

Fund Objective

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. The fund is rebalanced monthly.

Fund Strategy

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. These rebalance dates coincide with the quarterly FTSE/JSE index review dates and the last trading day in the month proceeding the FTSE/JSE index review. 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.

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

ASISA Fund Classification	SA - Equity - General
Risk profile	Aggressive
Benchmark	Proprietary Satrix Momentum Index
Portfolio launch date	Oct 2013
Fee class launch date	Oct 2013
Minimum investment	Manual: Lump sum: R10 000 Monthly: R500 SatrixNOW.co.za: No minimum
Portfolio size	R320.1 million
Last two distributions	Dec 2017: 16.61 cents per unit Jun 2018: 17.96 cents per unit
Income decl. dates	30 June 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	0.52
Total Expense Ratio (TER)	0.65
Transaction Cost (TC)	0.64

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.

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 from 01 April 2017 to 31 March 2018. 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-	27.23
FirstRand / RMBH	7.58
Stanbank	6.78
BHP Billiton	4.73
Compagnie Fin Richemont	4.46
Clicks Group Ltd	3.67
Mr Price Group Limited	3.49
AVI	3.44
Anglos	3.13
BTI Group	3.04

Top 10 Holdings as at 30 Jun 2018

Performance (Annualised) as at 30 Jun 2018 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	15.48	16.89
3 year	6.11	7.30
5 year	N/A	N/A
Since inception	10.34	11.78

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

Performance (Cumulative) as at 30 Jun 2018 on a rolling monthly basis

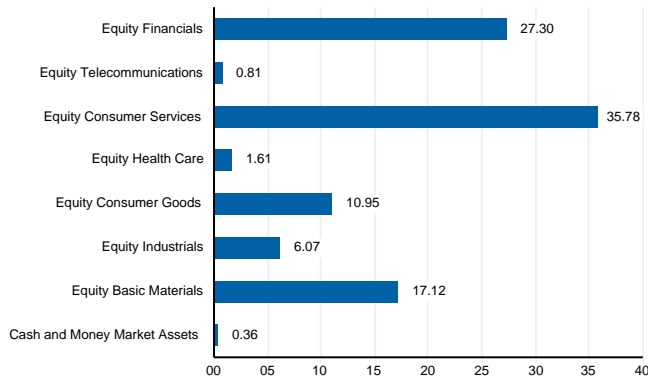
Retail Class	Fund (%)	Benchmark (%)
1 year	15.48	16.89
3 year	19.48	23.52
5 year	N/A	N/A
Since inception	58.27	68.17

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

Actual highest and lowest annual returns*

Highest Annual %	15.81
Lowest Annual %	(1.02)

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 30 Jun 2018

Macro review

In the US, consumer confidence remained strong and retail sales data suggested a rebound in consumption from a softer Q1. The unemployment rate also reached an 18-year low of 3.8%, accompanied by robust wage growth. As expected, the Federal Reserve (Fed) raised the target for the federal funds rate by 0.25% and marginally increased its 2018 forecasts for growth and inflation. The positive economic data were, however, balanced by moves from the Trump administration to impose tariffs on Chinese imports and withdraw from the Iran nuclear accord.

In the Eurozone, the quarter was marked by the return of political risk. There were concerns that Italy could need fresh elections following the inconclusive outcome of the March vote, while Spain also saw a change of government, although this was largely greeted with calm by markets. German Chancellor Angela Merkel clashed with sister party the CSU over immigration policy. Economic data pointed to steady growth but at a slower pace than last year, as GDP growth for Q1 was 0.4%, down from 0.7% in Q4 2017. However, the flash Eurozone composite purchasing managers' index for June came in at 54.8, an improvement on the 18-month low of 54.1 seen in May. The European Central Bank (ECB) announced that it expects to end its quantitative easing programme in December 2018.

Emerging markets (EM) saw an escalation in global trade tensions which also contributed to risk aversion as US-China trade talks failed to deliver a sustainable agreement. Brazil experienced a truck driver strike which paralysed the economy and amplified political uncertainty. Turkey saw currency weakness which forced the central bank to implement an emergency rate hike in May. China observed concerns over growth which contributed to Yuan weakness. Signs of slowing momentum in the domestic economy were exacerbated by deterioration in the outlook for global trade.

Global and local market review

Global developed market equities made gains in a volatile Q2, as resilient economic and earnings data vied with an unsettling geopolitical backdrop to establish the market's direction. The MSCI World Index posted a positive Dollar total return of 1.9% (-1.2% for Q1), outperforming the MSCI EM Index (-7.9% in Q2 vs +1.5% in Q1). In the US, equities advanced in Q2 with the S&P 500 gaining 3.4% in Dollars, with positive earnings momentum and supportive economic data ultimately outshining escalating US-China trade posturing. Eurozone equities also posted positive returns in Q2. In EMs, equities recorded a sharp fall with US Dollar strength a significant headwind. Worst performing countries were Brazil (-26.4%), Turkey (-25.7%) and Hungary (-14.4%), while the only countries to post positive returns were Colombia (+6.8%) and Qatar (+3.5%).

The SA equity market started June on a strong note, reaching a month-to-date total return of 4.2% by 14 June before reversing this to post a loss of 1.5% by 26 June. The FTSE/JSE All Share Index recovered on the last day of trade to record a June total return of 2.8%. Large caps returned 3.8%, while mid-caps and small caps lost 2.1% and 3.3% respectively. On a sector level, SA Resources was the best performer returning a solid 19.6% (Q1: -3.8%). SA Industrials returned 4% (Q1: -8%) while SA Financials lost 6% (Q1: -3.6%).

Portfolio performance, attribution and strategy

Global trade uncertainties and other geopolitical risks weighed heavily on investor minds over the prior quarter. This resulted in a clear 'risk-off' performance of global styles. While Low Risk, and in particular Low Beta, were the best performing factors, the cyclical factors such as Momentum and Growth did not completely roll over and instead only suffered from some mild rotation and profit-taking.

In South Africa, there was large consistency with global outcomes, where we saw factor reversals as the cyclical Price Momentum factor underperformed. What was interesting, however, was how Earnings Momentum (a sub-component of headline Momentum) and Price Momentum exhibited divergent performances over the quarter. As opposed to Price Momentum, Earnings Revisions came alive in Q2, as investors gravitated towards companies with positive earnings sentiment. This could be seen as investors viewing Earnings Revisions as a more defensive component, which is aligned to how we utilise this factor in our overall Momentum strategy.

As an overall factor, however, the Momentum strategy struggled during Q2 2018 relative to the FTSE/JSE Shareholder Weighted Index (Swix). The strategy's positive contributions to performance was largely attributed to off-benchmark stocks, of which the stocks it held in the portfolio included Naspers (NPN), Clicks (CLS) and Richemont (CFR). Stocks which added value that the portfolio did not hold included Barclays Group Africa (BGA), Vodacom (VOD) and Shoprite (SHP). In terms of underperformance contributors, these included overweight positions in Harmony (HAR), Mr Price (MPC), Barloworld (BAW), Dis-Chem (DCP) and an underweight position in Sasol (SOL).

At the last rebalance date (mid-June), we transitioned the portfolio based on the evaluation of new factor signals and the risk levels in the portfolio. Based on these signals, only Massmart (MSM) was removed, whereas exposures to Harmony (HAR) and Dis-Chem (DCP) were cut due to their waning strength of momentum signal. On the positive side, we added BHP Billiton (BIL) based on its current strong signal, and also increased allocations to Anglo American (AGL), all in line with the risk objective of the fund.

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.

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.

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.

Additional Information

Although all reasonable steps have been taken to ensure the information on this website/advertisement/brochure is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

*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.

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 is 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.

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.

Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

Index

An index is a unique grouping of securities, selected according to a pre-defined methodology. Indices can be constructed to represent the overall market, a specific sector or theme. The index performance can be used as a benchmark against which to compare fund performances. A well-constructed index should be transparent, replicable and investable.

Pure equity fund

A pure equity fund invests only in equities (also referred to as stocks or shares) and aims to achieve aggressive capital growth over the very long term. This type of fund will experience volatility in the short term.

Satrix Momentum Index

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. The fund is rebalanced monthly.

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.