

INVESTMENT POLICY SUMMARY

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

SA Equity (40%)	Satrix SmartCore™ Index
SA Bonds (12%)	FTSE/JSE All Bond Index
SA Property (5%)	FTSE/JSE SA Listed Property Index
SA Inflation-Linked Bonds (5%)	S&P SA Sovereign Inflation-Linked Bond Index
SA Cash (2%)	STeFI Composite
International Equity (26%)	MSCI All Country World Index (ACWI)
International Property (5%)	FTSE EPRA/Nareit Developed Dividend+ Index
International Infrastructure (5%)	FTSE Global Core Infrastructure Index

WHY CHOOSE THIS FUND?

- The Satrix SmartCore™ Index targets stocks with positive exposures to multiple desired attributes, such as Momentum, Value and Quality.
- These attributes are rewarded drivers of returns, and when combined using a multi-factor approach, offer strong overall exposure to the desired factors, while managing a variety of risks relative to the SA equity market.
- The international portion of the fund 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	R10.9 billion
Last two distributions	30 Jun 2024: 35.01 cents per unit 31 Dec 2023: 29.25 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
Repurchase period	T+3

TOP 10 HOLDINGS

Securities	% of Portfolio
Ishares Core Msci World Ucits Etf	4.82
Ish Dvl Mkt Prpty Yld Usd A	4.63
Ishares Gbl Infrastructure	4.62
Naspers Ltd	4.09
Firststrand Ltd	3.75
Standard Bank Group Ltd	3.52
Gold Fields Ltd	2.48
Bhp Group Limited	2.43
Nedbank Group Ltd	2.02
Nepi Rockcastle N.v.	1.88

as at 30 Jun 2024

PERFORMANCE (ANNUALISED) AS AT 30 JUN 2024

B1-Class	Fund (%)	Benchmark (%)	Category (%)
1 year	12.13	13.10	10.31
3 year	10.52	11.46	9.15
5 year	9.81	10.75	8.92
10 year	8.40	9.28	6.89

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

ACTUAL HIGHEST AND LOWEST ANNUAL RETURNS*

Highest Annual %	20.92
Lowest Annual %	(2.20)

FEES (INCL. VAT)

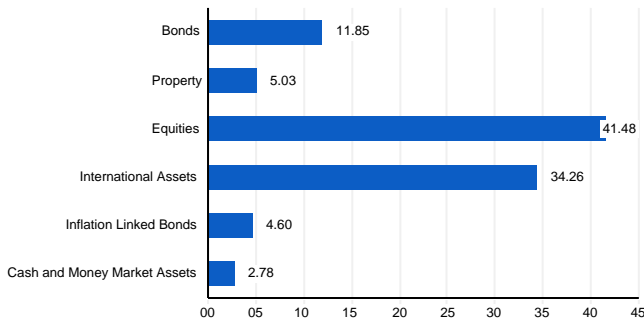
	B1-Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	0.29
Total Expense Ratio (TER)	0.40
Transaction Cost (TC)	0.11

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 3 years. The TER is calculated from 01 April 2021 to 31 March 2024. 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 3 years. Obtain the costs of an investment prior to investing by using the EAC calculator provided at www.satrix.co.za

ASSET ALLOCATION



PORTFOLIO QUARTERLY COMMENTARY - 30 JUN 2024

Following a strong first quarter in terms of equity returns, the second quarter was mixed when considering different jurisdictions and asset classes. Demand for companies linked to Artificial Intelligence (AI) continued and improvements in corporate earnings in the US also drove the equity market. In addition, inflation continued to cool with some areas, like the Eurozone, starting to cut rates. Annual inflation in the US was up 3.3% and the US Federal Reserve (Fed) held rates constant while acknowledging that the anticipated rate cuts were pushed out, to start perhaps as late as December this year.

In rand terms, the second quarter of the year saw the MSCI World Index down 1%, the MSCI Emerging Markets Index up 1.2%, and the MSCI USA Index up 0.2%. The MSCI India Index was up 6.3% during the quarter, while the MSCI China Index was also up 3.3%. The MSCI Europe Index was down 3% while the MSCI United Kingdom Index was flat (-0.01%).

A rise in demand for oil and production cuts from OPEC+ influenced inventories, but oil prices were down during the second quarter. Brent crude oil ended the quarter at US\$85 a barrel, a 2.3% drop from the start of the quarter. The gold price reached an all-time high and ended the quarter up 4%, at US\$2 326.40. After a disastrous US presidential debate with current president Joe Biden and former president Donald Trump, the projections for a second term started to shift in favour of Trump. His policies on higher import tariffs, tight immigration laws and possible tax cuts were largely seen as inflationary by the markets. During this period the US 20-year Government Bond yield ticked up to 4.68% at the end of the quarter, while investors continued to take guidance from the Fed's notes on rate cuts and the upcoming US elections.

In local markets, the FTSE/JSE All Share Index (ALSI) was up 8.2% for the second quarter while the FTSE/JSE Top 40 Index (Top 40) was up 7.9%. The outperformance was largely driven by local Financials being up 17.1% for the quarter with Industrials and Resources up 4.8% and 3.4% respectively. The South African 10-year Government Bond yield closed the quarter at 10.2%, while the All Bond Index (ALBI) was up 7.5%. The cash benchmark, the Alexander Forbes Short-Term Fixed-Interest (STeFI) Composite Index, delivered positive money market returns of 2.1%, while the FTSE/JSE SA Listed Property Index (SAPY) was up 5.5% for the quarter.

President Cyril Ramaphosa was voted in for his second term as president, as several political parties agreed to form a Government of National Unity (GNU) with the ANC, which later drove a massive recovery in SA Inc. stocks in June. In their last meeting, the South African Reserve Bank (SARB) kept rates constant again, as they reiterated that interest rates may remain elevated for an extended period as the committee was sticking to its mandate of achieving its inflation targets. During the quarter, the rand appreciated by 3.6% to the US dollar, closing at R18.26 to the greenback, R23.08 to the pound and at R19.57 to the euro.

Local Equity Performance and Changes

In the second quarter of 2024, global equities continued to rise and emerging markets ended up outperforming developed markets with India leading the way. The MSCI World Index was down 1% during the quarter while the MSCI Emerging Markets (EM) Index was up 1.2%, in rand. Optimism around Artificial Intelligence (AI) continued, with the Nasdaq index up 4.1% over the same period.

Offshore, Quality, Growth and Momentum continued to outperform the MSCI World Index over the quarter with Quality the best performer of the two, while Growth also did better than the market. The worst-performing factor was Value, followed by Equally Weighted strategies, which would have reduced exposure to frontrunners like Nvidia and the other Magnificent Seven stocks that reached all-time highs. Again, risk-averse investors were not rewarded during the quarter as the Low Volatility factor underperformed, while High Dividend stocks also underperformed. In Emerging Markets, again, Momentum outperformed the MSCI EM Index, followed by Enhanced Value and High Dividend stocks. The Equally Weighted strategy was the worst performer during the quarter, with Low Volatility and the Growth factor also underperforming.

Locally, the Quality factor outperformed the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX) while Momentum was flat. The Value factor was the worst performer during the quarter compared to the Capped SWIX while the Low Volatility factor also underperformed.

The Satrix SmartCore™ Index uses a multi-factor approach where stocks are
Issue Date: 22 Jul 2024

selected based on their bottom-up combined Value, Momentum and Quality signal. In the second quarter of the year, the multi-factor model added value over and above the Value single factor while it underperformed the Momentum and Quality single factors. Over the same period, SmartCore™ underperformed the Capped SWIX benchmark while it also underperformed the average of the single factors deployed in the multi-factor model. During the quarter, a pure blend approach of the Satrix proprietary Quality, Value and Momentum indices also underperformed the Capped SWIX index.

From an attribution perspective, overweight positions in Standard Bank (SBK) and Nedbank (NED) and an underweight position in Bidcorp (BID) added value to the strategy during the quarter. Counters that detracted value from the strategy included underweight positions in Anglo American plc (AGL) and Capitec (CPI) and an overweight position in MTN Group (MTN).

The Satrix SmartCore™ Index rebalanced in June 2024 and the fund added Life Healthcare (LCH), MultiChoice (MCG), Ninety One plc (N91), Sappi (SAP) and The Foschini Group (TFG) while positions in FirstRand (FSR) and Mondi plc (MNP) were increased. These were funded by deleting Woolworths (WHL) while positions in MTN Group (MTN) and Standard Bank (SBK) were reduced.

Local Bonds and Inflation-Linked Bonds

The FTSE/JSE All Bond Index (ALBI) delivered a strong return of 7.49% for the quarter, with the index delivering a return of 5.18% in the month of June. Inflation-linked bonds (ILBs) had a better quarter too but trailed nominal bonds. The FTSE/JSE Inflation-Linked Index (CIL) returned 2.37% for the quarter, while the Alexander Forbes Short-Term Fixed-Interest (STeFI) cash index returned 2.03%. Local assets ended off at their best levels as haggling over cabinet positions in the newly formed Government of National Unity (GNU) showed that this GNU is not without risks.

Local Property

In the second quarter of 2024, the FTSE/JSE SA Listed Property Index (SAPY) was up 5.50%. Only two of the stocks in the index had negative returns for the quarter, namely MAS Real Estate (MSP) (-1.5%) and Sirius Real Estate (SRE) (-4.5%). Although all the other counters had positive returns, the returns were still lacklustre. Emira Property Fund (EMI) (+25.2%), Growthpoint (GRT) (+14%), Fortress (FFB) (+11.1%), Fairvest (FTB) (+10.3%) and SA Corporate Real Estate Fund (SAC) (+10%) all had double-digit returns for the quarter, which bolstered the return of the index. At the June 2024 FTSE/JSE index review there were no constituent additions to or deletions from the index. The one-way turnover was 0.8%.

Offshore Equity

In rand terms, in the second quarter of 2024, the MSCI All Country World Index (ACWI) was down 0.8% (+3.01% in US dollar terms). The fund invests in the Satrix World Equity Tracker UCITS and the Satrix Emerging Markets Tracker UCITS by holding these investments in the same weight as that of the MSCI ACWI. These funds track performance of the respective indices through a process of optimisation with an ex-ante tracking error varying around 10 basis points and 18 basis points respectively. The MSCI ACWI captures large and mid-cap representation across 23 developed market and 24 emerging market countries*. With 2 760 constituents, the index covers approximately 85% of the global investable equity opportunity set.

RISK PROFILE (MODERATE AGGRESSIVE)

This is a moderate aggressive 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.

CONTACT DETAILS

Manager

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

Investment Manager

The management of investments are outsourced to Satrix, a division of Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Trustee

Standard Chartered Bank, Tel No.: 011 217 6600, E-mail: southafrica.securities-services@sc.com

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*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.