MINIMUM DISCLOSURE DOCUMENT

Satrix Bond Index Fund

A1 Class | 30 November 2022

INVESTMENT POLICY SUMMARY

The fund tracks the performance of its benchmark, the FTSE/JSE All Bond Index. The fund is rebalanced monthly. The fund will invest in a basket of permitted government and corporate fixed-interest securities. The aim is to track the FTSE/JSE All Bond Index. By investing in a passive vehicle, the returns to investment strategies are known. By applying a full replication strategy, the fund will mirror the composition of the chosen benchmark. In order to reduce costs and minimise tracking error, Satrix Bond Index Fund engages in scrip lending activities.

WHY CHOOSE THIS FUND?

*If you seek general market performance through a well-diversified bond portfolio at low cost.
*If you seek a core component for the bond portion of your portfolio.
*If you who prefer to take a longer term view when building wealth.
*If you are cost conscious.

FUND INFORMATION

ASISA Fund Classification	SA - Interest Bearing - Variable Term
Risk profile	Moderate
Benchmark	FTSE/JSE All Bond Index
Portfolio launch date	Dec 2008
Fee class launch date	Apr 2014
Minimum investment	Manual: Lump sum: R10 000 I Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R5.7 billion
Last two distributions	30 Jun 2022: 43.46 cents per unit 31 Dec 2021: 43.18 cents per unit
Income decl. dates	30 Jun I 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
Repurchase period	T+3

TOP 10 HOLDINGS

Securities	% of Portfolio
Republic Of South Africa 10.50% 211226	17.51
Republic Of South Africa 8.00% 31012030	13.00
Republic Of South Africa 8.75% 280248	12.27
Republic Of South Africa 8.25% 31032032	9.74
Republic Of South Africa 8.50% 31012037	8.81
Republic Of South Africa 8.875% 28022035	8.74
Republic Of South Africa 8.75% 31012044	7.48
Republic Of South Africa 9.00% 31012040	6.65
Republic Of South Africa 7.00% 280231	5.40
Rsa 6.25% 310336	2.92

as at 30 Nov 2022

PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	5.85	6.40
3 year	6.86	7.52
5 year	8.26	8.90
Since inception	7.31	7.95

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

ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS*

Highest Annual %	12.46
Lowest Annual %	0.70

FEES (INCL. VAT)

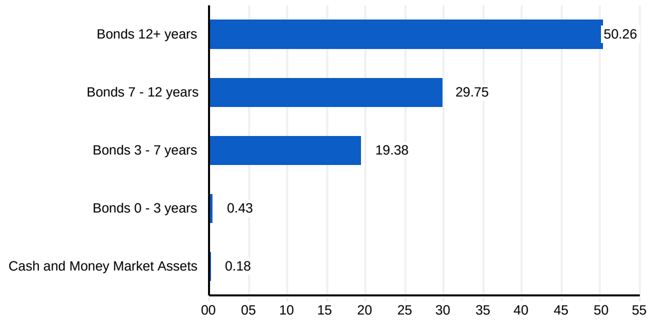
	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	0.52
Total Expense Ratio (TER)	0.50
Transaction Cost (TC)	0.03

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

Total Expense Ratio (TER) | The TER is the charges incurred by the portfolio, for the payment of services rendered in the administration of the CIS. The TER is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 3 years. The TER is calculated from 01 October 2018 to 30 September 2022. A higher TER does not imply a poor return nor does a low TER imply a good return.

The Transaction Cost (TC) is the cost incurred by the portfolio in the buying and selling of underlying assets. This is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 3 years. Obtain the costs of an investment prior to investing by using the EAC calculator provided at www.satrix.co.za.

ASSET ALLOCATION



PORTFOLIO QUARTERLY COMMENTARY - 30 SEP 2022

Lost in translation

At the July Federal Market Open Committee (FOMC) meeting the US Federal Reserve (Fed) raised its policy rate by 0.75% for the second consecutive time. While the magnitude of the increase was in line with market expectations, Fed Chair Jerome Powell on more than one occasion said policy was close to 'neutral'. The market interpreted that to mean rate hikes were nearing an end. Bond and equity markets reacted positively to the 'dovish' hike. However, at the annual Jackson Hole symposium, Powell set the record straight by emphasising that the Fed's 'focus right now is to bring inflation back down to our 2% goal'. He went on to say, 'Reducing inflation is likely to require a sustained period of below-trend growth ... some softening of labour market <https://www.investopedia.com/terms/l/labor-market.asp> conditions ... [and] some pain to households and businesses.' Given that clear guidance markets promptly sold off again as they anticipated higher rates. The FOMC raised the policy rate by 0.75% again at the September meeting, taking the upper target band to 3.25%. The average projection of the policy rate by the various members of the FOMC showed that the policy rate could reach 4.4% by the end of the year, this being a full 1% higher than their June projections. Similarly, the European Central Bank (ECB) ended its negative-rate policy with a 0.5% hike in July, which was followed by a more aggressive 0.75% hike in September. Among the major economies the Bank of Japan (BOJ) remains an outlier. The BOJ has stuck resolutely to its near-zero interest rate policy even as inflation has picked up to 3%. In the UK, the new government of Prime Minister Liz Truss introduced a number of policies to support households and businesses suffering as a result of the energy crises in Europe. The bond market took a dim view of the fiscal impact of the proposals, which along with the sale of bonds (quantitative tightening) announced earlier by the Bank of England (BoE), saw UK 10-year bond yields climb by 1.70% to 4.50% before the BoE had to intervene, pledging to buy an unlimited quantity of gilts to stabilise the market. The BoE intervention stopped the sell-off as yields on the 10-year bond rallied back by 0.5%. The Bloomberg Global Aggregate Bond Index delivered negative returns of 3.34% and yields climbed higher in developed markets. Year-to-date returns were down 12.09% at the end of September.

Locally, the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) delivered two hikes of 0.75% in July and September. Inflation moderated to 7.6% in August, from a high of 7.8% in July. Despite the peak in inflation the SARB has remain hawkish because the rand has been weakening against the US dollar, which increases inflation risks. Returns of the FTSE/JSE All Bond Index mirrored those of global markets. The market experienced a strong recovery in July and early August, however, those gains evaporated as Fed officials and other central bankers reiterated their singular focus to bring inflation back to targets. Nominal bonds eked out a positive return of 0.6%, outperforming inflation-linked bonds, which saw the FTSE/JSE Inflation-Linked Government Index (IGOV) return a negative 1% for the quarter. Cash remains the standout fixed-interest asset class, with the Alexander Forbes Short-Term Fixed-Interest Index (STeFi) returning 1.35% for the quarter and 3.57% on a year-to-date basis.

Bond Market Outlook

The Fed has delivered significant monetary policy tightening in the past quarter and according to their dot plot, they are set to deliver another 1.5% of tightening before the year is out. Bond investors have been trying to anticipate a Fed pivot since May and they have disappointed. Commodity prices have moderated, which will put less pressure on fuel and food prices. Unfortunately, the MPC was a little slow in starting the hiking cycle and for the rest of this year they could deliver 80-100% of the Fed's move, while other emerging market central banks, particularly in Brazil, are more likely to respond to domestic pressures. The long end of the curve should be supported owing to the very steep curve. In October, the minister of finance will deliver the Medium-Term Budget Policy Statement, and while we expect a much-improved revenue picture relative to the February forecasts, spending could be higher, leaving the deficit little changed.

RISK PROFILE (MODERATE)

This is a moderate-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to track the benchmark and is a pure bond fund. It aims to minimise volatility and aims to cultivate as smooth a ride as possible. This portfolio has a medium to long-term investment horizon.

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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