

10X INVESTMENT REPORT

31 JULY 2019

Living annuity index funds: Regulation 28 compliant



ABOUT 10X: Our goal is to give investors more money at and in retirement. We achieve this by providing one optimal investment solution. Three investment principles underlie 10X's living annuity portfolios:

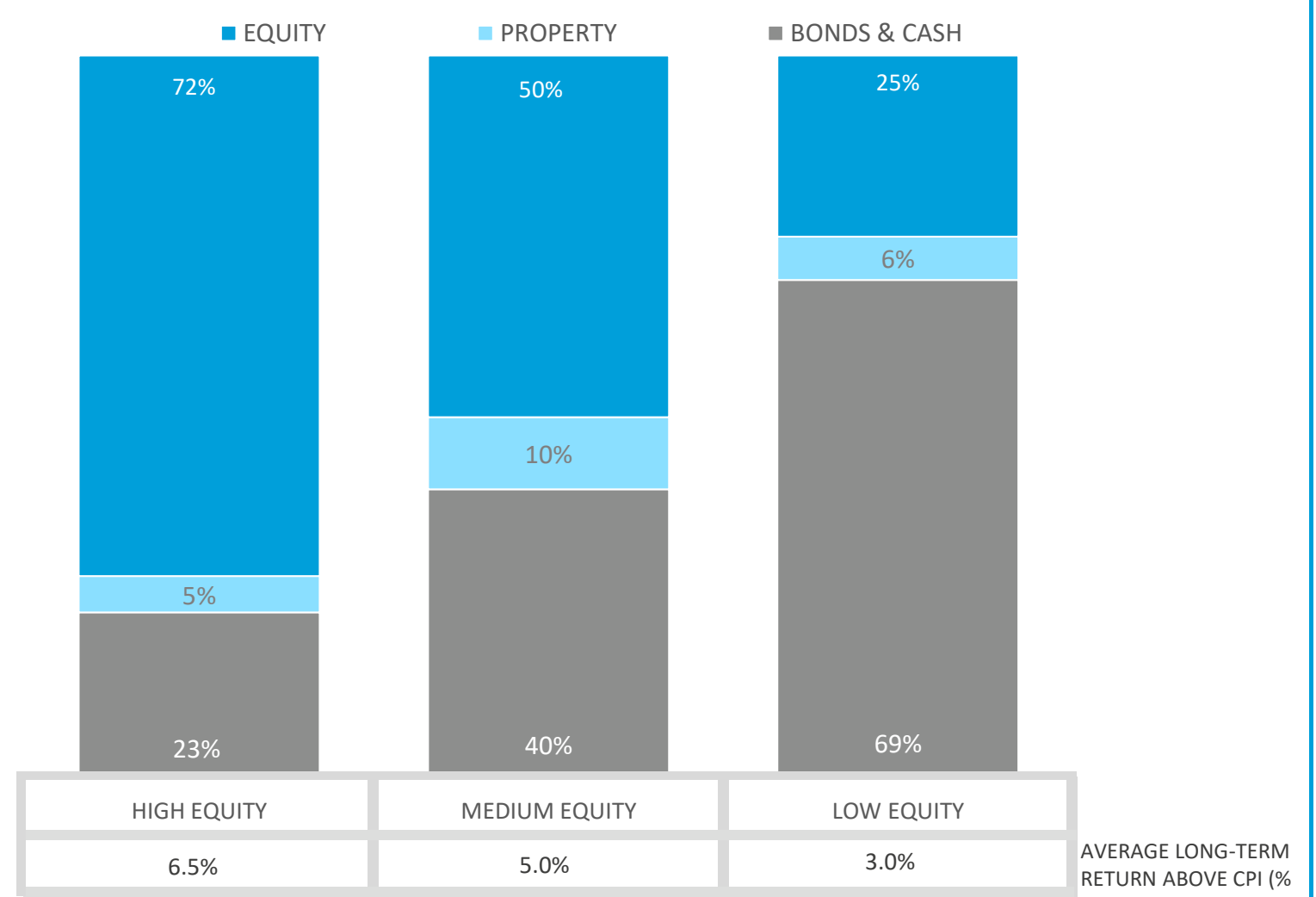
1. Time drives investment risk
2. Index funds
3. Low fees

01 | TIME DRIVES INVESTMENT RISK

At retirement, you may need your living annuity to last for 20 years or longer. Therefore, contrary to popular belief, most retirees are still long term investors and need to have a long term approach when managing their investments. Investment risk is linked to the term of your investments. The longer your term, the more time you have to ride out a drop in your investments. This holds true even when drawing an income from your investments.

A high equity portfolio is optimal for investments of 5 years or longer, as it maximises long-term returns. However over shorter time periods the returns of the High Equity Portfolio can be very volatile.

10X LIVING ANNUITY PORTFOLIOS¹



10X LIVING ANNUITY PORTFOLIO RETURNS VS INFLATION

10X PORTFOLIO	1 MONTH	3 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	10 YEAR
High Equity	-1.4%	-1.4%	3.4%	5.1%	6.4%	10.7%	12.0%
Medium Equity	-1.1%	-0.8%	4.0%	4.6%	6.3%	9.7%	11.0%
Low Equity	-0.4%	0.2%	5.7%	5.7%	6.7%	8.3%	9.0%
SA Inflation	0.4%	1.0%	3.9%	4.5%	4.9%	5.3%	5.1%

SOURCE: 10X Investments. Performance is before 10X's fee but after all other trading costs. All returns greater than 12 months are annualised. 10X Living Annuity returns are shown from Dec 2014 (when this product first commenced). Earlier returns shown are based on the same portfolio in the 10X Umbrella Pension Fund, which makes it possible for 10X to show this back tested data for illustrative purposes.

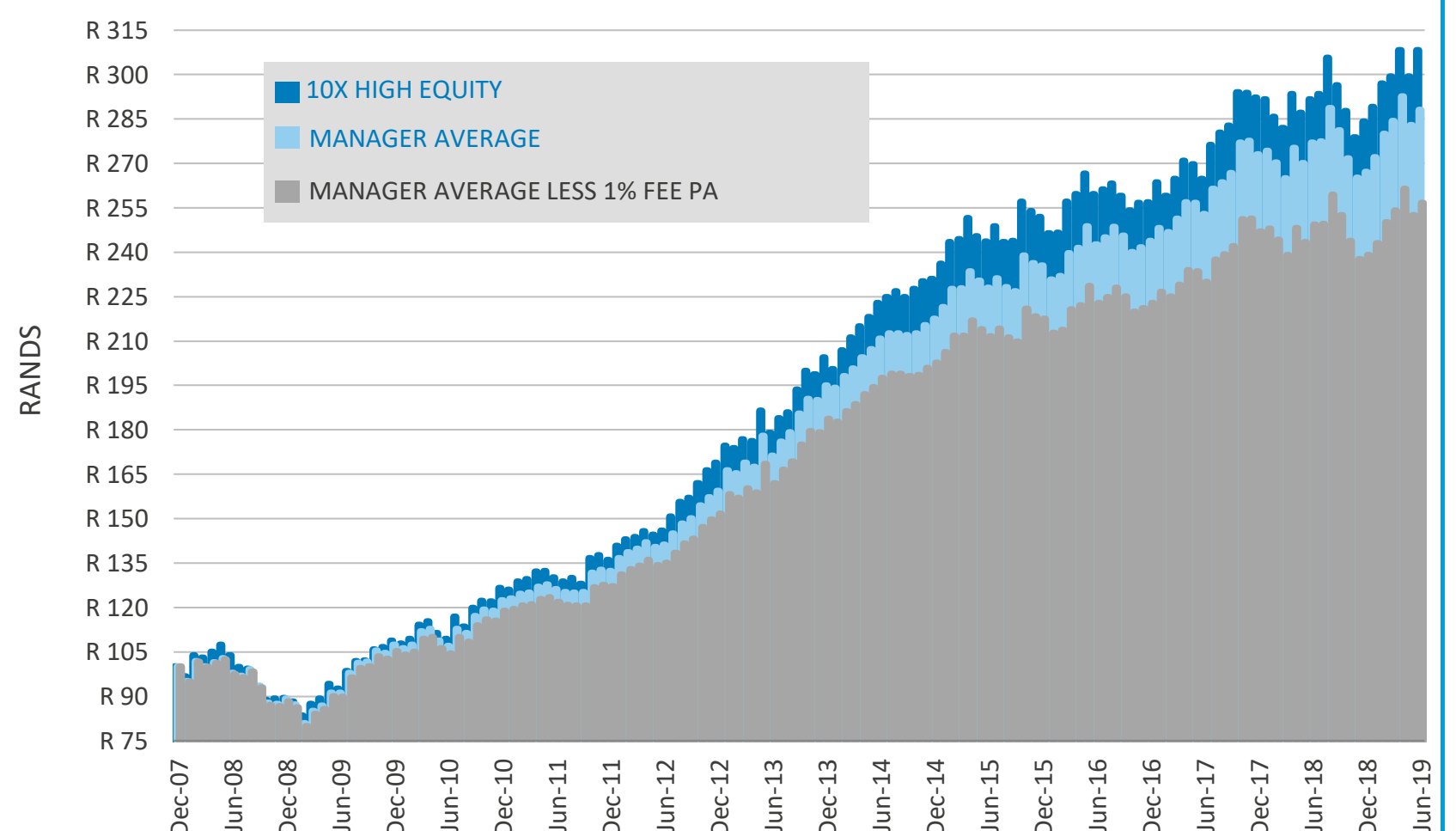
02 | INDEX FUNDS

10X uses index funds as 3 out of 4 have historically outperformed active funds after costs.*

An index fund owns the same basket of investments as the index and therefore earns the index return at a low cost. Active funds do not own the same basket of investments as the index and therefore returns differ from the index return, and costs are higher.

The 10X High Equity Portfolio has consistently outperformed the average return of large fund managers (BEFORE FEES) since inception (1 January 2008). 10X's total fees are generally half the industry average** and so 10X saves most clients at least 1% pa (of the investment balance) in fees. We thus also show the average return of large fund managers reduced by a 1% higher fee to show the effect of the fee differential. Higher fees will always reduce the investment outcome regardless of market performance, however past performance is used here for illustrative purposes.

10X HIGH EQUITY VS. AVERAGE RETURN OF LARGE INVESTMENT MANAGERS SINCE INCEPTION (BEFORE FEES)¹



* Profile Data, 10X, General Equity unit trusts, 5 yrs to Dec 2013, index fund assumed to be ALSI less 0.4% pa fee.
 ** National Treasury, Charges in South African retirement funds, July 2013.

SOURCE: 10X Investments Pension Fund returns, Alexander Forbes Large Manager Watch Global Best Investment View Median. Returns are based on R100 lump sum invested on 31 December 2007.

BENCHMARKS

Each 10X Portfolio is benchmarked against its own asset allocation, with the relevant indices shown below. 10X's tracking performance is disclosed in our Annual Investor letter.

ASSET CLASS	BENCHMARK (INDEX TRACKED)	DESCRIPTION
SA Equity	10X Top 60 SA Share Index	Top 60 Shares, with a 6% cap per share on re-weighting
SA Bonds	FTSE/JSE Government Bond Index (GOVI) FTSE/JSE Inflation-Linked Government Bond Index (IGOV)	SA Government Bonds: nominal SA Government Bonds: inflation-linked
SA Property	10X SA Property Index	Top 14 property shares, 20% cap per share
SA Cash	AF Short Term Fixed Interest Index	Interest rate on 3-month SA cash deposits
International Equity	MSCI World Index MSCI Emerging Markets Index	Top 1,600+ developed market stocks Top 1,100+ emerging market stocks
International Currency	US Dollar / Rand Exchange Rate	US Dollar / Rand exchange rate

SOURCE: 10X Investments

10X'S BENCHMARK RETURNS

ASSET CLASS	1 MONTH	3 MONTH	1 YEAR	3 YEAR	5 YEAR	7 YEAR	10 YEAR
10X SA Equity	-3.5%	-3.1%	-1.1%	3.2%	3.7%	9.7%	11.9%
GOVI	-0.7%	2.1%	7.7%	8.6%	8.0%	6.9%	8.6%
IGOV	0.0%	-0.6%	3.7%	1.7%	3.8%	5.2%	7.0%
10X SA Property	-1.2%	0.3%	1.1%	-4.0%	8.9%	11.3%	13.4%
STeFI 3-month	0.6%	1.7%	7.0%	7.1%	6.8%	6.3%	6.2%
MSCI World Index ¹	2.3%	0.7%	13.2%	11.8%	13.1%	19.4%	16.8%
MSCI EM Index ¹	-0.2%	-3.5%	6.2%	9.3%	7.6%	12.2%	11.3%
USD/ZAR	0.5%	-1.1%	8.2%	0.7%	5.8%	8.0%	6.2%

SOURCE: S&P Dow Jones Indices, MSCI, FTSE/JSE, Reuters, 10X Investments. All returns greater than 12 months are annualised.

¹ MSCI Indices are lagged by 1 day due to underlying price availability

TOP 10 SA SHARES AS % OF SA EQUITY

Richemont SA	6.9%
Naspers Ltd	6.3%
BHP Group Plc	6.3%
Anglo American Plc	6.1%
Standard Bank Ltd	4.9%
MTN Group Ltd	4.3%
FirstRand Ltd	4.2%
Sasol Ltd	3.7%
Mondi Plc	3.2%
BAT Plc	3.1%

TOP 10 INTERNATIONAL SHARES AS % OF INTERNATIONAL EQUITY

Microsoft Corp	1.9%
Apple, Inc	1.7%
Alphabet, Inc	1.6%
Amazon.com Inc	1.5%
Facebook, Inc	0.9%
Tencent Holdings Ltd	0.9%
Alibaba	0.8%
Exxon Mobil Corp	0.7%
JPMorgan Chase	0.7%
Taiwan Semiconductor Manufacturing	0.7%

SOURCE: S&P Dow Jones Indices and MSCI

03 | LOW FEES

10X charges low total fees to ensure investors save more of their money, and keep more of the investment return.

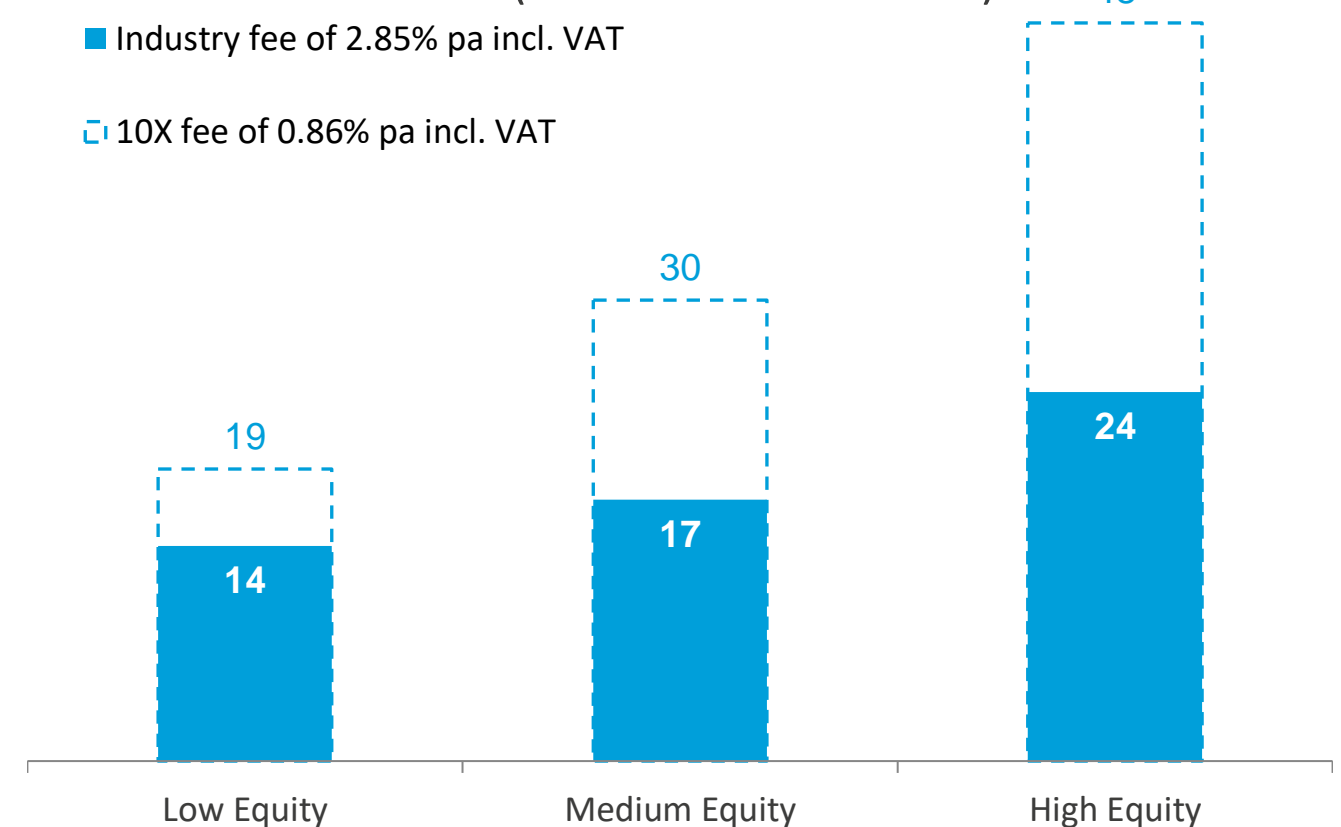
Consider two retirees; both purchase a living annuity at retirement and draw an initial income of 5% of their savings. The first retiree pays total fees of 2.85% pa (incl. VAT) for advice, administration and investments, which is not uncommon in the industry. The second retiree pays a fee of 0.86% pa (incl. VAT), which is the maximum fee charged by 10X on a sliding scale (where the larger your investment, the lower your fee).

If both retirees draw the same income and increase their income in line with inflation until their income reaches the 17.5% cap, the income would no longer keep pace with inflation thereafter. The chart shows that higher fees impact how long your income will last and keeps pace with inflation in each instance.

10X LIVING ANNUITY FEE SCALE

Investment value	10X Fee pa incl VAT as a % of investments
First R5 million	0.86%
Next R5 million	0.57%
Above R10 million	0.40%

YEARS INCOME KEEPS PACE WITH INFLATION (5% PA INITIAL DRAW)²



SOURCE: 10X Investments, Dimson, Staunton & Marsh. This illustration is based on asset class index returns after inflation back tested to 1900.

DISCLAIMER

1. Returns are not necessarily indicative of future returns, which are not guaranteed.
2. Past performance is used to show the effect of the fee differential on the longevity of retirement income on two contracts having the same underlying terms and returns but different fee structures. It does not guarantee that your retirement savings will last the same length of time as illustrated.

While every effort has been made to ensure the accuracy and reliability of the information in this document, 10X Investments cannot be held responsible for any errors. Past performance is not necessarily indicative of future performance. Future returns are not guaranteed.

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GENERAL INFORMATION

Auditors	PwC
Custodian	Firststrand Bank Limited
Bankers	FNB Corporate
Regulator	Financial Sector Conduct Authority
Investment manager	10X Investments
Funds under management	R 11.2bn
Since Inception (10X funds)	01 January 2008

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