

**INVESTMENT POLICY SUMMARY**

The Satrix Balanced Index Fund is Regulation 28 compliant and offers diversified exposure to all the key local and international asset classes. The Fund tracks a composite index benchmark, with a long term strategic asset allocation, rebalanced on a bi-annual basis in March and September.

**FUND STRATEGY**

The composite benchmark of the fund comprises the following asset class building blocks:

**Asset Class Index Exposure**

SA Equity (40%)	Satrix SmartCore™ Index
SA Bonds (12%)	FTSE/JSE All Bond Index
SA Property (5%)	FTSE/JSE SA Listed Property Index
SA Inflation-Linked Bonds (5%)	S&P SA Sovereign Inflation-Linked Bond Index
SA Cash (2%)	STeFI Composite
International Equity (26%)	MSCI All Country World Index (ACWI)
International Property (5%)	FTSE EPRA/Nareit Developed Dividend+ Index
International Infrastructure (5%)	FTSE Global Core Infrastructure Index

**WHY CHOOSE THIS FUND?**

- The Satrix SmartCore™ Index targets 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.
- The international portion of the fund provides some rand-hedge protection.
- You gain access to a fund that aims to grow capital steadily, while providing income over the medium to longer term.
- The high equity exposure gives you material exposure to an asset class that, though more volatile than others, usually delivers superior performance in the long term.

**FUND INFORMATION**

<b>ASISA Fund Classification</b>	SA - Multi-Asset - High Equity
<b>Category Benchmark</b>	SA - Multi-Asset - High Equity - Median
<b>Risk profile</b>	Moderate Aggressive
<b>Benchmark</b>	Proprietary Satrix Balanced 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>	R12.7 billion
<b>Last two distributions</b>	30 Jun 2024: 34.03 cps 31 Dec 2024: 33.51 cps
<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

**TOP 10 HOLDINGS**

Securities	% of Portfolio
Ishares Core Msci World Ucits Etf	16.72
Ishares Gbl Infrastructure	4.92
Ish Dvl Mkt Prpty Yld Usd A	4.75
Standard Bank Group Ltd	3.34
Gold Fields Ltd	2.97
British Am. Tobacco Plc	2.64
Mtn Group Ltd	2.63
Naspers Ltd	2.39
Harmony Gold Mining Company Ltd	2.35
Republic Of South Africa 8.75% 280248	2.32

as at 31 Jan 2025

**PERFORMANCE (ANNUALISED) AS AT 31 JAN 2025**

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	17.18	17.97	14.89
3 year	10.05	11.06	9.25
5 year	11.64	12.71	10.08
10 year	8.38	9.45	7.30

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

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

Highest Annual %	21.76
Lowest Annual %	(2.79)

**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>	0.40
<b>Total Expense Ratio (TER)</b>	0.52
<b>Transaction Cost (TC)</b>	0.10

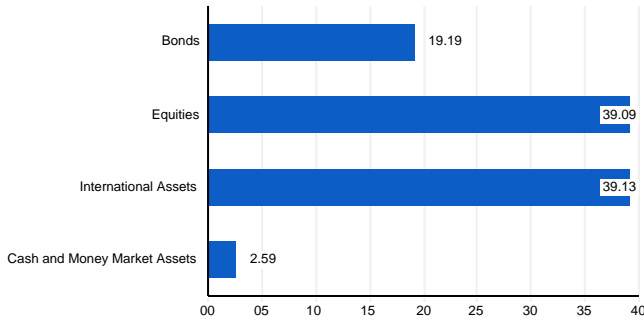
Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is 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 - 31 DEC 2024**

2024 was a very rewarding year for growth assets as US mega-cap stocks in the tech industry dominated the markets for the second year in a row. Donald Trump was elected as US president in November, which strengthened the dollar and saw yields rise, negatively affecting foreign investment-grade bonds. Many central banks, including the South African Reserve Bank, continued normalising rates. However, inflation remained stubborn, changing the market's expectations of how quickly central banks would cut interest rates going into 2025.

The MSCI World Index was up 9.3% in rand terms in the fourth quarter, while the MSCI USA and the S&P 500 indices were up 12.4% and 12% respectively. The Nasdaq 100 Index ended the period up 14.8%. The MSCI China Index was up 1.1% for the quarter, while the MSCI India Index was down 2.9%. This dragged the MSCI Emerging Markets Index lower, closing the quarter up a mere 0.7%. Global bonds were up 3.9% for the quarter. The MSCI Europe Index was down 1.2% and the MSCI United Kingdom Index was up 2%.

Oil prices rose earlier in the quarter, driven by concerns over the Middle East conflict and potential supply disruptions. However, later in the quarter the prices declined as the demand from China slowed. Brent crude oil ended the quarter at US\$74.64 a barrel, a 4.1% increase from the start of the quarter. It was a very good year for gold as the price continued its run, breaching a stream of all-time highs throughout the year. However, gold ended the quarter flat (-0.4%), closing at US\$2 624.40.

In November, Trump won 312 electoral votes, beating Kamala Harris's 226 electoral votes. His pro-business policies, corporate tax cut plans, along with the rising US bond yields translated into a strengthening US dollar environment. The US 20-year Government Bond yield closed the quarter at 4.86% from 4.18% at the beginning of the quarter.

In local markets, the FTSE/JSE All Share Index (ALSI) was down 2.1% for the fourth quarter and the FTSE/JSE Top 40 Index (Top 40) was down 3.4%. The underperformance in the local market was largely driven by Resources, which were down 10.1% for the quarter, and Financials, which were down 1.8%. Industrials were flat for the quarter, ending 0.5% down. The South African 10-year Government Bond yield closed the quarter at 9%, while the All Bond Index (ALBI) ended the quarter positive, by 0.4%. The cash benchmark, the Alexander Forbes Short-Term Fixed-Interest (STeFI) Composite Index, delivered positive money market returns of 2%, while the FTSE/JSE SA Listed Property Index (SAPY) was down 0.8% for the quarter.

The rand depreciated by 9.5% to the US dollar over the quarter, closing at R18.87 to the greenback, R23.63 to the pound and at R19.53 to the euro.

**Portfolio Performance and Changes**

**Local Equities**

Looking at offshore factor performance, Low Volatility, High Dividend Yield, Quality, Enhanced Value, Growth, and Equal Weight underperformed the MSCI All Country World Index (ACWI) Index over the quarter, while the Momentum factor strategy was the only factor that outperformed the global equity markets. For the 12 months to December 2024, the Momentum factor was the only one that outperformed the index, with Enhanced Value being the worst performing.

In Emerging Markets, the High Dividend Yield and Momentum factors outperformed the MSCI Emerging Markets Index, while the Growth strategy was tied with the index. The worst performing factor was Enhanced Value.

Locally, the Momentum factor outperformed the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) followed by the Value strategy, which was flat against the index. The FTSE/JSE Equally Weighted Top 40 Index was the worst performer again this past quarter when compared with the Capped SWIX, followed by Quality and Low Volatility.

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 last quarter of the year, the multi-factor model underperformed the Value, Momentum and Quality single factors. Over the same period, SmartCore™ underperformed the Capped SWIX. 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, overweight positions in Mr Price (MRP) and Absa Group (ABG) and an underweight position in Sasol (SOL) added value to the strategy during the quarter. Counters that detracted value from the strategy included overweight positions in Kumba Iron Ore (KIO), Harmony (HAR) and BHP Group Limited (BHG).

The Satrix SmartCore™ Index rebalanced in December 2024 and the fund added SPAR (SPP) and Tiger Brands (TBS) while it dropped AngloGold Ashanti (ANG), Dis-Chem

(DCP), Glencore (GLN) and Mondi plc (MNP).

**Local Bonds and ILBs**

The bond market rally in South Africa ran out of steam in the fourth quarter of 2024 as US yields backed up from their low levels in September. The FTSE/JSE All Bond Index (ALBI) returned just 0.43% for the quarter, underperforming both cash and inflation-linked bonds. The cash benchmark, the STeFI Composite Index, returned 2.01%, while the FTSE/JSE Inflation-Linked Index (CIL) returned 0.83%. Notwithstanding the poor performance in the final quarter bonds still delivered great returns for the year with the ALBI delivering 17.18%. Local bonds took their cue from US bonds, which saw the benchmark 10-year bond yield rise 0.79 bps to 4.57%. By comparison, the benchmark R2035 bond yield rose only 0.28%. Indeed, for the year as a whole the 10-year SA bond yield compressed 1.78% relative to the US benchmark.

**Offshore Equity**

In rand terms, the MSCI World Index was up 9.3% for the fourth quarter, while the FTSE Global Core Infrastructure and MSCI Emerging Markets indices were also up by 3.27% and 0.70% respectively. The FTSE EPRA Nareit Developed Dividend+ index was down 0.71%.

**RISK PROFILE (MODERATE AGGRESSIVE)**

This is a moderate-aggressive risk portfolio that primarily aims to deliver capital growth over the medium- to long-term, with income a secondary consideration. It aims to reduce volatility relative to an equity-only portfolio. 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

**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.