

#### 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

<b>ASISA Fund Classification</b>	SA - Interest Bearing - Variable Term
<b>Risk profile</b>	Moderate
<b>Benchmark</b>	FTSE/JSE All Bond Index
<b>Portfolio launch date</b>	Dec 2008
<b>Fee class launch date</b>	Apr 2014
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R5.1 billion
<b>Last two distributions</b>	30 Jun 2023: 41.71 cents per unit 31 Dec 2023: 45.13 cents per unit
<b>Income decl. dates</b>	30 Jun   31 Dec
<b>Income price dates</b>	1st working day in July and 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
Republic Of South Africa 10.50% 211226	15.26
Republic Of South Africa 8.00% 31012030	12.75
Republic Of South Africa 8.75% 280248	11.13
Republic Of South Africa 8.25% 31032032	10.89
Republic Of South Africa 8.875% 28022035	9.76
Republic Of South Africa 8.50% 31012037	8.54
Republic Of South Africa 8.75% 31012044	7.22
Republic Of South Africa 9.00% 31012040	7.00
Republic Of South Africa 7.00% 280231	6.01
Rsa 6.25% 310336	2.83

as at 29 Feb 2024

#### PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	7.09	7.64
3 year	6.62	7.18
5 year	7.13	7.75
Since inception	7.37	8.00

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

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

Highest Annual %	13.96
Lowest Annual %	(4.25)

#### FEES (INCL. VAT)

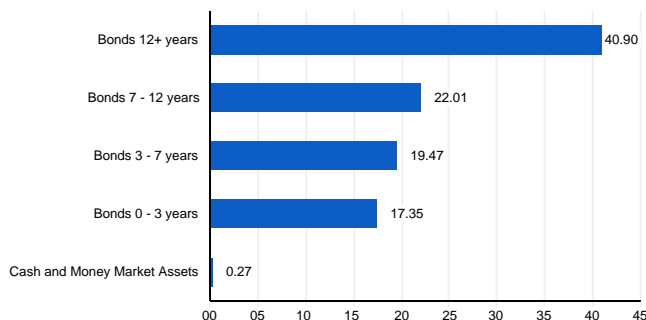
	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.52
<b>Total Expense Ratio (TER)</b>	0.50
<b>Transaction Cost (TC)</b>	0.02

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

Total Expense Ratio (TER) | The TER is the charges incurred by the portfolio, for the payment of services rendered in the administration of the CIS. The TER is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 3 years. The TER is calculated from 01 January 2021 to 31 December 2023. A higher TER does not imply a poor return nor does a low TER imply a good return.

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

## ASSET ALLOCATION



## PORTFOLIO QUARTERLY COMMENTARY - 31 DEC 2023

The FTSE/JSE All Bond Index (ALBI) delivered a strong return for the quarter of 8.08% to rescue what would otherwise have been a dismal year. For the first 10 months of the year the ALBI delivered just 3.23%, less than half the return of the Alexander Forbes Short-Term Fixed-Interest (STeFI) cash index of 6.6%. Following a strong rally in November and December the ALBI delivered 9.67% for the year compared to 8.03% and 7.87%, respectively, for the STeFI and FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX). The performance of the bonds followed a similar rally in global bonds which was sparked by dovish comments from US Federal Reserve (Fed) Chair Jerome Powell and reinforced by soft data. In late October, speaking before the Economic Club of New York, Powell was quoted as saying tight policy was putting downward pressure on economic activity and inflation. He also intimated that soaring bond yields, which at the time were nearing 5% on the US 10-year bond, could help the Fed slow the economy further, cooling inflation and possibly signalling the end of rate hikes. In another speech Fed Vice Chair Philip Jefferson said the Fed must balance the risk of not tightening enough with being too restrictive. The US 10-year bond yield rallied 108 basis points (bps) from a high of 4.99% on 19 October to end December at 3.91%. German and UK benchmark bonds rallied 81.5 bps and 90.5 bps respectively for the quarter. The Medium-Term Budget Policy Statement (MTBPS), delivered on 1 November, held little positive news for the bond market. The debt trajectory continues to deteriorate due to slow revenue growth and continued support for state-owned entities. However, the market was somewhat buoyed by indications that weekly issuance will be held at current levels against some market expectations of an increase. The inaugural rand sukuk auction was very successful delivering R20.3 billion in new funding and alleviating any residual fears of an imminent increase in issuance for this fiscal year. The bond curve steepened significantly during November and December rallies with the R213 (8-year bond) outperforming the R2048 (25-year bond) by nearly 50 bps. This shows that for the market lingering doubts remain about the fiscal trajectory.

In October, Hamas attacked Israel and took many hostages, sparking violent reprisal the likes of which we have not seen since the first intifada which ended in 1993. The markets' primary concern has been whether the conflict would spill over into a wider regional conflict. Oil prices initially spiked from around \$84 per barrel to \$92 per barrel, but subsequently declined to \$77, as the war remained contained between Hamas and Israel. Despite inflation accelerating from the lows of 4.7% in July to 5.9% in October, the bond market remained sanguine because of the continuing global disinflationary trend.

## Bond market outlook

Bonds outperformed our expectations in 2023 and therefore start 2024 slightly overvalued. However, with inflation in developed markets closer to target and economic growth slowing, central banks will likely be reducing policy rates this year, leading to a better backdrop for bonds. In the US, the market is fully pricing the first cut by May and is expecting five rate cuts this year. The current federal funds rate of 5.5% is very restrictive compared to consensus CPI forecast of 2.3% by year-end.

The local market is pricing 95 bps of cuts by the end of the year, and only another 25-bps reduction between 12 and 24 months. The market is not looking for a deep rate cutting cycle.

## 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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\*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.