

### 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 preceding 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

<b>ASISA Fund Classification</b>	SA - Equity - General
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	Proprietary Satrix Momentum Index
<b>Portfolio launch date</b>	Oct 2013
<b>Fee class launch date</b>	Oct 2013
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R382.1 million
<b>Last two distributions</b>	30 Jun 2018: 24.30 cents per unit 31 Dec 2019: 21.23 cents per unit
<b>Income decl. dates</b>	30 June   31 Dec
<b>Income price dates</b>	1st working day in July and January
<b>Valuation time of fund</b>	17:00
<b>Transaction cut off time</b>	Manual: 15:00 SatrixNOW.co.za: 13:30
<b>Daily price information</b>	www.satrix.co.za
<b>Repurchase period</b>	T+3

### Fees (Incl. VAT)

	Retail Class (%)
<b>Advice initial fee (max.)</b>	N/A
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	0.52
<b>Total Expense Ratio (TER)</b>	0.57
<b>Transaction Cost (TC)</b>	0.43

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 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 October 2018 to 01 September 2019. 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](http://www.satrix.co.za)

### Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	7.60
FirstRand / RMBH	7.59
Stanbank	5.21
Bid Corporation Limited	4.96
AngloPlat	4.37
Capitec	4.35
Clicks Group Ltd	4.25
Compagnie Fin Richemont	4.18
Sanlam	3.37
Implats	3.11

Top 10 Holdings as at 31 Dec 2019

### Performance (Annualised) as at 31 Dec 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	16.65	17.78
3 year	8.19	9.45
5 year	6.86	8.19
Since inception	8.88	10.27

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

### Performance (Cumulative) as at 31 Dec 2019 on a rolling monthly basis

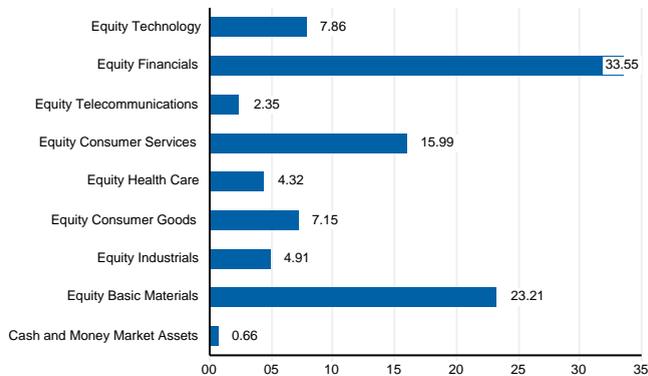
Retail Class	Fund (%)	Benchmark (%)
1 year	16.65	17.78
3 year	26.63	31.11
5 year	39.36	48.24
Since inception	68.99	82.77

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

### Actual highest and lowest annual returns\*

Highest Annual %	31.87
Lowest Annual %	(17.68)

### Asset Allocation



### Portfolio Manager(s) Quarterly Comment - 31 Dec 2019

#### Market Review

All major regions and sectors around the globe posted positive returns in the final quarter of the year: MSCI World (+8.5%), MSCI Emerging Markets (EM) (+11.8%) and MSCI SA (+13.1%), in US dollar. The year 2019 was one of the strongest years on record for global equities with the MSCI World up 27.6% for the year. MSCI EM (+18.4%), although positive for the year, lagged significantly. Global equities rallied behind signs of stabilising global growth and moderation in trade tensions between the US and China, who in December announced that 'Phase 1' of an agreement had been reached. In the UK, following the Conservative Party's win in the general election, Prime Minister Johnson's Brexit policy is set to take centre stage in 2020. The Withdrawal Agreement is likely to be passed, allowing the UK to leave the European Union on 31 January 2020 with a pledge by the prime minister to not prolong the transition period beyond the end of 2020.

Bond yields in developed markets rose steadily during the quarter with the benchmark US 10-year bond yield rising from 1.66% to 1.92% while the yields on the German 10-year bond became less negative, rising from -0.57% to -0.19%. Commodities were generally higher at the end of the quarter. Brent crude rose 11.5% to US\$66.4/bbl, after a deepening of the OPEC/OPEC+ production deal. Gold was slightly higher (+2.6%), closing at US\$1 517/oz and palladium gained 10.1% to end at US\$1 946/oz. Base metals also gained with copper up 8.6%.

In South Africa, the main local equity indices, namely the FTSE/JSE Top 40 (Top 40) (+4.5%), FTSE/JSE All Share (ALSI) (+4.6%) and FTSE/JSE Capped Shareholder Weighted All Share (Capped SWIX) (+5.2%), were all positive in the last quarter of 2019. Despite the sell-off in November the FTSE/JSE All Bond Index (ALBI) (+1.7%) performed in line with the cash benchmark Alexander Forbes Short Term Fixed Interest (STeFI) Composite Index (+1.7%) as the risk sentiment improved in December. SA listed property as measured by the FTSE/JSE SA Listed Property Index (SAPY) (+0.58%) had a lacklustre quarter but was ahead of inflation-linked bonds (-0.9%), which was the worst performing asset class. The full year to December 2019 painted a very different picture in the case of bonds. The ALBI (+10.3%) lagged the Top 40 (+12.4%) and the ALSI (+12%). The Capped SWIX (+6.7%) and SAPY (+1.9%) were both in positive territory but struggled in comparison to other major indices.

The rand appreciated markedly as 2019 drew to a close, ending the year at 14.01 against the US dollar. South Africa experienced record-breaking stage 6 load shedding, implemented to relieve the grid due to unplanned breakdowns and prevent a total blackout. The impact could be seen in the fourth quarter performance of Industrials (-0.05%), which was flat in comparison to Resources (+13.4%) and Financials (+2.5%). Despite its low growth potential, the South African economy should, nonetheless, benefit from a renewed upturn in the country's terms of trade. In essence, this implies increased purchasing power, which should be reflected in firmer GDP numbers in the quarters ahead, if electricity outages are restricted.

The fourth quarter of 2019 yielded more evidence that the South African Reserve Bank (SARB) is succeeding in its quest to lower inflation expectations towards 4.5%. Indeed, inflation prints have consistently surprised on the low side over the past year. Headline consumer price inflation advanced just 3.6% in the year to November 2019, while core inflation increased 3.9%.

In early November 2019, Moody's changed the outlook on South Africa's long-term sovereign debt from stable to negative, indicating there is a material risk of a downgrade and that it would monitor the upcoming 2020 Budget closely.

#### Portfolio performance, attribution and strategy

Globally, the fourth quarter was characterised by poor performance from Value, Quality and Momentum factors, while Growth and Low Volatility once again outperformed. Value, Momentum and Low Volatility were fairly neutral for the year, while Quality and Growth managed to outperform. While there is no structural relationship between Value and Low Volatility from a historical perspective, in 2019 these factors behaved like polar opposites, which was especially apparent from May onwards, where Low Volatility generated strongly positive and Value significantly negative returns. In September 2019 there was a significant rotation from Momentum, Quality and Low Volatility into Value, but this was short-lived and no structural shift in the trend of the Value factor performance seems to have occurred.

Locally, the Momentum signal continues to be the best performing factor in 2019 by a clear margin. Price Momentum is now leading any other factor by more than 15% over the 12-month period targeting very specific share exposures in the broader sectors. Earnings Revisions followed suit and managed to end the year on a high. While Earnings Revisions sometimes behaves differently to pure Price Momentum, the fourth quarter showed the positive correlation in a strong market.

The portfolio strategy has delivered excess returns of 1.4% over the Capped SWIX benchmark for the third quarter. The strategy's positive contribution to performance was largely attributed to high-scoring momentum stocks such as Anglo American Platinum, Impala Platinum, Clicks and African Rainbow Minerals. In terms of underperformance contributors, these included overweight positions in Telkom and Woolworths as well as the underweight position in Sasol.

At the last rebalance date at the end of December, we transitioned the portfolio based on the evaluation of new factor signals and the risk levels in the portfolio. Based on these signals, exposure to Life Healthcare and Naspers was increased and Imperial, Mediclinic and Netcare were added to the portfolio. These new positions and up-weighted positions were funded by reducing the positions in Prosus, Kumba Iron Ore and Anglo American Platinum and dropping Telkom. 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](mailto: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.

#### 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 R500 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.