

### Fund Objective

The Satrix Low Equity 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

SA equity (21%)	FTSE/JSE Capped Shareholder Weighted Index
SA bonds (23%)	JSE All Bond Index
SA property (6%)	FTSE/JSE SA Listed Property Index
SA inflation-linked bonds (10%)	S&P SA Sovereign Inflation-Linked Bond Index
SA cash (20%)	STeFI Composite
International equities (14%)	MSCI All Country World Index (ACWI)
International bonds (3%)	Bloomberg Barclays Global Aggregate
International cash (3%)	JP Morgan 1D US cash rate

### Why choose this fund?

- \*Investment in a stable, low equity multi-asset class fund.
- \*Exposure to multiple asset classes in South Africa and abroad.
- \*The benefit of significant local and global diversification.
- \*Access to a fund that aims to steadily grow capital, whilst providing income over the medium to longer term

### Fund Information

<b>ASISA Fund Classification</b>	SA - Multi Asset - Low Equity
<b>Category Benchmark</b>	SA - Multi Asset - Low Equity - Median
<b>Risk profile</b>	Cautious
<b>Benchmark</b>	Proprietary Satrix Low Equity Balanced Index
<b>Portfolio launch date</b>	Jul 2014
<b>Fee class launch date</b>	Jul 2014
<b>Minimum investment</b>	Manual: Lump sum: R10 000   Monthly: R500 SatrixNOW.co.za: No minimum
<b>Portfolio size</b>	R1 422.6 million
<b>Last two distributions</b>	30 Jun 2019: 28.05 cents per unit 31 Dec 2019: 28.71 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>	0.40
<b>Total Expense Ratio (TER)</b>	0.47
<b>Transaction Cost (TC)</b>	0.08

**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 from 01 October 2018 to 30 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

### Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	2.27
Institutional Cash Series Plc - Institutional US Dollar Liq	1.55
GrowthPoint	1.49
FirstRand / RMBH	1.07
NEPI ROCKCASTLE PLC	1.02
Redefine	0.98
Stanbank	0.88
Anglos	0.86
BTI Group	0.71
Prosus NV	0.70

Top 10 Holdings as at 31 Dec 2019

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

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	8.36	8.64	8.61
3 year	5.99	6.48	6.02
5 year	5.76	6.23	5.84
Since inception	6.02	6.53	5.86

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

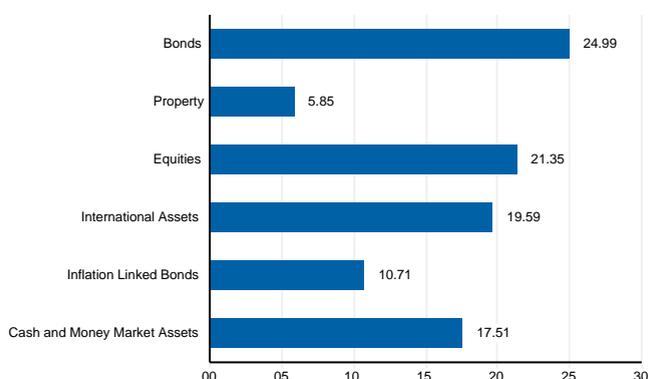
Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	8.36	8.64	8.61
3 year	19.06	20.74	19.18
5 year	32.29	35.28	32.85
Since inception	37.26	40.87	36.14

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

### Actual highest and lowest annual returns\*

Highest Annual %	9.47
Lowest Annual %	0.37

### Asset Allocation



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

#### Market comments

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 R14.01 to 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 and changes

In the last quarter of 2019, the Capped SWIX had a substantial recovery gaining 5.2%, which is over 10% higher than the third-quarter performance. The index was one of the best performers for the quarter ahead of its All Share counterpart, the FTSE/JSE Capped All Share Index (Capped ALSI), which realised a return of 4.8%. However, for the full year of 2019, the Capped SWIX lagged significantly with a return of 6.7%. The Capped ALSI returned 10.5%, only slightly behind the ALSI (12%), which was one of the best performing indices for the year.

Resource counters were some of the key contributors to this turnaround in performance. Sibanye Gold (SGL) was the leader of the pack after it reported a 240% rise in earnings in the quarter to end-September, and with gold prices ending 2019 at a 14-week high and recording the strongest year since 2010, Sibanye ended the fourth quarter of 2019 up 71.3%. Impala Platinum (IMP) (+51.9%), Northam Platinum (NHM) (+48.8%) and Anglo American Platinum (AMS) (+43.1%) also benefited from precious metals' golden year. The index's underweight positions versus the ALSI in counters with a less than pleasing performance, like Richemont (CFR), BHP Group (BHP) and Naspers (NPN), boosted the overall performance of the Capped SWIX.

During the December 2019 FTSE/JSE index review South32 (S32) and Tongaat Hulett (TON) were deleted from the index. The portfolio, however, continues to hold Tongaat as trading is suspended on this stock. The one-way turnover was 1.6%.

### Our strategy

We currently track the Capped SWIX index using an optimised model. Our optimised model holds between 135 and 140 shares out of a possible 158 shares at an ex-ante active risk of between 6 and 8 basis points.

### 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 (Cautious)

This portfolio aims to protect capital in real (after inflation) terms, while providing a reasonable level of income. The portfolio displays low volatility levels, designed to reduce the probability of capital losses. This portfolio has limited exposure to equities. It is designed for maximum capital protection and aims to ensure a stable income and/or income growth.

### 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 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.

#### 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.

#### 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 Low Equity 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.

#### 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 exact weighting for each asset class within the composite benchmark. The composite is rebalanced back to the strategic asset allocation biannually (March and September).

#### 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).

#### 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.