

LAUNCH OF THE LATEST PROPERTY ETFS ON THE JSE

Two new Reitway global property ETFs (Exchange Traded Funds) have been locally listed. The **Reitway Global Property Diversified Prescient ETF (JSE code: RWDVF)**, and the **Reitway Global Property ESG Prescient ETF (JSE code: RWESG)** listed on the JSE on the 5th of June 2023. These two newly listed ETFs are administered by Prescient Fund Services (Pty) Ltd. They provide exposure to the most liquid globally listed property companies. For the ESG version, the fund manager commits to the delivery of an ESG ranking in excess of 90%, and for the diversified version, the fund manager invests in REIT-like (Real Estate Investment Trusts) structures. Real Estate Investment Trusts are companies which own, operate, finance income-producing properties, or invest in real estate directly. REITs invest in most real estate property types, such as data centres, communication towers, self storage, commercial offices, hospitals, and apartments, among others. They trade like stocks, making them highly liquid. These newly listed ETFs are suitable for investors who seek income and are looking to diversify their portfolios through the inclusion of globally listed property.

Check out the etfSA Investor Podcast on custom indices in listed real estate (Episode 26), under the etfSA.co.za website > Media Center > Podcasts: [The ETF Investor - Episode 26 - Custom Indices in Listed Real Estate](#)

The details of the new products are as follows:

ETP Name	JSE Code	MANCO	Listing Date	ISIN	Sector Exposure
Reitway Global Property Diversified Prescient ETF	RWDVF	Prescient	5 June 2023	ZAE000322186	Global REITs
ETP Name	JSE Code	MANCO	Listing Date	ISIN	Sector Exposure
Reitway Global Property ESG Prescient ETF	RWESG	Prescient	5 June 2023	ZAE000322194	Global REITs – ESG

OVERVIEW

The Reitway Global Property Diversified Prescient ETF (RWDVF) aims to track the Reitway Global Property Diversified Index, which is a custom Index that is calculated by Global Property Research B.V. The Index is designed to reflect the performance of diversified listed property companies and REITs, across Developed and Emerging Market countries. The Reitway Global Property ESG Prescient ETF (RWESG) also tracks a custom Index that is calculated Global Property Research B.V., which is the Reitway Global Property ESG Index. The Index is designed to deliver a credible and relative performance, while maintaining a minimum ESG ranking, in excess of 90%. Both ETFs are distributing, which means that distributions will be paid out. Investments into this ETF are made in South African Rands.

- The management fee for both ETFs is 0.60% excl. VAT
- In terms of income distributions, both ETFs pay out quarterly
- **This ETF is suitable for investors with a long-term view and the risk profile is high**

BENEFITS

According to Reitway, the benefits of being invested in liquid global real estate securities is as follows:

- **Diversification:** Real estate typically has a low correlation to other asset classes, thus increasing a portfolio's risk-adjusted return
- **Intra-day liquidity:** REITs are traded on the major stock exchanges, providing the ability to buy and sell the securities just like stocks
- **Transparency:** High level of transparency
- **Dividends:** Typically, regular income from rents. REITs have historically provided reduced volatility
- **Performance:** REITs have historically provided compelling returns relative to other asset classes

Source: Reitway Global (10 July 2023)

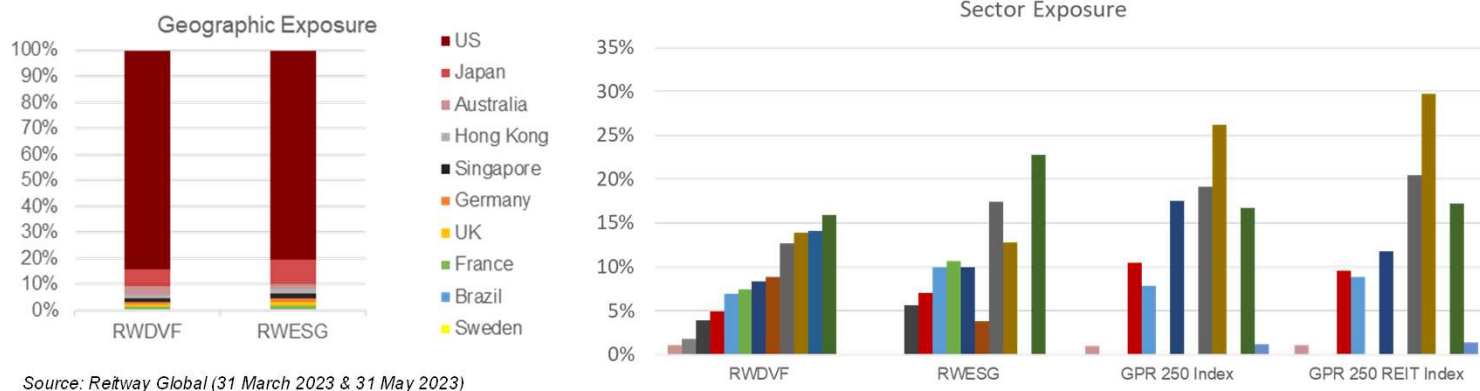
Research News: Reitway Global Property Diversified & ESG Prescient ETF

July 2023

INDEX ANALYSIS

The **Reitway Global Property Diversified Prescient ETF (RWDVF)**, tracks the **Reitway Global Property Diversified Index** and the **Reitway Global Property ESG Prescient ETF (RWESG)**, tracks the **Reitway Global Property ESG Index**. Both custom indices are based on the GPR 250 index investment universe, which consists of 250 of the most liquid listed property securities, across the globe. The Reitway Global Property Diversified Index is constructed from a subset of the GPR 250 index, which is the GPR 250 REIT Index, and it consist of all companies that have a REIT or a REIT-like structure.

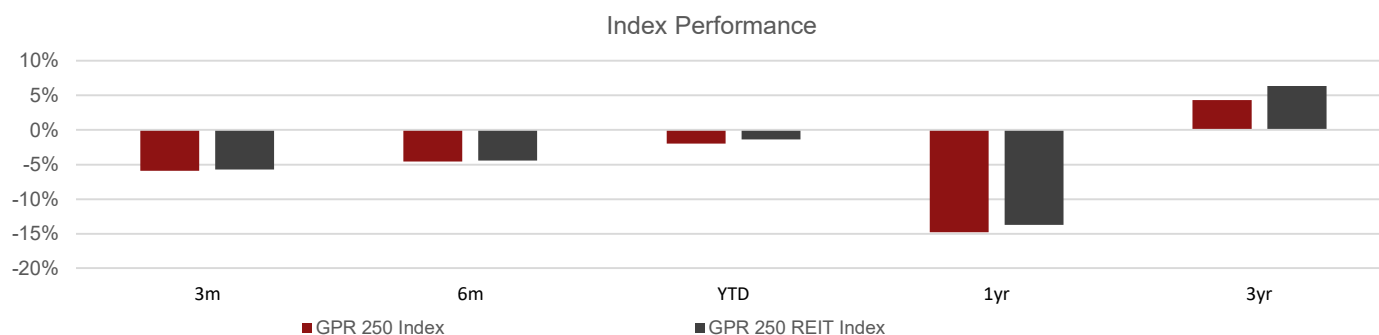
Geographically, the Reitway Global Property Diversified Index (RWDVF) and the Reitway Global Property ESG Index (RWESG) have similar regional exposure, with a significant portion allocated to the Americas, specifically the United States. This mirrors the Index investment universe of the GRP 250 Index and the GPR 250 REIT Index, which also have majority weighting towards the Americas. Looking at the sector exposure, the differences in the sector focus demonstrates the difference in the investment strategy of each fund and Index, respectively. The Reitway Global Property Diversified Index (RWDVF) exhibits the diverseness of REITs and REIT-like structures with the inclusion of, amongst others, Timber and Tower REITs, which is not reflective in the GPR 250 REIT Index. Similarly, even though the Reitway Global Property ESG Index (RWESG) makes use of the GPR 250 Index as the investable universe, the overlay of the ESG REIT methodology paints a different picture in the sector exposure. The weighting in the custom Reitway Indices are rebalanced bi-annually. The Reitway Global Property Diversified Index (RWDVF) is rebalanced in March and September and the Reitway Global Property ESG Index (RWESG) is rebalanced in May and November. This is why the graphs reflecting the latest Index composition below for the RWDVF is as at the end of March, and the end of May for the RWESG.



Source: Reitway Global (31 March 2023 & 31 May 2023)

Source: Reitway Global (31 March 2023 & 31 May 2023), Global Property Research (31 March 2023)

The Index performance of the GPR 250 Index and the GPR 250 REIT Index is shown below for a comparative view. The difference in Index performance over the 3-month, 6-month, 1-year, 3-year (annualised), and year-to-date periods, are negligible.



Source: Global Property Research (31 May 2023)

METHODOLOGY

Understanding the investment strategy is vital to know what you will be investing in. While the Reitway Global Property Diversified Index (RWDVF) and the Reitway Global Property ESG Index (RWESG) are constructed with the same Index as a starting point, being the GPR 250 index, their methodologies differ. This is highlighted below:

Reitway Global Property Diversified Index (RWDVF)

The Reitway Global Property Diversified Index is an expansion of the GPR 250 REIT index, with the inclusion additional REIT sectors such as communication towers, certain Data Centres, and timber REITs. It also includes REIT-like structures such as German residential companies and Nordic Property companies. The Index includes 60 of the most liquid companies with a high monthly trading volume measured over the previous twelve months, and excludes companies that have foreign ownership restrictions. Property companies are eligible for inclusion in the Index if 75% of their operational turnover is obtained from property investment activity, or if they have a REIT status. The Reitway Global Property Diversified Index aims to track and outperform the GPR 250 REIT Index on a relatively consistent basis by 1% p.a.

Reitway Global Property ESG Index (RWESG)

The Reitway Global Property ESG Index is constructed from the GPR 250 index, where a REIT ESG score methodology is overlaid. This is done by excluding low-scoring companies when the REIT ESG criteria is not met. The REIT ESG score is calculated as the weighted average Global Real Estate Sustainability Benchmark (GRESB) Public Disclosure score. GRESB is an organisation that constructs internationally-recognised benchmarks to track ESG performance of commercial real estate and infrastructure. The GRESB is based on a set of ESG indicators across management, performance, and development; which looks at disclosure methods, governance of sustainability, implementation, operational performance, and stakeholder engagement.

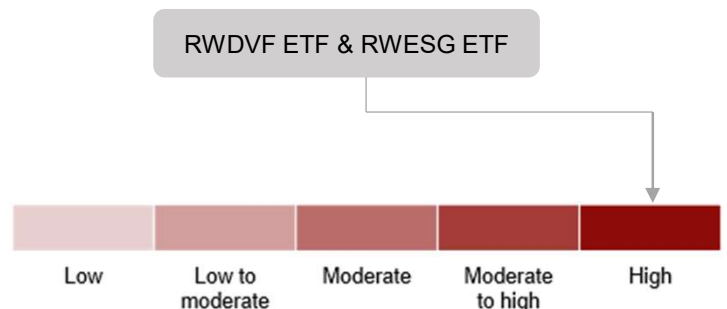
The rules are applied to the top 50 companies in the GRP 250 Index and is assigned an ESG ranking by GRESB. The companies below the top 50, with acceptable ESG rankings, are included in the Reitway Global Property ESG Index to replace REIT ESG-ranked companies with reduced scores. This is done in order to achieve an overall weighted ranking to meet the minimum 90% ESG ranking in the Index. Property companies are eligible for inclusion in the Index if 75% of their operational turnover is obtained from property investment activity. The Index includes property companies that have a medium-level of liquidity with a mid-range monthly trading volume measured over the previous twelve months. It excludes companies that have foreign ownership restrictions.

Source: Reitway Global, Prescient, GRESB (9 June 2023)

RISK PROFILE

Like all investments, investing into property is not without risk. The risks highlighted below are some of the factors that investors should consider. These factors are not intended to be comprehensive or exhaustive. Various other risks may also apply. Investors should be aware of their risk appetite and should be mindful of the risks associated with investing in this ETF. Be sure to obtain the latest information and risk considerations of the ETF from the managing company. etfSA.co.za classifies the risk profile of the RWDVF ETF and the RWESG ETF as high.

- **Market Risk:** Market risk exists because of price changes. As the fund will always be exposed to markets, it is effectively exposed to market-related volatility.
- **Interest Rate Risk:** Interest rate risk is the decline in the value of an asset or instrument resulting from fluctuations in interest rates
- **Index Tracking Risk:** Fund's returns may not match the index
- **Capital Risk:** A risk that part, or all of an investment, results in a loss



Disclaimer

The Exchange Traded Products (ETPs) contained herein are mainly Collective Investment Schemes in Securities (CIS) and other listed securities which are generally medium to long-term investments that contain elements of risk and can be affected by market values, interest rates, exchange rates, volatility, dividend yields and issuer credit ratings. ETPs are listed on the Johannesburg, or other Stock Exchanges, and trade at ruling prices on such Exchanges.

The price of ETPs can go up as well as down and past performance is not necessarily a guide to the future. The ETP's herein are listed on the Johannesburg Stock Exchange Limited and trading in ETP securities will incur trading and settlement costs. ETF securities are traded at ruling prices and can engage in scrip lending.

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