

### 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 (20%)	FTSE/JSE All Bond Index
SA Cash (2%)	STeFI Composite
Global Property (5%)	FTSE EPRA/Nareit Developed Dividend+ Index
Global Infrastructure (5%)	FTSE Global Core Infrastructure Index
Global Equity (Developed) (23%)	MSCI World Index
Global Equity (Emerging) (5%)	MSCI Emerging Markets 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>	R12.0 billion
<b>Last two distributions</b>	30 Jun 2024: 34.03 cents per unit 31 Dec 2023: 28.36 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

### TOP 10 HOLDINGS

Securities	% of Portfolio
Ishares Core Msci World Ucits Etf	16.48
Ishares Gbl Infrastructure	5.06
Ish Dvl Mkt Prpty Yld Usd A	4.90
Standard Bank Group Ltd	3.69
Firststrand Ltd	3.35
Naspers Ltd	2.96
Republic Of South Africa 10.50% 211226	2.50
Republic Of South Africa 8.75% 280248	2.39
Republic Of South Africa 8.00% 31012030	2.34
Nedbank Group Ltd	2.26

as at 30 Nov 2024

### PERFORMANCE (ANNUALISED) AS AT 30 NOV 2024

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	16.81	17.99	15.19
3 year	10.41	11.47	9.31
5 year	11.30	12.41	10.13
10 year	8.57	9.69	7.40

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

### ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS\*

Highest Annual %	25.12
Lowest Annual %	(4.52)

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

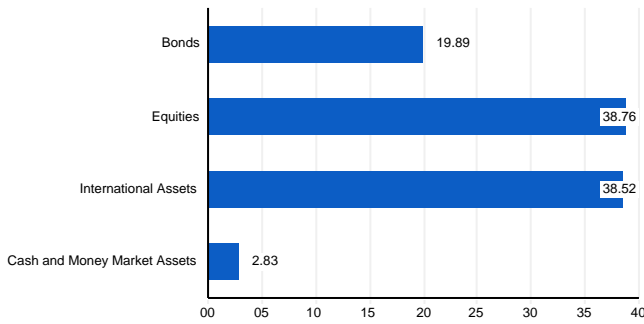
Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is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

**Local Equities**

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. 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.

**Local Bonds and ILBs**

South African asset prices continued their strong recovery buoyed by positive sentiment from the formation of the Government of National Unity (GNU). The performance of South African bonds is all the more impressive when one considers that global EM investors have been net sellers to the tune of \$12.35 billion year to date. This includes outflows of \$7.282 billion from local currency debt, \$3.978 billion from blended currency debt, and \$1.088 billion from hard currency debt. South Africa saw local currency outflows of \$4.9 billion, primarily due to India's inclusion in the EM bond index, which has attracted inflows of \$13.1 billion.

Inflation-linked bonds (ILBs) trailed nominal bonds with the CILL index returning 4.83% for the quarter, while the cash index, STeFI, returned 2.11%. The benchmark R2035 nominal bond rallied by 136 bps during the quarter while the I2033 ILB rallied by just 33 bps. The yield curve flattened further, with the gap between the R2048 (24-year) and R2030 (6-year) bonds declining by 20 bps to 184 bps. However, the curve remains extremely steep, some 107 bps higher than the lows seen in 2021.

**Offshore Equity**

In rand terms, the MSCI All Country World Index (ACWI) was up 0.61% (+6.72% in US dollar terms) for the quarter. The fund invests in the Satrix World Equity Tracker UCITS and the Satrix Emerging Markets Tracker UCITS by holding these investments in the same weight as that of the MSCI ACWI. These funds track performance of the respective indices through a process of optimisation with an ex-ante tracking error varying around 10 basis points and 18 basis points respectively. The MSCI ACWI captures large and mid-cap representation across 23 DM and 24 EM countries\*. With 2 687 constituents, the index covers approximately 85% of the global investable equity opportunity set.

**Strategic Asset Allocation Review**

The biennial Strategic Asset Allocation (SAA) review for the Satrix Balanced Index has concluded. The Satrix Balanced Index Fund has performed extremely well in recent years, and most importantly, has done so consistently. Below is a summary of the implemented changes:

**High Equity (Satrix Balanced Index)**

Global Exposure	↑ 2% : from 36% to 38%
Equity Exposure	↑ 2% : from 71% to 73%
Growth Assets	↓ 3% : from 81% to 78%
EM Equities	↑ 2% : from 3% to 5%
SA Bonds	↑ 8% : from 12% to 20%
SA Property	↓ 5% : from 5% to 0%
SA ILB	↓ 5% : from 5% to 0%

**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

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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.