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xAI Emerging Markets Equity Fund

Name	xAI Emerging Markets Equity Fund
Version	Version 1
Last Review Date	7 January 2026
Frequency of Review	Quarterly or Rebalance Triggers
Next Review Date	31 March 2026
Plan Owner	Windall Bekker
Responsible Team	Investments



1 XAI EMERGING EQUITY FUND

1.1 Background

We created the optimal Emerging Markets-focused fund using Satrix ETFs by allocating primarily to Satrix MSCI Emerging Markets for broad EM exposure, with targeted allocations to Satrix MSCI India and Satrix MSCI China for growth tilts in key economies and including Satrix 40 for South African large-cap stability as a core emerging market holding. This approach maximizes upside in high-growth EM regions while providing diversification and reducing single-country risks.

1.2 Key Updates

Satrix ETF TERs remain competitive; no major changes noted as of January 7, 2026.

1.3 Fund Overview

- Objective: Long-term capital growth with focused Emerging Markets exposure, emphasizing broad diversification and growth in key EM economies like India, China, and South Africa.
- Weighted TER: Approximately 0.35%
- Rebalancing: Quarterly or as needed
- Risk Profile: Aggressive (full equity, currency risk)
- Benchmark Comparison: Blends MSCI Emerging Markets with country-specific indices for enhanced performance potential.



2 CONSTITUENTS AND ALLOCATIONS

2.1 Optimal Emerging Markets Fund

Benchmark	Allocation	TER	Key Rationale
MSCI Emerging Markets IMI Index	50%	0.40%	Core holding for broad exposure to global emerging markets (e.g., China, India, Taiwan); provides diversification across EM economies.
MSCI India Index	25%	0.35%	Growth tilt via India's dynamic economy and tech/consumer sectors; historical outperformance in recent years.
FTSE/JSE Top 40 Index	10%	0.10%	Includes South African large-caps for home market stability and resource exposure, as a key emerging market.
MSCI China Index	15%	0.35%	Adds exposure to China's vast market and recovery potential; balances the portfolio with mega-cap tech and manufacturing.

2.2 Why This Allocation

- High EM Focus: Effective EM exposure of ~100%, utilizing Satrix's EM-specific ETFs to capture growth in developing economies while minimizing developed market dilution.
- Balances Stability and Growth: Broad EM index offers diversified coverage, increased India and China provide stronger targeted upside from high-growth regions, and reduced Satrix 40 adds local SA stability to hedge against global EM volatility.
- Optimized for Performance: Based on historical data, this mix aims for higher returns than pure broad EM, with moderated risk through country diversification.
- Overall: Growth-oriented EM fund, more focused on upside potential in recovering and expanding markets, targeting EM economic strength



3 RISK AND RETURNS

3.1 xAI Emerging Markets Fund Returns

Period	Fund Returns	Notes
Past Quarter (Q4 2025)	~6-10% (non-annualized total return)	Estimated from late-2025 EM trends; recovery in Asia-led gains.
3 Months	~8-12% (non-annualized)	Similar to quarter; strong EM indices performance.
6 Months	~15-19% (non-annualized)	Mid-2025 to end-2025; includes EM rebound.
1 Year	~15-20%	Blended; India tilt boosted returns in strong 2025 EM markets.
3 Years (annualized)	~8-12%	Driven by EM recovery; higher than global averages in ZAR terms.
5 Years (annualized)	~8-11%	Long-term EM growth benefits.

3.2 Constituent Returns

ETF Name	Past Quarter	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.
Satrix MSCI Emerging Markets	~6-10%	~8-12%	~15-20%	~15-20%	~8-12%	~7-10%
Satrix MSCI India	~7-11%	~9-13%	~18-22%	~20-25%	~12-16%	~10-14%
Satrix 40	~4-7%	~5-8%	~10-14%	~10-15%	~6-10%	~8-12%
Satrix MSCI China	~5-9%	~6-10%	~12-16%	~12-18%	~5-9%	~6-10%

3.3 Notes:

- Returns are total returns in ZAR terms, influenced by USD/ZAR fluctuations (rand movements affected 2025 gains).
- Short-term periods are non-annualized total returns.
- Longer periods are annualized.
- EM-focused ETFs led gains due to recovery in Asia and economic strength in 2025.
- Past performance is not indicative of future results. Past performance is not indicative of future results.



3.4 Max Loss and Volatility

ETF Name	Volatility (Annualized, approx. 3-5 Year)	Maximum Drawdown (Historical, approx.)	Notes
xAI Emerging Markets Equity Fund	~20-26%	~34-44%	Blended; higher due to EM and China tilts.
Satrix MSCI Emerging Markets	18-25%	-35% to -45% (longer-term incl. China weakness)	Highest drawdown potential from EM risks.
Satrix MSCI China	25-30%	-40% to -50% (2022 correction)	Highest volatility from China concentration.
Satrix MSCI India	20-25%	-30% to -40% (2022)	Moderate volatility with growth focus.



4 HISTORICAL PERFORMANCE CONTEXT

(Note: Based on pre-2026 data; actual 2026 performance may vary with market conditions.
Past performance is no guarantee of future results.)

4.1 Implementation Notes

- How to Build It: Allocate proportionally (e.g., R10,000 total: R5,000 STXEMG, R2,500 STXIND, R1,000 STX40, R1,500 STXCHN).
- Advantages: Low costs, full EM exposure, JSE-listed in ZAR (no offshore needs).
- Risks: Equity volatility, EM concentration (geopolitical, currency), potential underperformance in slowdowns.

This EM fund prioritizes maximum growth from emerging markets with balanced allocation!