

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%)	FTSE/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 and 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	R5.7 billion
Last two distributions	30 Jun 2021: 20.94 cents per unit 31 Dec 2020: 16.34 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)

	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)	0.48
Transaction Cost (TC)	0.10

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 2020 to 31 March 2021. 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
Anglo American Plc	4.00
Firstrand Ltd	3.23
Investec Ltd	2.56
Sibanye Still Water Limited	2.52
Mtn Group Ltd	2.49
Naspers Ltd	2.43
Growthpoint Prop Ltd	2.18
Vodacom Group Limited	2.10
Kumba Iron Ore Ltd	2.05
Nepi Rockcastle Plc	1.86

as at 31 Jul 2021

Performance (Annualised) as at 31 Jul 2021 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	21.69	22.73	17.00
3 year	8.80	9.74	7.42
5 year	7.60	8.57	6.00
Since inception	8.11	9.24	6.74

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

Performance (Cumulative) as at 31 Jul 2021 on a rolling monthly basis

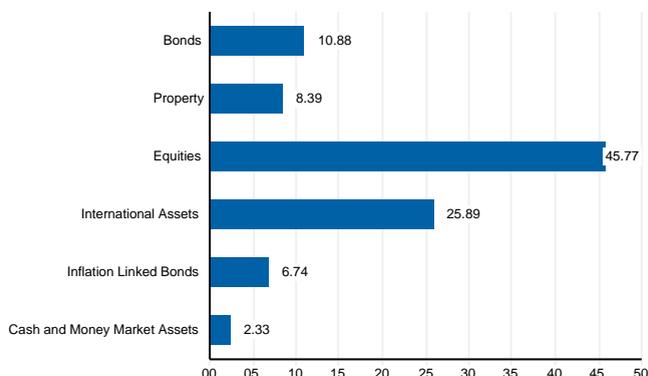
Retail Class	Fund (%)	Benchmark (%)	Category (%)
1 year	21.69	22.73	17.00
3 year	28.78	32.16	23.94
5 year	44.21	50.84	33.82
Since inception	83.01	98.41	65.81

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

Actual highest and lowest annual figures for the last 10 years

Highest Annual %	21.69
Lowest Annual %	1.74

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 30 Jun 2021

Market comments

A contagious Delta variant of the Covid-19 virus has spread to almost 100 countries worldwide, sparking new lockdown restrictions. This has left businesses to suffer another hit while they were still scrambling to recover from last year's losses. Local equities were flat over the second quarter of 2021 (Q2) as South Africa went back to an adjusted Level 4 lockdown amid the third wave of the virus. International markets experienced a positive quarter as the vaccine rollout accelerated in developed markets, while herd immunity was still not reached.

For the quarter, the MSCI World Index (+7.7%), MSCI Emerging Markets (EM) Index (+5.1%) and MSCI USA Index (+8.8%) all gave positive returns in net US dollar. The Latin American emerging markets performed well in Q2 with the MSCI EM Latin American Index returning 15%. The MSCI South Africa Index (-1.5%) was in negative territory over the quarter while the MSCI China Index returned 2.3%. The MSCI Europe Index returned 7.4% while the MSCI United Kingdom Index gained 6%. All returns are in net US dollar.

The tension between Saudi Arabia and the United Arab Emirates (UAE) increased in their OPEC standoff, forcing the organisation to halt two talks, which has left markets worrying about the failed agreements. Throughout this, the oil price continued to rally, as the UAE blocked a deal by Saudi Arabia and Russia that would see output increase in the second half of the year. The oil price ended the quarter at \$74.6 a barrel, a 17.4% gain from the start of the period. At the beginning of the quarter, the gold price moved up and reached beginning-of-year levels, but then lost ground as the US Federal Reserve (Fed) looked to speed up the expected pace of policy tightening. For the quarter, the price of the precious metal was up 4.8%, ending at \$1 765 an ounce. The US Government 10-year bond closed the quarter at 1.48% as job numbers in the US showed gains, but not enough to raise inflation.

Locally, the South African equity indices, namely the FTSE/JSE Top 40 (Top 40) (-0.8%), FTSE/JSE All Share (ALSI) (+0.1%) and FTSE/JSE Capped Shareholder Weighted All Share (Capped SWIX) (+0.6%) all showed flat to negative returns through the quarter. The South African Government 10-year Bond yield started the period at a yield of 9.5% and closed the quarter at 8.9%, resulting in the All Bond Index (ALBI) (+6.9%) ending the quarter with a positive return. The cash benchmark, the Alexander Forbes Short-Term Fixed Interest (STeFI) Composite Index (+0.9%) delivered positive money market returns for the quarter. The FTSE/JSE SA Listed Property Index (SAPY) (+12.1%) ended the quarter in positive territory, doubling its Q1 returns.

The South African rand strengthened against the US dollar through the period. For the full quarter, the rand appreciated by 3% to the dollar, closing at R14.31 to the greenback, R19.75 to the pound and at R16.96 to the euro.

The South African Reserve Bank (SARB) again unanimously voted to keep its repo rate unchanged at 3.5% during its May meeting as widely expected by analysts. Continuing with his stance on the slowness of the vaccine rollout, Governor Lesetja Kganyago warned that the slow progress of the rollout and the energy issues at Eskom were posing downside risks to South Africa's economic outlook.

Forecast growth for South Africa was revised and increased to 4.2% from the previous 3.8% for the year 2021, and these numbers were published before the increase in lockdown restrictions in June. The SARB emphasised that they see two interest rate hikes coming, for the year.

Equity performance, attribution and strategy

Globally, stock markets across the globe posted positive returns again for the second quarter of 2021, continuing the equity rally since March 2020. From a style perspective, Value detracted from performance as the Fed communicated that there would be potential interest rate hikes in the near future and investors started to be less favourable of cheaper stocks. Quality in the form of Profitability was the best performing factor for the quarter, while Momentum underperformed even though it had a good quarter in Emerging Markets. Locally, Momentum was the best performing factor followed by Value from a long-short return spreads point of view, as Value stocks were starting to be Momentum stocks, giving the Momentum factor a boost. The Quality factor remained out of favour followed by underperformance from Low Vol stocks.

The fund uses a multi-factor approach where stocks are selected based on their combined Value, Momentum and Quality signal. The multi-factor model added value over and above the Momentum and Quality single factors, but underperformed the Value factor and ended up with a slight outperformance versus the Capped SWIX index over the quarter. Over the past 12 months, the multi-factor approach managed to outperform the benchmark as it also outperformed the average of the single factors deployed in the multi-factor model.

From an attribution perspective, overweight positions in Nedbank (NED) and Truworths (TRU) and an underweight position in Naspers (NPN) added value to the strategy over the quarter. Counters that detracted value from the strategy included an overweight position in Anglo American Platinum (AMS) and underweight positions in Richemont (CFR) and Capitec (CPI).

The Satrix Smartcore™ Index rebalanced in June and the fund added positions in Pepkor Holdings (PPH) and Royal Bafokeng Platinum (RBP), while positions in Investec plc (INP), Shoprite (SHP) and Reinet Investments (RHI) were increased. These were funded by deletion in Coronation (CML), Discovery (DSY) and Rand Merchant (RMI) while positions in Anglo American Platinum (AMS), Old Mutual (OMU) and Clicks Group (CLS) were decreased.

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 (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 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: southafrica.securities-services@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 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 R36 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.