

#### INVESTMENT POLICY SUMMARY

The Satrix Momentum Index Fund is an equity only portfolio. To capture this investment style and its effect, Satrix has developed the proprietary Satrix Momentum Index. It aims to capture the return of the equity market enhanced by the momentum risk premium. This is achieved by constructing a portfolio tilted toward stocks (or equities) that display positive momentum characteristics and away from stocks showing negative momentum characteristics. Momentum is defined for the index in terms of a composite of price momentum and earnings momentum as measured by analyst revisions. The index is reviewed and rebalanced 8 times a year (approximately every 6 weeks) where parameters are recalculated with cognizance given to the liquidity of individual counters and the turnover of the benchmark as a whole. The benchmark is also moderated in terms of sector and stock specific risks. The universe for selection of stocks to be included in the Satrix Momentum Index is all stocks on the JSE that meet the applicable liquidity screening requirements referred to in the calculation methodology, excluding listed property stocks. The fund is rebalanced every 6 weeks.

#### WHY CHOOSE THIS FUND?

\*Because it is negatively correlated to value investing, momentum investing can be a valuable diversification component.

\*The momentum product is designed to be: Risk Controlled; Consistent; True-to-label; and a robust blend of price and earnings momentum styles.

\*This is pure equity fund is therefore not Regulation 28 compliant.

\*This fund is aggressively risk profiled and thus investors should be willing to tolerate potential volatility in the short-term.

#### FUND INFORMATION

<b>ASISA Fund Classification</b>	SA - Equity - General
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	Proprietary Satrix Momentum Index
<b>Portfolio launch date</b>	Oct 2013
<b>Fee class launch date</b>	Oct 2013
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R152.6 million
<b>Last two distributions</b>	30 Jun 2023: 25.45 cents per unit 31 Dec 2023: 28.47 cents per unit
<b>Income decl. dates</b>	30 June   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
Naspers Ltd	10.03
Standard Bank Group Ltd	6.91
Gold Fields Ltd	6.78
Firststrand Ltd	6.60
Investec Ltd	6.20
Sanlam Ltd	4.72
Anheuser-busch Inbev Sa Nv	4.69
Aspen Pharmacare Holdings Ltd	4.44
Harmony Gold Mining Company Ltd	4.03
Shoprite Holdings Ltd	3.99

as at 29 Feb 2024

#### PERFORMANCE (ANNUALISED)

Retail Class	Fund (%)	Benchmark (%)
1 year	(2.83)	(2.02)
3 year	5.89	6.80
5 year	5.77	6.74
10 year	6.86	8.05

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

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

Highest Annual %	25.71
Lowest Annual %	(8.63)

#### FEES (INCL. VAT)

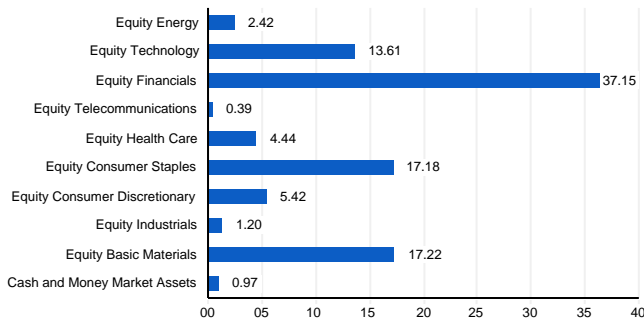
	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.52
<b>Total Expense Ratio (TER)</b>	0.60
<b>Transaction Cost (TC)</b>	0.32

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](http://www.satrix.co.za)

## ASSET ALLOCATION



## PORTFOLIO QUARTERLY COMMENTARY - 31 DEC 2023

2023 got off to a rocky start, with markets fearing a possible global recession, ongoing conflicts in the Middle East, and Russia's continued assault on Ukraine. However, inflation would soften quicker than expected, changing investor sentiment as reserve banks around the globe paused on rate hikes. Contrary to the expected recession, there was an Artificial Intelligence (AI) boom which saw stocks like NVIDIA climbing to returns north of 200% for the year. The fixed-income and equity markets rallied, with Information Technology becoming one of the most rewarded sectors for the year.

In rand terms, the fourth quarter saw the MSCI World Index go up 8.2%, the MSCI Emerging Markets Index up 4.7%, and the MSCI USA Index up 8.5%. The MSCI India Index was up 8.6% during the quarter, while the MSCI China Index was down 7%. The MSCI Europe Index was up 7.8% while the MSCI United Kingdom Index was also up 3.7%.

As the US Federal Reserve (Fed) transitioned from a hawkish outlook to being neutral, and then dovish on interest rates, the markets started to propel upwards. The conflicts in the Middle East also brought about uncertainty in oil prices, with Brent oil ending the quarter at US\$77.04 a barrel, a 14.7% decrease from the start of the quarter. The Fed's dovish comments and anticipation of rate cuts drove the gold price, which hit a record high of US\$2 077 in November and ended the quarter at US\$2 062.59, up 11.6% since the beginning of the quarter. The US 20-year Government Bond yield eased from its record 5.29% level and closed the quarter at 4.18%.

In local markets, the FTSE/JSE All Share Index (ALSI) was up 6.9% for the final quarter, closing the year on a positive. In this period, the FTSE/JSE Top 40 Index (Top 40) and FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) were also up 6.6% and 8.2% respectively. The South African 10-year Government Bond yield closed the quarter at 9.77%, while the All Bond Index (ALBI) was up 8.1%. 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 16.4% for the quarter.

The year 2023 marked the worst period for South Africans in terms of loadshedding, with the country plummeting into sporadic darkness for over 330 days (90%) of the year. This took place the year before the country goes to the polls in what is expected to be the most hotly contested election since the first democratic elections in 1994. The ongoing loadshedding is one of the factors that have influenced the performance of the South African rand. Markets watched the South African Reserve Bank (SARB) halting interest rate hikes as the rand appreciated by 2.9% to the US dollar, closing at R18.29 to the greenback, R23.31 to the pound and at R20.20 to the euro.

## Portfolio Performance, Attribution and Strategy

The last quarter of 2023 closed positive, as the MSCI World Index was up 11.5% in dollar terms for the period, largely driven by the 'magnificent seven' stocks in the US. These stocks contributed 40% to the total return of the MSCI World Index, largely driven by the artificial intelligence boom with information technology companies coming from year 2022 lows. Though the universe is seen as broad, the performance in the quarter also highlights the concentration and crowding risk in the equity markets.

Offshore, Quality and Momentum were the only factors that outperformed the markets for the quarter in developed regions. Factors that underperformed the most were Low Volatility, Dividend Yield and Value, with Growth flat together with Low Size. In emerging markets, Quality, Dividend Yield and Value were the top performers, with the Momentum and Low Size factors struggling the most and underperforming the regional index.

Locally, the Price Momentum sub-factor has a strong quarter while Earnings Revisions were down. This led to the Momentum factor outperforming the markets over the quarter. The strongest performance came from the Quality factor over the quarter, while the Value factor also outperformed, as the Earnings Yield and the Price-to-Book factors did well over the quarter.

Over the quarter, the Momentum factor outperformed the Capped SWIX benchmark. From an attribution perspective, overweight positions in Richemont (CFR) and Harmony Gold (HAR) and an underweight position in Anglo American plc (AGL) added value to the strategy over the quarter. Counters that detracted value from the

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strategy were overweight positions in Sasol (SOL), Exxaro (EXX) and Glencore (GLN).

At the last rebalance in December 2023, we transitioned the portfolio based on the evaluation of new factor signals and the risk levels in the portfolio. Based on these signals, BHP Group Limited (BHG) and Tiger Brands (TBS) were added as new positions to the portfolio while Naspers (NPN) and Sanlam (SLM) were increased. To fund the buys, positions in Absa Group (ABG), AngloGold Ashanti (ANG), Richemont (CFR) and Italtile (ITE) were deleted while positions in Nedbank (NED) and Prosus (PRX) were reduced.

We remain convinced of the factor's medium to long-term significance and the premium it offers in the South African capital market and remain disciplined in our implementation and extraction of the factor.

## RISK PROFILE (AGGRESSIVE)

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to track the benchmark and is a pure equity fund. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

## 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.