Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Balanced Index Fund

April 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 fo the fund comprises the following aset 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

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
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	R4 247.5 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. 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 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	18.33
FirstRand / RMBH	4.99
Anglos	3.17
Naspers -N-	2.97
Nedbank	2.95
Bidvest	2.55
Telkom	2.48
GrowthPoint	2.45
AngloPlat	2.43
Mondi	2.41

Top 10 Holdings as at 30 Apr 2019

Performance (Annualised) as at 30 Apr 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	2.91	3.64	4.80
3 year	5.89	6.93	4.49
5 year	7.18	8.35	5.75
Since inception	7.59	8.77	6.32

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

Performance (Cumulative) as at 30 Apr 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	2.91	3.64	4.80
3 year	18.73	22.27	14.08
5 year	41.41	49.34	32.27
Since inception	49.51	58.78	40.06

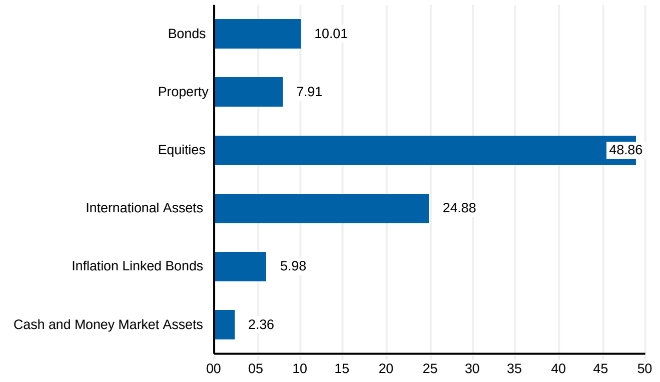
Cumulative return is aggregate return of the portfolio for a specified period.

Actual highest and lowest annual returns*

Highest Annual %	15.99
Lowest Annual %	2.44

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

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2019

Global Markets

MSCI developed markets experienced an exceptional quarter with a US Dollar return of 12.5%, outperforming emerging markets, which in turn also realised good absolute numbers of 9.9% year to date. After experiencing their worst December since 1931, global stocks posted their best January since 1987 and global equities had their second-best quarter on record. But the rally wasn't plain sailing with economic data releases surprising on the downside. Global growth is trending around the 3% mark, but the key question remains whether global growth has indeed bottomed at around trend levels.

The temporary ceasefire in the trade war and the postponement of the 25% tariff rate have provided the markets with some relief. The US Federal Reserve (Fed) joined the party with some dovish comments and markets now expect the Fed to cut rates both this year and the next, with only a modest rise in the US 10-year bond rate being anticipated. Finally, lower volatility provided a more favourable environment for risky assets.

Despite the S&P 500 Index posting its best start of the year in a decade, the inversion of the US yield curve at the end of the quarter put a damper on the initial bullish mood with concerns of a recession looming. The Fed will be using interest rates to target inflation, but Fed Chair Jerome Powell mentioned that the US was not at the neutral rate providing optimism that future hikes will be delayed. The Fed has effectively paused the federal funds rate at 2.5%, which is below the neutral level of 3%. This provided a boost to risk assets and weakened the greenback temporarily.

However, the possibility of a no-deal Brexit is also in the balance with another extension expected beyond the crucial 2 April vote. There is an increasing possibility that Britain will go for the customs union route (a so-called 'soft' Brexit), but there remains the possibility of a referendum and an early election.

The Chinese economy continues to experience a soft landing with growth expected to be in the 6.0-6.5% p.a. range in the year to come, the slowest growth rate in three decades. The Chinese are stimulating their economy further with tax cuts – the latest measure to be implemented – and at the end of March the manufacturing PMI surprised on the upside with the biggest month-on-month increase since 2012.

Fixed-income markets were very volatile at the end of 2018 and it seems like the 'Fed Put' is alive and well. The Fed turned outright dovish in January, with various governors indicating that they favoured leaving rates at current levels for an extended period because inflation had remained low. Yields on the benchmark US 10-year bond fell to 2.40% from 2.62% after the March Federal Open Market Committee meeting wherein the Fed 'dot plots' indicated that the Fed was unlikely to raise rates this year and the median 'dots' indicated only one rate increase in 2020. German and Japanese 10-year bond yields rallied to -0.07% and -0.09% respectively.

Local Markets

In the past decade economic growth has been hampered structurally by poor productivity. The SA Reserve Bank (SARB) leading indicator has started pointing downwards due to low manufacturing confidence and orders. Manufacturing confidence and orders have remained low for 10 years with the latest data showing a deepening contraction. We expect, nonetheless, a mild recovery from the GDP shock suffered in the first half of 2018, which is partly linked to weakening terms of trade and a weaker exchange rate (PPP Rand/Dollar being closer to 13) to shift our growth rate back towards a tepid 1.4% run rate (structurally we remain stuck below 2%).

South Africa is experiencing a steep yield curve, which would suggest that the economy should be improving. But the poor fiscal position has meant that the government has crowded out the private sector. This, in part, explains the low rate of credit growth at a sub-par 6% p.a. South Africa needs the private sector to invest but the return on investment remains too low. We do, however, expect a rebound in agricultural production to boost growth.

A key risk remains Eskom with the electricity availability factor dropping to 65% at the beginning of the year, leading to stage four load shedding. This has already negatively impacted manufacturing output. In the National Budget government committed to provide some R69 billion of support to Eskom over the next three years, partly allaying short-term fears given its balance sheet hole of some R200 billion.

At the end of the quarter, Moody's also gave us a stay of execution postponing the release of its credit review until after the elections.

The JSE had a solid quarter with the FTSE/JSE Capped Shareholder Weighted Index (Capped SWIX) posting a return of about 3.85% for the quarter, but is still staying in negative territory for the past 12 months. The market has rewarded businesses that have been stable and focused on organic growth while businesses that have been acquisitive and laden with debt have been punished. We are in an environment where there is a serious risk that liquidity will be withdrawn by central banks. Businesses which were very acquisitive and funded these acquisitions with debt have been at the mercy of the economic slowdown, which contributed to poor returns.

On a sectoral basis resources stocks were the stars of the JSE once again, up close to 18% this quarter. Platinum stocks continued to shine bright, up close to 50% aided by rising basket prices and the benefit of good cost management over the past few years. Financial stocks were flat this quarter with credit growth being very weak and corporate credit growth dipping below household credit growth for the first time in almost a decade. Industrial stocks posted solid returns, up close to 9% this quarter, a welcome difference to the recent past.

In February and March South Africa experienced stage four load shedding, which is expected to have a negative impact on the first-quarter growth rate. Yields on South African bonds underperformed the rally in developed markets partly because of the increased risk of a credit downgrade from Moody's, which would have resulted in South Africa losing its investment-grade status and falling out of the World Government Bond Index (WGBI).

With inflation printing at 4% and 4.1% in January and February respectively, demand on inflation protection has been low. Inflation-linked bonds (ILBs) have continued to underperform nominal bonds. The Government Issued Bonds Index (IGOV) returned just 0.5% for the quarter compared to the FTSE/JSE All Bond Index (ALBI) return of 3.76%. Yields on the 15-year ILB (R202) traded at 3.32%, their highest level since June 2009, and the long-dated I2025 touched a new high of 3.42%.

The domestic commercial property market continues to trade in a weak macroeconomic environment with low investor confidence. The FTSE/JSE SA Listed Property Index (SAPY) returned a total of 1.45% during the first quarter of 2019 against the -4% in the last quarter of 2019. This was still much worse than the FTSE/JSE All Share Index (ALSI) return of 8% and below that of cash (1.8%) and bonds, which returned a credible 3.8%. For the last 12 months, the SAPY materially underperformed all other major domestic asset classes, returning -5.7% versus 5% for equities, 3.5% for bonds, and about 7.3% for cash.

Equity portfolio performance, attribution and strategy

On the factor front globally, the year-to-date numbers are mixed. Quality, Low Volatility and Growth were the big winners with both Momentum and Value underperforming. The least surprising of these was Momentum, which tends to lag during major market reversals like the one we saw in the first quarter. The performance pattern of Value versus everything else has re-emerged and one that has been present more often than not since the Global Financial Crisis. This implies that investors globally are cautious on the economic outlook and will continue to tilt towards defensive styles, or putting it another way, there are significant headwinds for Value performance. The troubles with Value have flummoxed quant managers in general, most of whom try to exploit the Value anomaly in some capacity despite the belief that the factor should provide positive returns over the long run.

As mentioned in our previous commentary, our equity portfolio tracks the Satrix SmartCore^{TM} Index, which is built using a multi-factor approach which targets balanced exposure to Value, Momentum and Quality stocks within our equity universe. After Value signals domestically delivered an overall strong 2018 performance, the factor once again delivered some positive outcomes during the first quarter. Surprisingly, there was broad consistency between the sub-Value factors, as Price to Book, Price to Earnings, Price to Cash and Dividend Yield all showed pleasantly positive return spreads. This can almost be seen as anomalous given the often disparate spread across the Value family, but also reflects cyclical recovery being experienced domestically. The Momentum signal has seen a strong recovery since December 2018 along with general market sentiment, which has begun to entrench a trend after a year of gyrations and rotating market leadership. Quality, on the other hand, has seen some profit-taking as the cyclical turnaround in local equities has shown a preference to cyclical shares – this after an extended period of a risk-off environment, which provided a fertile ground for Quality factors, in particular profitability factors such as Return on Equity.

From an attribution perspective, overweight positions in Kumba Iron Ore (KIO), Anglo American Platinum (AMS), Anglo American plc (AGL) and Telkom (TKG) added value to the strategy over the quarter, while underweight positions in domestic cyclicals such as Shoprite (SHP), Mr Price (MPC) and Sanlam (SLM) also added relative return. The fund detracted value due to exposure to Truworths (TRU), Vodacom (VOD), Nedbank (NED) and FirstRand (FSR), while being underweight to Naspers (NPN) and BHP Group (BHP) also contributed negatively to the fund's active return.

In terms of constituent changes to the index, we added Capitec (CPI), Impala Platinum (IMP), MTN (MTN) and Sibanye Gold (SGL), while deletions were Vodacom (VOD), Aspen (APN), British American Tobacco (BTI), Nampak (NPK) and South32 (S32).

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.

Minimum Disclosure Document

(Fund Fact Sheet)

Satrix Balanced Index Fund

April 2019

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.

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.