equivalents and receivables has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. There were no non-performing or past due debtors at 31 December 2023. The Portfolio considers that these exposure have low credit risk based on the external credit ratings of the counterparties.

All receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due.

These assets are held with bank and financial institution counterparties, which are rated AA- to A, based on Standard & Poor's ratings.

None of these assets are impaired nor past due but not impaired.

In terms of CISCA, the Management Company may, subject to the requirements of section 85, lend or offer to lend assets included in a Portfolio within the limits or on the conditions determined by the Portfolio's Trust Deed. The Trustee of the Portfolio gives authority to the Management Company to lend or offer to lend securities with a value not exceeding 70% of the market value of all securities included in the Portfolio. The Management Company has engaged in securities lending in respect of the securities held by the Portfolio on this basis.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management (continued)

Credit risk (continued)

In terms of the Trust Deed, the Management Company may engage in securities lending under section 85 of CISCA subject to the following limits and conditions:

- The securities lending must be beneficial to all investors;
- The Management Company may lend or offer to lend securities with a value not exceeding 70% of the market value of securities included in the Portfolio;
- The securities that may be lent to one borrower are limited in accordance with the limits determined by the Registrar for the inclusion of money market instruments in the Portfolio;
- Collateral held for the securities loaned must have an aggregate value that exceeds the market value of the securities loaned by not less than five percent at all times and may only consist of:
 - Cash
 - Other securities
 - A combination of other securities
- Securities may not be lent:
 - For a period longer than 12 months
 - Unless subject to a right of recall

In terms of the securities lending agreements, it is the duty of the Management Company to take delivery of the collateral assets, any appropriate instruments of transfer or instrument of title in respect of the Service Level Agreement ('SLA'). Collateral assets and instruments of transfer or title are held on behalf of, and for the benefit of, the principal as represented by the Satrix MSCI EM ESG Enhanced Feeder Portfolio.

The Portfolio could be exposed to credit risk to the extent that inadequate collateral is held on the underlying assets. If a borrower fails to perform its obligations, the Portfolio may be unable to recover the loaned securities. However, the Management Company only engages in securities lending with credible financial institutions, which are rated AA- to A, based on Standard & Poor's ratings. Please refer to note 8.

Liquidity risk

Liquidity risk is the risk that the Portfolio will not be able to meet its financial obligations towards investors when they fall due.

The Portfolio could also be exposed to liquidity risk in cases where insufficient liquidity on certain securities is available to affect the necessary changes in Index constituents. The need to employ alternative investment techniques would only arise in the event of a liquidity problem, for example, if it is not possible to acquire certain securities comprising the Index due to there being no sellers of such securities.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management (continued)

Liquidity risk (continued)

The Portfolio's securities are listed instruments which are bought and sold on the JSE through a JSE member. The Portfolio's securities can be sold to the Management Company, which is obliged to buy them from the investor.

Market makers will attempt to maintain a high degree of liquidity through continuously offering to buy and sell the Portfolio's securities at prices around net asset value (NAV) of the Portfolio's securities thereby ensuring tight buy and sell spreads. Under normal circumstances and conditions, the investor will be able to buy or sell Portfolio's securities from the market makers.

With the exception of net assets attributed to investors, which are payable on demand, all liabilities are payable within 30 days at the carrying value as reported on the statement of financial position.

The Portfolio is allowed to borrow up to 10% of the market value of the Portfolio to bridge insufficient liquidity.

Market risk

Market risk exists where significant changes in equity prices will affect the value of the Portfolio's financial instruments. The investment mandate is that the Portfolio is passively managed and as a result, the management of market risk is not possible.

The value of Portfolio's securities and distributions payable by the Portfolio will rise and fall as the capital values of the underlying securities housed in the Portfolio and the income flowing there from fluctuate. Prospective investors should be prepared for the possibility that they may sustain a loss.

Market risk includes currency risk, interest rate risk and price risk. Currency risk and price risk have been identified as the most significant risks to the Portfolio, while interest rate risk is expected to be immaterial.

Market risk : Currency risk

The Portfolio's obligation to investors is measured in Rands but the Portfolio represents the performance of underlying assets in US Dollars. Holders of Satrix MSCI ESG Emerging Markets securities assume the relevant currency risk.

The Portfolio's mandate permits investment in financial instruments denominated in currencies other than Rand. As the Portfolio's net asset values are reported in Rand, movements in the foreign exchange rates in relation to the Rand would cause volatility in the Portfolio's Rand investment balances and unit prices.

The table below illustrates the effect of possible changes in foreign currency rates on profit or loss for the year. The sensitivity analysis is prepared with all other variables held constant, and is based on the balances at year end taking into account the reasonable possible changes in the next 12 months. The actual results may differ from the sensitivity analysis and the difference could be material. The disclosure provides information on the risks to which unit holders are exposed and is not indicative of future performance.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management (continued)

Market risk : Currency risk (continued)

The sensitivity analysis also includes the impact of movements in foreign equity. The sensitivity is linear and any change will be a factor of this 10% movement.

	2023	2022
	R	R
10% increase in foreign currency rates	(13 198 767)	(10 911 964)
10% decrease in foreign currency rates	13 198 767	10 911 964

Market risk: Price risk

Price risk is the risk that the fair value or future cash flows of the instrument will fluctuate as a result of changes in market prices other than those caused by interest rate risk and currency risk, whether caused by factors specific to an individual investment, its issuer or all factors affecting all similar instruments traded in the market.

The Portfolio's investments in the following instruments as disclosed on the face of the statement of financial position are subject to price risk:

- Participatory interest in Equity unit trust funds

The price of a Satrix MSCI ESG Emerging Markets security is closely correlated to the movements in the MSCI EM ESG Enhanced Focus Index. Any movement or adjustment in the Index, or the underlying constituents of the Index, will have an impact on the price of the security. At any point in time the market value of a Satrix MSCI ESG Emerging Markets security may be expected to reflect 1/2th of the Index level, plus an amount which reflects a pro rata portion of any accrued distribution amount within the Portfolio.

Sensitivity analysis

	2023	2022
	R	R
Market value of underlying constituents	131 906 553	109 085 599
1% increase in index	133 225 619	110 176 455
1% decrease in index	130 587 487	107 994 743
Movement	1 319 066	1 090 856

The analysis reflects the sensitivity of the Portfolio's underlying constituents as at 31 December. The analysis is based on the assumptions that the Index was increased and decreased by 1%, with all other variables held constant. An adjustment of 1% in the Index will result in a movement of R 1 319 066 (2022: R 1 090 856) in the Portfolio's net assets attributable to investors through profit or loss. The sensitivity is linear and any change will be a factor of this 1% movement.

Operational risk

Operational risk is the risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations.

Operational risk include Index risk, Investment risk, and other operational risk.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management (continued)

Operational risk: Index risk

There is no assurance that the Index will continue to be calculated and published on the same or similar basis indefinitely. The Index was created by the Index provider as a measure of market performance and not for the purposes of trading Portfolio Index securities. The past performance of the Index is not necessarily a guide to its future performance.

The Index may be adjusted from time to time as a result of mergers, re-organisations, schemes of arrangement or other corporate activity involving constituent companies. Any adjustments to the Index will be implemented as determined from time to time in terms of the relevant Index stipulations, for example, if a constituent company pays a special dividend.

The adjustments may require the removal of a constituent company from the Index and the substitution thereof with a new constituent company while at the same time, if necessary, adjusting the base level. The adjustments to the Portfolio will be made in such a way that the Portfolio will remain substantially aligned with the Index level at all times.

Operational risk: Investment risk

There can be no assurance that the Portfolio will achieve its investment objectives of replicating the price and yield performance of the Index.

The following factors could impact negatively on the investment performance of the Portfolio:

- Certain costs and expenses incurred by the Portfolio could cause the underlying Portfolio to mistrack against the Index;
- Temporary unavailability of securities in the secondary market or other extraordinary circumstances could cause deviations from the exact weightings of the Index;
- In circumstances where securities comprising the Index are suspended from trading or other market disruptions occur, it may be impossible to rebalance the Portfolio of securities held by the Portfolio and this may lead to a tracking misalignment;
- Misinterpretation of information on the calculation of the Index could result in mistracking of the Index;
- Other extraordinary circumstances may result in a deviation from precise Index weightings; and
- Significant cash flows.

The Manager will employ investment techniques which will most effectively give effect to the objective and investment policy of the Portfolio.

Operational risk: Other

If shares in the underlying companies are suspended or cease trading for any reason, the suspended shares will not be delivered to a holder exercising its right to take delivery of the underlying shares until the suspension on the trading in respect of those shares is lifted.

If the computer facilities or other facilities of the London Stock Exchange malfunction, calculation and trading in the Portfolio Index securities may be suspended for a period of time.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.1 Financial risk management (continued)

Operational risk: Other (continued)

Issues, redemptions and adjustments to rebalance the underlying Portfolio of shares in the Portfolio could affect the value of the underlying shares constituting the Index and thereby also have an impact on the value of the Portfolio Index securities.

There can be no guarantee that the Portfolio Index securities will remain listed on the London Stock Exchange.

12.2 Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and securities) are based on quoted market prices at the close of trading at the year end date. The quoted market price used for financial assets held by the Portfolio is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 requires the Portfolio to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (from unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Portfolio. The Portfolio considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Satrix MSCI EM ESG Enhanced Feeder Portfolio

Notes to the financial statements

for the year ended 31 December 2023

12 Financial instruments

12.2 Fair value estimation (continued)

The following tables analyse, within the fair value hierarchy, the Portfolio's financial assets and liabilities (by class) measured at fair value at 31 December:

31 December 2023	Items at fair value		
	Level 1 R	Level 2 R	Level 3 R
Financial instruments measured at fair value through profit or loss:			
Participatory interest in foreign CIS	131 906 553	-	-
Net assets attributable to investors	-	(131 946 464)	-
Total	131 906 553	(131 946 464)	-

31 December 2022	Items at fair value		
	Level 1 R	Level 2 R	Level 3 R
Financial instruments measured at fair value through profit or loss:			
Participatory interest in foreign CIS	109 085 599	-	-
Net assets attributable to investors	-	(109 088 477)	-
Total	109 085 599	(109 088 477)	-

Valuation techniques and inputs

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities.

The valuation technique applied in order to value the net assets attributable to investors is the net asset value of the fund which is linked to the observable price of the underlying market traded instruments.

Transfers did not occur between levels in the period under review.

Management considers that the carrying value of all other financial instruments is an approximation of fair value.

13 Subsequent events

No material fact or circumstances has transpired between the financial year end and the date of the report.