

**INVESTMENT POLICY SUMMARY**

The Satrix SmartCore™ Index Fund aims to replicate the price and yield performance of the proprietary Satrix SmartCore™ Index ("Index") as closely as possible. The portfolio is equity only for investors with a more aggressive risk profile and a longer-term investment horizon. The Satrix SmartCore™ Index Fund is designed to offer a diversified equity portfolio with the objective to enhance the returns relative to the FTSE/JSE Capped SWIX. This is achieved by targeting 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. Through the cycle, this strategy aims to deliver capital growth, while delivering positive risk-adjusted excess returns with robust risk control relative to its benchmark.

**WHY CHOOSE THIS FUND?**

- You have an aggressive risk profile and are seeking longer-term capital growth.
- You require a diversified equity portfolio which aims to deliver returns in excess of the market.
- You have a long term investment horizon, i.e. greater than 5 years.
- You would like to use the portfolio as a core equity holding or as a building block within a multi-asset portfolio

**FUND INFORMATION**

<b>ASISA Fund Classification</b>	SA - Equity - General
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	Satrix SmartCore™ Index
<b>Portfolio launch date</b>	30 April 2019
<b>Fee class launch date</b>	30 April 2019
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R4.5 billion
<b>Last two distributions</b>	30 Jun 2024: 29.44 cents per unit 30 Dec 2023: 24.97 cents per unit
<b>Income decl. dates</b>	30 June   31 Dec
<b>Income price dates</b>	1st working day in July & January
<b>Valuation time of fund</b>	17:00
<b>Transaction cut off time</b>	Manual: 15:00 SatrixNOW.co.za: 13:30
<b>Daily Price Information</b>	www.satrix.co.za
<b>Repurchase period</b>	T+3

**TOP 10 HOLDINGS**

Securities	% of Portfolio
Firstrand Ltd	8.94
Standard Bank Group Ltd	8.90
Naspers Ltd	7.54
Bhp Group Limited	5.51
Gold Fields Ltd	5.38
Mtn Group Ltd	5.27
Nedbank Group Ltd	5.20
Absa Group Limited	4.56
Clicks Group Ltd	3.66
Harmony Gold Mining Company Ltd	3.60

as at 30 Sep 2024

**PERFORMANCE (ANNUALISED)**

Retail Class	Fund (%)	Benchmark (%)
1 year	26.45	27.55
3 year	11.16	12.09
5 year	11.44	12.42
Since inception	9.51	10.55

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

**ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS\***

Highest Annual %	32.47
Lowest Annual %	(5.52)

**FEES (INCL. VAT)**

	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.69
<b>Total Expense Ratio (TER)</b>	0.70
<b>Transaction Cost (TC)</b>	0.18

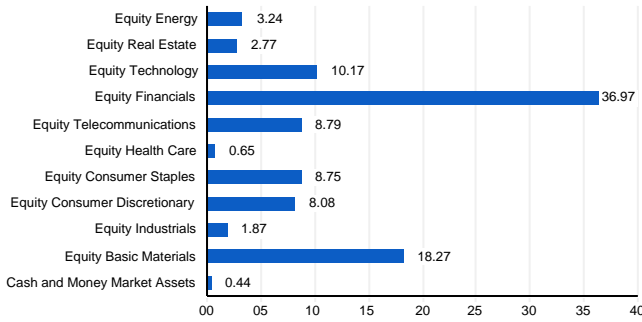
Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

Total Expense Ratio (TER) | The Management Fee is expressed as an annual percentage of the daily NAV of the CIS This Fee is net of any scrip lending income and Management Fee waiver, where applicable.

The Total Expense Ratio (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 on an annualised basis. 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 on an annualised basis.

The current TER/TC cannot be regarded as an indication of future TER and TC. A higher TER and TC does not imply a poor return nor does a low TER and TC imply a good return. Obtain the costs of an investment prior to investing by using the EAC calculator provided at satrix.co.za.

**ASSET ALLOCATION**



**PORTFOLIO QUARTERLY COMMENTARY - 30 SEP 2024**

The Dow Jones Industrial Average and the S&P 500 closed the third quarter at all-time highs after the US Federal Reserve Bank (Fed) cut rates by 50 bps for the first time since 2020. The US inflation rate has been on a downward trend since March this year, moving from 3.5% to 2.5% in its last print in September. The euro area showed a similar trend, moving from 2.8% at the start of the year down to 1.8%. However, the European Central Bank (ECB) cut rates by 25 bps in June and a further 60 bps in September. South Africa's inflation eased from 5.6% at the start of the year to 4.4%, and the South African Reserve Bank (SARB) cut interest rates by 25 bps at their policy meeting in September.

In rand terms, the third quarter saw US stock-heavy indices mute as the MSCI World Index was up 0.4%, while the MSCI USA and the S&P 500 indices were both down 0.1%. The Nasdaq 100 Index had been trading sideways through the quarter and ended the period down 3.7%. China announced a late stimulus push to revive its troubled economy, which sent waves across the globe and saw its stock market significantly up. In rands, the MSCI China Index was up 16.5% for the quarter, pushing the MSCI Emerging Markets Index up 2.6% for the same period. The MSCI India Index was up 1.2% during the quarter and global bonds were up 1%. The MSCI Europe Index was up 0.6% and the MSCI United Kingdom Index was up 1.9%.

Possible disruption of oil supply, fuelled by the escalation in Middle East conflicts - particularly Iran and Israel - resulted in volatility in the oil price. OPEC+, on the other hand, was planning to restore some of the production capacity it had halted and is set to push up production in December this year. Brent crude oil ended the quarter at US\$71.70 a barrel, a 15.6% drop from the start of the quarter. The gold price continued its run, reaching an all-time high and ended the quarter up 13.3%, at US\$2 635.70.

In July, President Joe Biden announced his withdrawal from the 2024 US presidential election and endorsed his second-in-command, Vice President Kamala Harris, as his replacement. It is a close contest as 5 November approaches, the US' 60<sup>th</sup> quadrennial presidential election. The US 20-year Government Bond yield closed the quarter at 4.18%.

In local markets, the FTSE/JSE All Share Index (ALSI) was up 9.6% for the third quarter and the FTSE/JSE Top 40 Index (Top 40) was up 8.6%. The outperformance in the local market was largely driven by Financials, which were up 13.9% for the quarter, and Industrials, which were up 11.4%. Resources were down 1.1%. The South African 10-year Government Bond yield closed the quarter at 8.85%, while the All Bond Index (ALBI) was up 10.5%. The cash benchmark, the Alexander Forbes Short-Term Fixed-Interest (STeFI) Composite Index, delivered positive money market returns of 2.1%, while the FTSE/JSE SA Listed Property Index (SAPY) was up 18.7% for the quarter.

During the quarter, the rand appreciated by 5.6% to the US dollar, closing at R17.23 to the greenback, R23.11 to the pound and at R19.23 to the euro.

**Portfolio Performance, Attribution and Strategy**

In the third quarter of 2024, global equities continued to rise, and emerging markets again ended up outperforming developed markets with China leading the way this time around. The MSCI World Index was up 0.4% during the quarter while the MSCI Emerging Markets Index was up 2.6%, in rand terms. With the Fed cutting rates, along with the ECB and the South African Reserve Bank (SARB), there was some volatility in the market, with the Nasdaq Index closing the period down 3.7%.

Looking at offshore factor performance, Low Volatility, High Dividend Yield and Equal Weighted indices outperformed the MSCI World Index over the quarter, while Value and Growth-targeting indices were tied with the market. The worst performing factor was Momentum, followed by Quality, which are factors that have high allocation in info tech stocks like NVIDIA and these stocks had been trading sideways through the quarter. The outperformances from Equal Weighting highlighted the pick-up in returns that came from smaller cap stocks while reducing the impact from the negative performance in large caps seen from the Nasdaq counters.

In emerging markets, the Equally Weighted strategy outperformed the MSCI Emerging Markets Index, followed by Low Volatility and Growth strategies. The worst performing factors were Momentum and Value, followed by Quality and Dividend Yield.

Locally, the Quality and Low Volatility factors outperformed the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) followed by the Momentum strategy. The Equally Weighted index was the worst performer against the Capped SWIX, followed by Value and Dividend Yield.

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

From an attribution perspective, underweight positions in Anglo American plc (AGL) and Aspen Pharmacare (APN) and an overweight position in Mr Price (MRP) added value to the strategy during the quarter. Counters that detracted value from the strategy included overweight positions in Naspers (NPN), Mondi plc (MNP) and MTN Group (MTN).

The Satrix SmartCore™ Index rebalanced in September 2024 and the fund added Dis-Chem while positions in MTN Group and The Foschini Group (TFG) were increased. These were funded by deleting Sappi (SAP) and Mondi plc (MNP) was reduced.

**RISK PROFILE (AGGRESSIVE)**

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term. It is designed to track the benchmark and is a pure equity fund. There will be capital volatility in the short- to medium-term, although higher returns should be expected over longer-term periods.

**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

**DISCLAIMER**

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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.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Satrix Managers (RF) (Pty) Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Chartered Bank is the appointed trustee of the Satrix Managers Scheme.

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R36 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are subject to tax penalties.