Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Balanced Index Fund

December 2017

Fund Objective

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 exposures	
Smart SA equity core (55%)	25% Proprietary Satrix Stable Dividend Index 25% S&P Quality Index 50% Proprietary Satrix Momentum Index
SA bonds (8%)	FTSE/JSE All Bond Index
SA property (6%)	FTSE/JSE SA Listed Property Index
SA inflation-linked bonds (6%)	Barclays SA Gov Inflation-Linked Bond Index
SA cash (5%)	SA Nominal Cash
International equities (15%)	MSCI World Equity Index
International bonds (5%)	Barclays Global Treasury Index

The asset composition of the index aims to target a CPI+5.5% return over the long term.

Why choose this fund?

- The Smart SA Equity Core reflects the equity characteristics we feel are most significant.
- The strength in combining portfolios of these different characteristics is that they perform predictably and reliably with one another providing a smoother and diversified performance experience.
- The international portion of the fund (20%) 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

ASISA Fund Classification	SA - Multi-Asset - High Equity
Risk profile	Moderate Aggressive
Benchmark	Proprietary Satrix Balanced Index
Portfolio launch date	Oct 2013
Fee class launch date	Oct 2013
Minimum investment	Manual: Lump sum: R10 000 l Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R2 086.8 million
Last two distributions	30 Jun 2017: 16.49 cents per unit 31 Dec 2017: 16.92 cents per unit
Income decl. dates	30 June l 31 Dec
Income price dates	1st working day in July & January
Valuation time of fund	17:00
Transaction cut off time	Manual: 15:00 SatrixNOW.co.za: 13:30
Daily price information	Local newspaper and www.satrix.co.za
Repurchase period	3 working days

Fees (Incl. VAT)

	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	0.39
Total Expense Ratio (TER)	0.76
Transaction Cost (TC)	0.23

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.

Where this fund invests into other unit trusts, it does so into zero fee classes except for offshore equity (0.30%) and offshore bonds (0.12%).

Total Expense Ratio (TER) | 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 1 year. The TER is calculated since inception from 1 October 2016 to 30 September 2017. 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 1 year. Obtain the costs of an investment prior to investing by using the EAC calculator provided at www.satrix.co.za

Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	7.47
FirstRand / RMBH	3.86
Stanbank	3.64
Capitec	2.68
Sanlam	2.64
Mr Price Group Limited	2.34
AVI	2.23
Exxaro	2.10
Woolies	2.05
Clicks Group Ltd	1.98

Top 10 Holdings as at 31 Dec 2017

Performance (Annualised) as at 31 Dec 2017 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	19.04	20.52
3 year	8.90	10.28
5 year	N/A	N/A
Since inception	9.69	11.05

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

Performance (Cumulative) as at 31 Dec 2017 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	19.04	20.52
3 year	29.14	34.13
5 year	N/A	N/A
Since inception	47.03	54.74

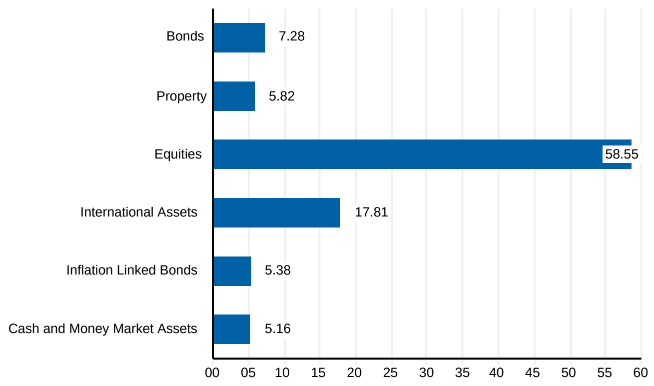
Cumulative return is aggregate return of the portfolio for a specified period

Actual highest and lowest annual returns*

Highest Annual %	19.04
Lowest Annual %	4.03

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary Terms Sheet.

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Dec 2017

Macro review

In the US, the fourth quarter saw two Republican defeats in Senate contests spur House and Senate Republicans into action, resulting in the long-awaited tax reform bill. Markets rallied on the news, with big permanent cuts for corporations as the centrepiece of the package. US equities were largely also supported by generally positive macroeconomic data, including better-than-expected third-quarter GDP growth of 3.0% (annualised) and stronger-than-expected non-farm payrolls. As had been widely anticipated, the US Federal Reserve (Fed) lifted interest rates by 25 basis points (bps) in December. The Fed also raised its growth forecasts for 2018 to 2.5% from 2.1%. The quarter also saw robust corporate earnings, particularly from the technology sector.

In the Eurozone, data showed the region's economic recovery continuing. GDP grew by 0.6% in the third quarter, albeit a slight slowdown from 0.7% in the second quarter. In October, the European Central Bank (ECB) announced that quantitative easing would be extended to September 2018 but that the pace of purchases would be reduced from €60 billion per month currently to €30 billion. In Germany, coalition talks collapsed, while in Spain, Catalonia held a regional election which failed to resolve the independence issue. In the UK, despite a sluggish economy, the Bank of England (BoE)'s monetary policy committee raised interest rates for the first time in 10 years as annual CPI reached 3.1% in November, breaching the BoE's upper target. Furthermore, hopes rose around progress with Brexit negotiations, with an agreement struck to allow talks to proceed to the future of trade arrangements.

Emerging markets experienced largely positive political developments. In South Africa, pro-reform candidate, Cyril Ramaphosa, was elected as leader of the African National Congress. This development increased the prospect for a return to more orthodox policy after elections in 2019. In Greece, agreement was reached with international creditors over reforms, paving the way for the dispersal of further bailout funds, while India also announced plans for a major recapitalisation for state-controlled banks.

Global and local market review

For the first time on record, global equity markets rallied in all 12 months of a year, advancing +5.8% in US dollars in the fourth quarter and 24.6% over 2017, one of the strongest years since 2009. The S&P 500 Index ended a strong year with a fourth-quarter gain of +6.6%, buoyed by hopes of tax reform, while Eurozone equities declined amid some profit-taking and simmering political risk, although economic data remained positive. The UK's FTSE All Share Index also saw positive returns, supported by gains for resource stocks and progress on Brexit negotiations.

Emerging market (EM) equities however outperformed their developed world counterparts, returning +7.5% during the fourth quarter and 37.8% in 2017. Top EM performers in the fourth quarter were South Africa (+21.5%), Greece (+13.6%) and India (+11.8%). The MSCI South Africa Index rallied +36.8% in US dollar terms in 2017 broadly in line with EM, driven by Media (Naspers) and a metals rally, while a Ramaphosa win buoyed SA domestic-demand sectors into year-end. However, the MSCI SA ex Naspers was up only +16%.

The yields on the US 10-year Treasury note rose marginally from 2.33% to 2.40% over the quarter, but for a brief period when they touched 2.5%. However, the curve flattened aggressively as shorter maturities sold off in anticipation of the December rate hike and continued tightening of monetary policy by the Fed in 2018. Yields on German bonds rallied slightly from 0.46% to 0.42%.

The Bloomberg Commodities Index posted a robust return in the fourth quarter of +4.7%, underpinned by a rally in industrial metals and energy. In industrial metals, nickel (+22%), copper (+12%) and iron ore (+12%) posted the strongest gains as Chinese demand remained firm. Together with measures aimed at lowering environmental emissions, which have led to an increase in supply discipline, this put upward pressure on prices. In the energy segment, Brent crude surged +18.2%, primarily driven by an agreement among OPEC and a number of non-member countries such as Russia to extend production cuts to the end of 2018. By contrast, agricultural commodities lost value, notably wheat and palm oil. In precious metals, gold gained +1.8% while silver was up +1.7%.

Domestically, SA equities (Capped SWIX) delivered a healthy 16.5% during 2017, outperforming bonds (+10.2%) and cash (+7.5%). Over the quarter, the Capped SWIX return was +8.4%, driven by Industrial Metals (+62.7%), Banks (+27.1%) and General Retail (+22.3%). Underperforming sectors over the quarter were Household Goods (-92.3%), Fixed Line Telecommunications (-18.8%) and Paper (-9.9%).

SA equities recorded outflows of US$2.5 billion during 2017, significantly lagging inflows into EM equities of US$77.2 billion. However, dissecting the flows, it appears that, excluding the outflows from dual-listed stocks, the Barclays and Vodacom sell-down, SA equities saw inflows of just more than R60 billion in 2017.

The benchmark SA 10-year bond yield declined from 8.9% at the beginning of the year to 8.6% at the end of December, given expectations of a political and policy shift in South Africa, post a Ramaphosa win at the ANC elective conference. For the quarter, the FTSE/JSE All Bond Index (ALBI) returned 2.25%, outpacing cash returns of 1.78% on the STeFI Composite. The 5.66% rally in December resulted in bond returns of 10.22% for the year.

The FTSE/JSE SA Listed Property Index (SAPY) returned a total of 8.3% in the fourth quarter of 2017 and 17.2% for the calendar year 2017. Over the 2017 calendar year, the SAPY outperformed bonds (10.2%) and cash (7.5%), but underperformed the FTSE/JSE All Share Index (ALSI), which returned 21% over the last 12 months. Interestingly, over a trailing five- and 15-year period, SA listed property is still the best-performing major SA asset class, including equities. For the calendar year, the best-performing shares in the SAPY were those with a 100% foreign exposure, such as MAS Real Estate (35%), Sirius (41%) and Greenbay Properties (60%). The best-performing local share was Equites Property Fund (32%).

During the fourth quarter, and in particular December 2017, following the outcome of the ANC conference where Cyril Ramaphosa was elected the new party leader, it was actually the more pure SA stocks that delivered superior returns. The rand hedge stocks, such as Growthpoint, Redefine and Hyprop, came off their intra-year highs on the back of the stronger rand in December.

Momentum: Despite some rotation which started in November (which can largely be explained by usual year-end profit-taking), globally, the Momentum factor (particularly Price Momentum) has led factor performances for 2017. Factors such as Growth and Quality/Profitability have also been solid strategies to be exposed to last year, but Price Momentum has benefited most from US tax reform and global synchronised growth.

In South Africa we've seen an alignment with global outcomes, as Price Momentum has been the strongest signal domestically for 2017 and the prior quarter. Earnings revisions (a sub-component of headline Momentum), on the other hand, has not performed in line with Price Momentum, delivering only mildly positive alpha, while defensive factors such as ROE and Dividend have been exceptionally strong during 2017, largely back-end loaded.

In our view, the earnings revisions factor was not well rewarded given high levels of domestic economic and policy uncertainty flowing over to uncertain corporate earnings estimates. However, with the domestic policy environment seemingly improving at the margin, cyclical stocks with positive forward earnings momentum should perform well.

As an overall factor however, the Momentum signal has translated into a top-performing factor-based strategy relative to the SWIX in 2017, after a testing environment in 2016. Over the prior quarter, the strategy's outperformance was attributed to exposure to a diverse range of sectors, with the largest contributors to relative performance generated from overweight positions in Kumba Iron Ore (KIO), Assore (ASS), Exxaro (EXX), Capitec (CPI) and Imperial (IPL). The underweight position in Steinhoff (SNH) also significantly bolstered the strategy's performance, after the share fell 92.3% over the quarter due to accounting irregularities. On the other hand, the largest detractors were overweight positions in Richemont (CFR), Reinet (REI) and British America Tobacco (BTI), and underweight positions in Barclays (BGA), Truworths (TRU) and Mr Price (MRP).

At the last rebalance date (mid-December), we transitioned the portfolio based on the evaluation of new factor signals and the risk levels in the portfolio. Based on these signals, Steinhoff (SNH), Blue Label Telecoms (BLU) and Supergroup (SPG) were removed, and Discovery (DSY), Mr Price (MRP) and Northam (NHM) were added. Exposures to Bidcorp (BID) and Glencore (GLN) have also been reduced while exposures to Assore (ASR) and Richemont (CFR) were added in line with the risk objective of the fund.

Quality: The S&P Quality Index experienced a challenging first three quarters of the year, as the market grappled with interchanging risk-on and risk-off environments. Predictably, during the months of February and June where the South African equity market (SWIX) experienced deep negative returns, the S&P Quality Index provided meaningful protection. Over the fourth quarter however, the strategy hit a definitive turning point in performance, provided by a few notable catalysts.

Firstly, the emergence of news in December that an accounting irregularity had occurred at Steinhoff had investors scrambling. Not often has one stock moved the entire benchmark that much, as companies with strong balance sheets, cash/quality earnings and high returns benefited from the flight to quality. Notwithstanding this seismic shift, any portfolios (such as our strategy which follows the S&P Quality Index) that managed to have less exposure than benchmarks - or even better, zero exposure - were treated to substantial relative performance outcomes after the Steinhoff share price plummeted.

Secondly, leading up and subsequent to Cyril Ramaphosa's election as the new ANC president, the rand rallied strongly relative to the dollar (appreciating 10.9% over 2017), with investors beginning to price in a positive macroeconomic impact supporting a cyclical recovery. To this end, shares with domestic cyclical exposure rallied hard during the fourth quarter, including General Retail (+15.9%), Banks (+15.2%) and Industrial Transportation (+8.9%). The Quality strategy had substantial exposure to all these sectors through its strong rand exposure.

Thirdly, the valuation gap between Quality and the market has been closing since its peak in 2015, and now the premium is closer to normalised levels. While the valuation spread has increased given Quality's recent run, our view is that the Quality basket still presents value to investors who seek the strategy's diversification benefits within this factor portfolio construct.

In terms of stock selection, the largest relative outperformance over the quarter came from the overweight positions in a broad range of sectors such as Mr Price (MRP), Kumba Iron Ore (KIO), Capitec (CPI), Bidvest (BVT), Sanlam (SLM) and Tiger Brands, as well as underweight positions such as Steinhoff (SNH), British American Tobacco (BTI) and Richemont (CFR). By not holding Naspers (NPN), FirstRand (FSR) and Barclays (BGA), the fund detracted value relative to the SWIX, while holdings in Adcock Ingram (AIP) and South32 (S32) also diminished the strategy's value-add. There were many constituent changes (eight deletions and 10 additions) to the S&P Quality Index over the prior quarter, as this index rebalances in June and December each year.

The index and portfolio remain focused in its extraction of Quality and should markets give way to further risk aversion, the defensive character of the basket should prove rewarding while not meaningfully compromising returns during up markets.

Stable Dividend: After a fantastic performance during the 2016 calendar year, Value measures have experienced a disparate 2017. The divergence between deep value measures (e.g. price to book) and yield measures (e.g. dividend yield) has been substantial, with the former struggling, and the latter continuing to perform well as investors seek defensive qualities during a period of high levels of uncertainty and flight to safety, particularly during the fourth quarter. As mentioned above, the Steinhoff debacle caused investors to seek out companies with defensive characteristics and high dividend yields. Also, this strategy had some meaningful exposure to the rand rally through constituents in domestic sectors such as Banks and General Retail.

During the fourth quarter, exposure to Kumba Iron Ore (KIO), Foschini (TFG), Barclays (BGA) and Exxaro (EXX) played a strong positive role here, while an underweight position in British American Tobacco (BTI) also added excess return. The concentrated nature of our market index proxies and its Naspers exposure also largely contributed to the relative underperformance; this index holds no Naspers exposure. Holdings in Steinhoff (SNH), Telkom (TKG) and AECI (AFE) detracted from the index's relative performance.

There were no changes to the Satrix Stable Dividend strategy during the prior quarter.

This portfolio strategy maintains a sector-neutral position, and thus any relative sector performances would not adversely impact the portfolio's performance. In addition, the portfolio construction approach is designed to optimise the reliability of high dividend yields, which the portfolio successfully has managed to achieve.

In Closing

We remain convinced of all equity factors' medium- to long-term significance and the premium they offer in the South African capital market and remain disciplined in our implementation and extraction of all factors.

The outlook for markets is again uncertain. A year ago, there was general apathy towards SA equities and the focus on political and economic downside risks in South Africa meant that many investors sat on the sidelines, which teed up the strong relief rally we witnessed at the end of the year. In South Africa, the danger is that too much, too soon may be expected from the new ANC leadership and, also, global risks from Fed tapering may now be underestimated.

Portfolio Manager(s)

The Satrix Investment Team

Management of Investments

The management of investments are outsourced to Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

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Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

Additional Information

*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.

Trustee Information

Standard Chartered Bank

Tel no.: 011 217 6600, E-mail: zatrustee.securities@sc.com

Glossary of Terms

Collective investment scheme (CIS)
A collective investment scheme (or unit trust) comprises a pool of assets such as equities, bonds, cash and listed property, which are managed by an investment manager and is governed by the Collective Investment Schemes Control Act no 45 of 2002. Each investor has a proportional stake in the CIS portfolio based on how much money he or she contributed. The word "unit" refers to the portion or part of the CIS portfolio that is owned by the investor. The "trust" is the financial instrument that is created in order to manage the investment. The trust enables financial experts to invest the money on behalf of the CIS investor.

Composite benchmark
Multi-asset class funds offer exposure to various asset classes including cash, equity, bonds and property both locally and internationally. In a passively managed multi-asset class fund each underlying asset class is managed to deliver the return of its respective index. For example, in the SATRIX Balanced Index Fund the property exposure is managed to deliver the performance of the FTSE/JSE SA Listed Property Index (J253). The composite index simply combines the underlying indices, each adhering to a specified weight.

Linked Investment Service Provider (LISP)
A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Index
An index is a unique grouping of shares, selected according to a pre-defined methodology e.g. largest market capitalisation or highest dividend yield. An index can be constructed to represent the overall market, a specific sector or a theme. The index performance can be used as a benchmark against which to compare active fund performances. A well-constructed index should be transparent, replicable and investable.

Long term strategic asset allocation
The long term strategic asset allocation is the target allocations for the various asset classes within the composite benchmark. The composite is rebalanced back to the strategic asset allocation biannually (March and September). The strategic asset allocation of the SATRIX Balanced Index aims to return CPI+5.5%pa, over the long-term.

Rand-hedge protection
A Rand-hedge is a way of maximising returns on your investment in rand terms, through an offshore investment. The rand value of your investment increases if the currency declines (when the rand depreciates, the rand value of your offshore investment appreciates).

Smart beta
Before we can explain smart beta, we need to define the investment terms beta and alpha. Simply put, beta is the return you as an investor receive simply by being invested in the market. For example, the return you receive by investing in the FTSE/JSE All Share index is a beta return. If you employ an active fund manager (one who studies companies and chooses a basket of shares for you) who gives you a return which is different to that of the market (either positive of negative), this under- or outperformance of the market is called alpha.
Alpha = Fund performance - market performance (beta)
Smart beta funds attempt to capture excess returns in a systematic way. The idea is to deliver a better return while taking on less risk than the JSE All Share index. The result of weighting stocks differently to the JSE is that you have a fund which differs from the JSE in terms of: (a) individual stock exposure (b) sector exposure (e.g. resources, financials and industrials), and (c) factor exposure (e.g. foreign, size, yield and market sensitivity)

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Volatility
Volatility is a measure of 'risk', and refers to the extent to which the price of an investment or fund fluctuates over a certain period of time. Funds with a high volatility usually offer the potential for higher returns over the longer term than low volatility funds but also the potential for significant downside.

Tax Free Unit Trust
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 R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

Manager Information: Satrix Managers (RF) Pty Ltd (Reg. No. 2004/009205/07). 4th Floor, Building 2, 11 Alice Lane, Sandown, 2146.