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 to 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 SmartCore™ 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 diversified performance experience.
- The international portion of the fund (25%) 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. Monthly: R500 SatrixNOW.co.za: No minimum
- **Portfolio size**: R4 301.1 million
- **Last two distributions**: 30 Jun 2019: 24.74 cents per unit
- **Income decl. dates**: 30 June, 31 Dec
- **Income price dates**: 1st working day in July and January
- **Valuation time of fund**: 17:00
- **Transaction cut off time**: Manual: 15:00 SatrixNOW.co.za: 13:30
- **Daily price information**: www.satrix.co.za

Fees (Incl. VAT)

<table>
<thead>
<tr>
<th>Retail Class (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advice initial fee (max.)</strong></td>
</tr>
<tr>
<td><strong>Manager initial fee</strong></td>
</tr>
<tr>
<td><strong>Advice annual fee (max.)</strong></td>
</tr>
<tr>
<td><strong>Manager annual fee</strong></td>
</tr>
<tr>
<td><strong>Total Expense Ratio (TER)</strong></td>
</tr>
<tr>
<td><strong>Transaction Cost (TC)</strong></td>
</tr>
</tbody>
</table>

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 April 2018 to 31 March 2019. A higher TER does not imply a poor return nor does a low TER imply a good return.

Transaction Cost (TC) | 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

<table>
<thead>
<tr>
<th>Securities</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FirstRand / RMBH</td>
<td>5.01</td>
</tr>
<tr>
<td>Anglos</td>
<td>3.44</td>
</tr>
<tr>
<td>Nedbank</td>
<td>2.79</td>
</tr>
<tr>
<td>Naspers -N-</td>
<td>2.76</td>
</tr>
<tr>
<td>Telkom</td>
<td>2.60</td>
</tr>
<tr>
<td>Kumba</td>
<td>2.59</td>
</tr>
<tr>
<td>Truworths</td>
<td>2.51</td>
</tr>
<tr>
<td>AngloPlat</td>
<td>2.46</td>
</tr>
<tr>
<td>Mondi</td>
<td>2.43</td>
</tr>
<tr>
<td>GrowthPoint</td>
<td>2.36</td>
</tr>
</tbody>
</table>

Top 10 Holdings as at 30 Jun 2019

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

<table>
<thead>
<tr>
<th>Retail Class</th>
<th>Fund (%)</th>
<th>Benchmark (%)</th>
<th>Category (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>6.23</td>
<td>6.84</td>
<td>3.24</td>
</tr>
<tr>
<td>3 year</td>
<td>6.23</td>
<td>7.14</td>
<td>3.96</td>
</tr>
<tr>
<td>5 year</td>
<td>6.68</td>
<td>7.83</td>
<td>4.89</td>
</tr>
<tr>
<td>Since inception</td>
<td>7.48</td>
<td>8.64</td>
<td>5.85</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Retail Class</th>
<th>Fund (%)</th>
<th>Benchmark (%)</th>
<th>Category (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>6.23</td>
<td>6.84</td>
<td>3.24</td>
</tr>
<tr>
<td>3 year</td>
<td>19.88</td>
<td>23.00</td>
<td>12.35</td>
</tr>
<tr>
<td>5 year</td>
<td>38.18</td>
<td>45.77</td>
<td>26.96</td>
</tr>
<tr>
<td>Since inception</td>
<td>50.50</td>
<td>59.94</td>
<td>37.98</td>
</tr>
</tbody>
</table>

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

Actual highest and lowest annual returns

- **Highest Annual %**: 12.21
- **Lowest Annual %**: 0.57

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary Terms Sheet.
The FTSE/JSE SA Listed Property Index (SAPY) returned a total of 4.5% during the second quarter of 2019 against the 1.5% in the first three months of 2019. This was better than the ALSI return of 3.9%, cash at 1.8% and bonds, which returned a credible 3.8%. For the last six months the SAPY is still lagging most other major domestic asset classes, returning 6% versus 12.2% for equities, 7.7% for bonds, but still outperforming cash at 3.6%.

Equity portfolio performance, attribution and strategy

After Value signals domestically delivered an overall strong 2018 and first-quarter 2019 performance, the factor saw some profit-taking and rotation into Momentum strategies. Once again, a sector effect cannot be ignored as the positive market sentiment largely focused on Financial and Industrials counters (less value exposure) rather than Resources (more value exposure).

The Momentum signal continues to show a strong recovery since December 2018 along with general market sentiment, which has begun to entrench a trend after a period of rotating market leadership. As such, Price Momentum is now positive over a 12-month period for the first time since the second quarter of last year, illustrating the aggregative nature of its recovery. Earnings Revisions has shown more cyclicality than expected, however, over the prior quarter its behaviour is more in line with its traditional defensive role within the broad Momentum strategy - offering a more scaled-back cyclical exposure than its Price Momentum cousin.

In a reversal of fortunes, Quality continues to experience profit-taking as the equity market turnaround 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. Investors have been favouring stocks with high profits in order to mitigate macro challenges, and even though economic sentiment has recently been soft domestically, global sentiment has buoyed cyclical stocks and ignored stocks that have durable competitive advantages. As an aggregate signal, the combination of Momentum, Value and Quality provided a powerful signal to the portfolio, allowing the strategy to extract strong positive excess returns relative to the Capped SWIX.

From an attribution perspective, overweight positions in Telkom (TKG), Kumba Iron Ore (KIO), Anglo American Platinum (AMS), FirstRand (FSP) and Clicks (CLS) added value to the strategy over the quarter, while an underweight position in Sasol (SOL) also contributed to the outperformance over the prior quarter. Counters that detracted value from the strategy included underweight positions in MTN (MTN), AngloGold (ANG) and Standard Bank (SBK) while an overweight position in Netcare (NTC) also hurt the relative performance.

In terms of constituent changes to the Satrix Smartcore™ Index, we added Quilter (QLT) and Harmony (HAR), while deletions were Sapp (SAP) and Sasol (SOL).

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.

Market comments

Global equities rebounded in June as the US-China trade war ebbed and Trump backed off on some of his threats. Global growth data remained negative with further declines in PMIs. Although the 19 June Federal Open market Committee (FOMC) meeting saw no rate change, it delivered a strong statement virtually promising a rate cut at the 31 July meeting.

During the second quarter of 2019, the MSCI World Index realised a gross return of just more than 4%, outperforming the MSCI Emerging Markets Index, which managed a very modest return of 0.6% over the same period. Global bond yields continued to rally with US 10-year yields down to 2.01% and trading sub-2% for the first time since late 2016. US 10-year yields are down more than 125 basis points since November 2018.

In the first half of 2019, the MSCI World Index delivered a total return of 17.4%, outperforming Emerging Markets (+10.8%). Within MSCI World, North America was the best performing region with a return of 18.9%, followed by Europe's 16.5% and outperforming Emerging Markets (+10.8%). Within MSCI World, North America was the best performing region with a return of 18.9%, followed by Europe's 16.5% and outperforming Emerging Markets (+10.8%).

In the first half of 2019, SA Equities was the best performing asset class, with the SWIX 2.90%. In South Africa weak economic data dominated the post-election headlines with first-quarter GDP falling 3.2% quarter on quarter, worse than the -1.6% Bloomberg consensus. The President’s State of the Nation Address promised little more than further Eskom bailouts and progress on spectrum auctions with few details/deadlines.

The front and intermediate bonds rallied along with developed market bonds but the back-end bonds did not follow, resulting in a sharply steeper curve. The yield on the R2023 (5-year) bond rallied 41 basis points, while the yield on the R2048 (30-year) bond rose 9 basis points. The FTSE/JSE All Bond Index (ALBI) returned 3.7% for the quarter, with the ‘belly’ of the curve delivering the best performance. The 7-12-year sector delivered a return of 4.61%.

During the second quarter of 2019, the FTSE/JSE All Share Index (ALSI) posted a total return of 12.2%, SA Bonds gained 7.7%, whilst SA Property was the worst performing asset class with a total return of 6%. Cash posted a total return of 3.6%.

The Momentum signal continues to show a strong recovery since December 2018 along with general market sentiment, which has begun to entrench a trend after a period of rotating market leadership. As such, Price Momentum is now positive over a 12-month period for the first time since the second quarter of last year, illustrating the aggregative nature of its recovery. Earnings Revisions has shown more cyclicality than expected, however, over the prior quarter it’s behaviour is more in line with its traditional defensive role within the broad Momentum strategy - offering a more scaled-back cyclical exposure than its Price Momentum cousin.
Minimum Disclosure Document
(Fund Fact Sheet)
Satrix Balanced Index Fund
June 2019

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

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 (J2ZJ). 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 stocks for you) who gives you a return which is different to that of the market (either positive or 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)

Tax Free Investing
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 R550 000. Amounts invested in excess of these permissible thresholds are subject to tax penalties.

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.