Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Balanced Index Fund

February 2019

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 Exposure
Smart SA equity Core (49%)	Satrix SmartCore
SA Bonds (10%)	JSE All Bond Index
SA Property (8%)	FTSE/JSE SA Listed Property Index
SA inflation-linked bonds (6%)	S&P SA Sovereign Inflation-Linked Bond Index
SA cash (2%)	STeFI Composite
International equities (21%)	MSCI All Country World Index (ACWI)
International bonds (4%)	Bloomberg Barclays Global Aggregate

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
Category Benchmark	SA - Multi-Asset - High Equity - Median
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	R3 832.5 million
Last two distributions	30 Jun 2018: 22.13 cents per unit 31 Dec 2018: 17.76 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.)	1.15
Manager annual fee	0.40
Total Expense Ratio (TER)	0.47
Transaction Cost (TC)	0.34

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 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 01 January 2018 to 31 December 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
Satrix World Equity Tracker Fund I	16.98
FirstRand / RMBH	4.86
Anglos	3.30
Nedbank	3.24
Vodacom	2.89
AngloPlat	2.65
Mondi	2.58
Naspers -N-	2.54
Bidvest	2.51
GrowthPoint	2.40

Top 10 Holdings as at 28 Feb 2019

Performance (Annualised) as at 28 Feb 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	(0.99)	0.05	2.06
3 year	6.71	7.94	4.48
5 year	7.20	8.42	5.54
Since inception	7.08	8.32	5.75

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

Performance (Cumulative) as at 28 Feb 2019 on a rolling monthly basis

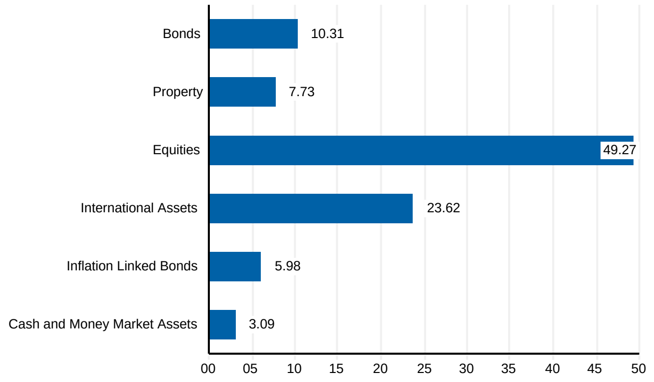
Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	(0.99)	0.05	2.06
3 year	21.50	25.77	14.05
5 year	41.56	49.78	30.96
Since inception	44.05	53.14	34.77

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

Actual highest and lowest annual returns*

Highest Annual %	18.31
Lowest Annual %	(1.51)

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Dec 2018

Macro review

In the US, the Federal Reserve (Fed) raised interest rates in December on continued stability in economic data. The labour market remained extremely strong. However, the central bank grew otherwise more dovish in tone, signalling a more cautious view for the coming months. It has revised down its 'dot plot' (median rate projection), meaning it now expects two rate increases in 2019 instead of three previously, reflecting more cautious economic forecasts. GDP growth forecasts were revised down in 2018 and 2019, with inflation projections also adjusted downwards.

In Europe, data continued to point to slowing momentum in the Eurozone economy. The flash composite purchasing managers' index for December showed business activity slowed to the weakest level in over four years. The index came in at 51.3, down from 52.7 in November. The *gilets jaunes* (yellow vest) protests in France and ongoing weak demand for new cars were among the factors weighing on activity. As expected, the European Central Bank confirmed the end of its bond-buying programme in December and reiterated that interest rates would remain on hold 'at least through the summer of 2019'.

In emerging markets (EMs), investors continue to worry over rising US interest rates, trade tariffs and slower Chinese growth. Mexico experienced rising concern over the incoming government's policies and the implications for investment. In China, third-quarter GDP growth was more than expected at 6.5% year-on-year while higher frequency data continued to deteriorate and the authorities announced further measures to support the economy. Elsewhere, a sharp fall in crude oil prices was a headwind for several oil-producing EMs, notably Colombia but also Russia. By contrast, Brazil posted a strong gain as equities and the Real rallied in anticipation of a market-friendly election outcome, which was confirmed with Jair Bolsonaro's run-off victory in late October.

Global and local market review

Global stocks suffered their worst quarterly fall in seven years at the end of 2018. The MSCI World Index fell 13.9% from the start of October to the end of December. It was the eleventh worst quarterly fall since 1970, and the worst quarterly performance for stocks since the third quarter of 2011, when the Eurozone debt crisis saw stock markets tumble 17.1%. A large proportion of the quarter's losses in 2018 came in December, when global stocks fell 7.7%. In the calendar year 2018 the MSCI World Index fell 10.4%, its worst yearly performance since the height of the global financial crisis in 2008.

The UK stock market had a particularly bad year because of Brexit concerns. The FTSE 100 Index fell 12.4%, its worst yearly performance since 2008. US equities declined, with especially steep falls in December. Warnings from several high-profile IT firms fanned fears that earnings growth may slow. European equities also declined, with trade tariffs, slower Chinese growth and Brexit combining to form a difficult environment. Japanese equities lost value, with weakness coinciding with periods of Yen strength as the currency continued to be viewed as a safe-haven at times of increased uncertainty.

EM equities lost value with the familiar array of global trade and growth concerns weighing on returns. Brazilian equities and the Real rallied ahead of the market-friendly election outcome, confirmed in late October. Following three months of negative total returns, SA equities rebounded in December, with the FTSE/JSE All Share Index (ALSI) (+4.3%) returning its second best monthly performance for 2018.The ALSI's performance was boosted by SA Resources (+12.3%), posting its best monthly performance since July 2017.This was boosted by the Gold Index which jumped a huge 25.2% in December, as investors looked to gold as a safe haven amid the global turmoil and US government shutdown.

The FTSE/JSE SA Listed Property Index (SAPY) had a total negative return of 4% in the last quarter of 2018, worse than the ALSI and lagging cash by a significant margin, which delivered positive nominal returns as risk assets declined in absolute terms. For 2018, the SAPY materially underperformed all other major domestic asset classes, returning a negative 25.3% versus 8.5% for equities, 7.7% for bonds, and about 7.5% for cash.

Bond yields were lower over the quarter, broadly reflecting increased risk aversion and volatility amid continued macro uncertainty relating to trade tensions, Brexit and politics in Italy. US 10-year Treasury yields fell from 3.06% to 2.68%, while in Europe, 10-year Bund yields declined from 0.47% to 0.24% as data remained lacklustre. Domestically, National Treasury's Medium Term Budget Policy Statement again disappointed as fiscal consolidation was delayed owing to projections of fiscal deficits of about 4% of GDP. This resulted in a sharply steeper curve with the spread between the 30-year and 10-year bond increasing from 0.66% to 0.75%. However, the FTSE/JSE All Bond Index (ALBI) had a positive return of 2.8% as the benchmark R186 yields rallied from 9.03% to 8.875% during the quarter.

Equity portfolio performance, attribution and strategy

After considerable research, the equity component of the fund was transitioned to a single building block, which enhances the efficiency of the factor character in the strategy through exposure to Momentum, Quality and Value. Our approach to building this strategy is called multi-factor, which instead of investing in sub-portfolios with strong individual exposures to our targeted factors, we invest in stocks with strong aggregate exposures to these factors. This component now provides a balanced exposure to our factor offering through a single portfolio, allowing risk management and factor signal to be substantially improved.

Over the period, global trade uncertainties and other geopolitical risks continued to weigh heavily on investor minds and rotation among factors continued with elevated volatility as the equity market remained volatile and mostly in a defensive mode. Low Beta and Price Momentum outperformed the most while Value suffered the most. Additionally, the equity market has priced in a flat to inverted yield curve since July, with the unwinding of the Momentum/Growth trade driving the broader weaker performance of equities.

Domestically, factor performance was mixed, as Momentum struggled the global equity market correction, Quality outperformed as Return on Equity offered positive returns during a risk-off environment, and Value delivered anaemic performance. Nonetheless, given the interaction between factors, the equity component delivered strong and consistent excess returns over the period, encouragingly outperforming during both falling and rising markets due to diversified factor exposure. This outperformance was driven by overweight exposures to Anglo American Platinum (AMS), Telkom (TKG), Clicks (CLS) and Vodacom (VOD), while detractors to performance included exposure to Mondi (MNP), Investec (INL), Super Group (SPG) and Kumba Iron Ore (KIO).

In Closing

If the first week of trading in 2019 is anything to go by, then market participants look set for another volatile year. The week started off positively, buoyed by Trump's tweet of 'big progress' between the US and China on their ongoing trade war. Despite the short-term positive, though, the fact remains that the three major economic issues of the US–China trade war, slowing economic growth and Brexit have yet to be properly resolved and until this is done, a sword of Damocles will remain hanging over global markets.

We have been there before in 2008 when many expected a decade-long bear market for equities. And yet businesses adapt and adjust to tough economic conditions and in this context, we are of the view that patient equity investors will be rewarded with handsome returns over the next three years.

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

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 is 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 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.