



The Home of Exchange Traded Funds®



The Home of Retirement Funds

# Staying Afloat

**etfSA.co.za**  
**Investment Seminars**  
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# Remember the end of 2014?

- High tide
- Plain sailing for six years
- Storm clouds on the horizon



What did not surprise us in 2015

Continued weakness in  
commodity prices



What did not surprise us in 2015

Volatility in China



# What did not surprise us in 2015

Confirmation of  
retirement reform



A dramatic painting of a storm at sea. In the foreground, a large, dark whirlpool with concentric blue and black rings dominates the center. To the left, a three-masted sailing ship with tattered, yellowish-brown sails is being tossed by white-capped waves. To the right, another three-masted sailing ship with dark sails is moving away from the viewer, also navigating the turbulent waters. The sky is a pale, hazy yellow, suggesting a storm or a bright, overcast day. The overall mood is one of peril and chaos.

What happened during 2015 that  
changed our view of 2016 and beyond?

Oil price collapse

What happened during 2015 that changed our view of 2016 and beyond?

Rand depreciation  
in excess of  
general EM  
currency  
decline



# What happened during 2015 that changed our view of 2016 and beyond?

SA sovereign bonds – a new “normal” in the event of a credit rating downgrade to sub-investment grade





# Strategic positioning for low tide conditions

- Risk off
  - Geographically, favour non-SA over SA
  - Within non-SA, favour developed markets over emerging markets
  - Within asset classes, favour equities over bonds
  - Within equities, favour defensive & high yielding sectors over cyclical & interest rate sensitive sectors
  - Within interest-bearing investments, favour cash, preference shares and inflation-linkers over regular bonds

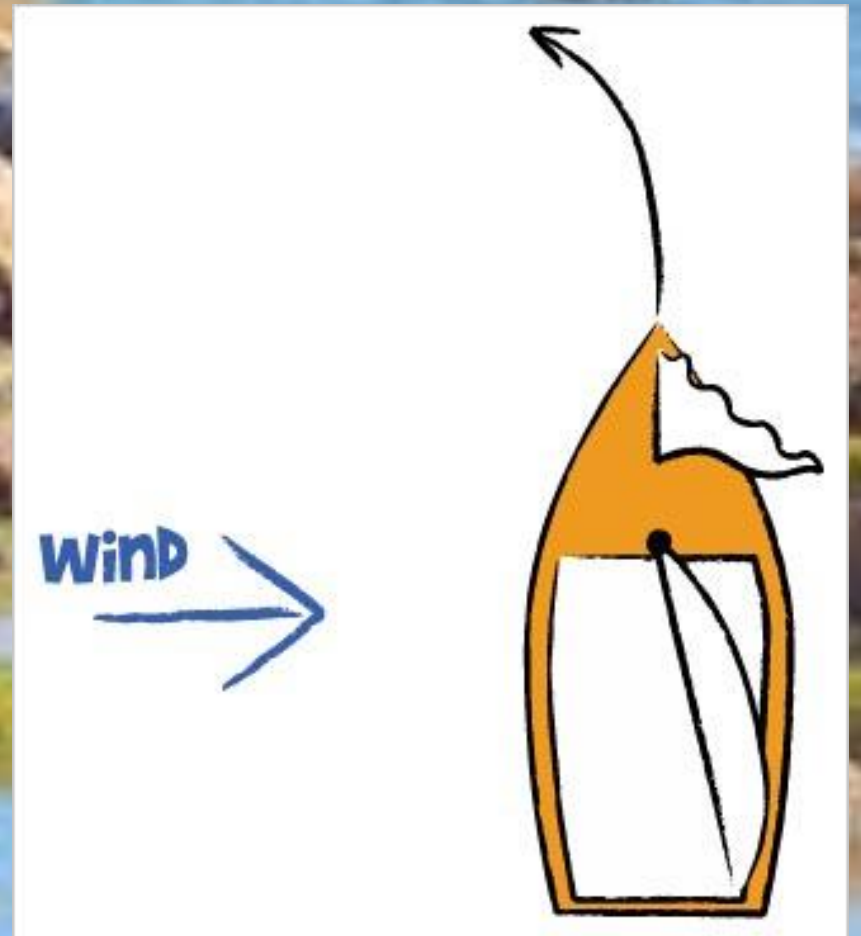
# Strategic positioning for low tide conditions

- Within interest-bearing assets you need a 'multi-purpose boat'
- Switch out of sovereign bonds in favour of other interest-bearing assets



# Strategic positioning for low tide conditions

Rand hedge bias  
across all asset classes



# etfSA.co.za Investor Plan

- DIY platform for individual investors
- Follow our guidance and education, but we can't give you advice



# ETF Tax Free Investment Accounts (ETFIA)

Tax-free status gives a  
boost to performance



# ETFIA – performance of 2015 portfolios

## ■ ETFIA **Income** Account

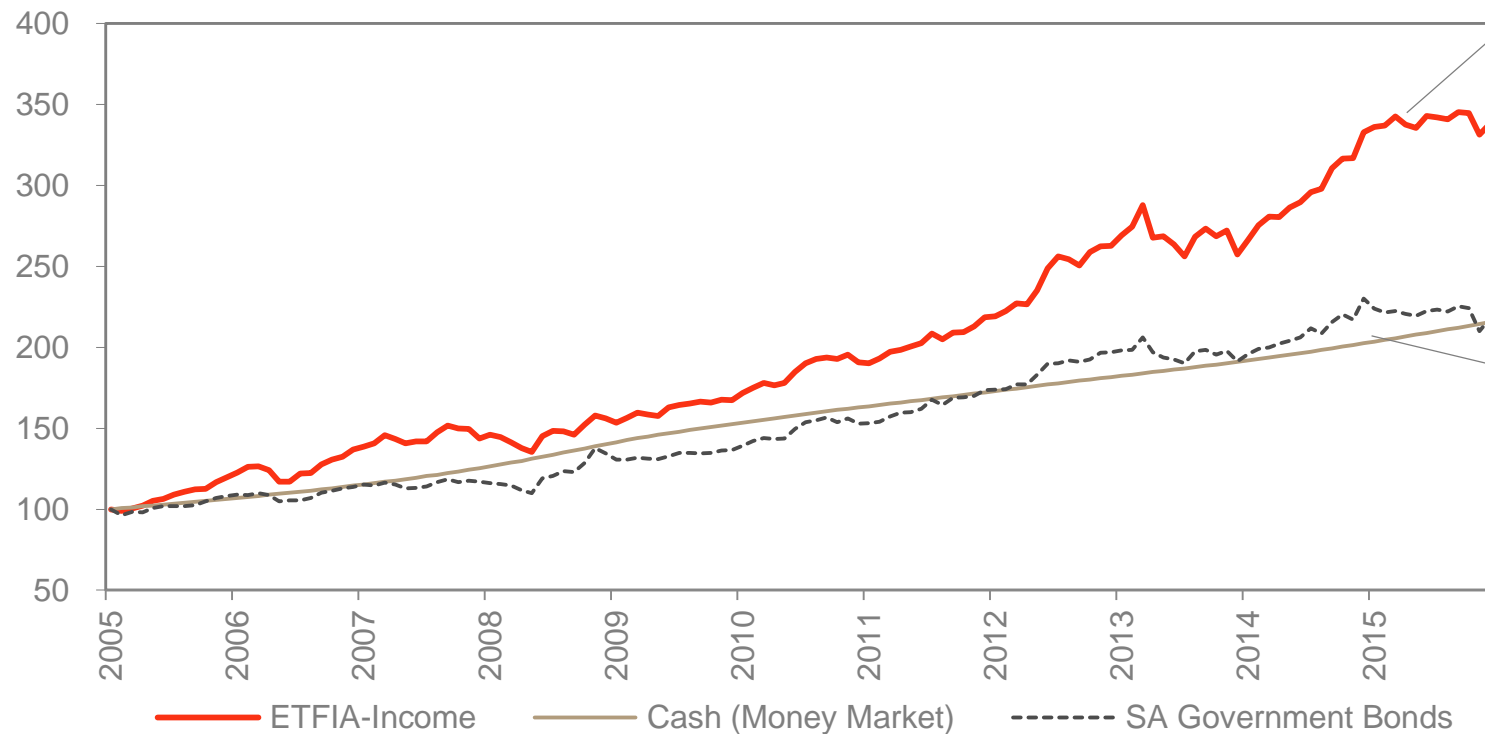
(%)	Since inception	6m	1 yr	3 yrs (p.a.)	5 yrs (p.a.)
<b>Comparative Benchmark Performance</b>					
Cash - Money Market Index	6.0	3.2	6.5	5.9	5.8
Bonds - SA Government Bond Index	-2.6	-2.0	-5.3	3.5	7.4
ETFIA <b>Income</b> Account	0.6	-1.4	1.6	8.8	12.1

## ■ ETFIA **Equity** Account

(%)	Since inception	6m	1 yr	3 yrs (p.a.)	5 yrs (p.a.)
<b>Comparative Benchmark Performance</b>					
SA Equities - JSE All Share Index	-4.9	-4.0	-1.1	10.0	12.8
Offshore Equities - MSCI World Index	20.0	10.8	27.0	25.4	21.4
ETFIA <b>Equity</b> Account - Model Portfolio	6.3	2.4	9.5	19.6	21.5

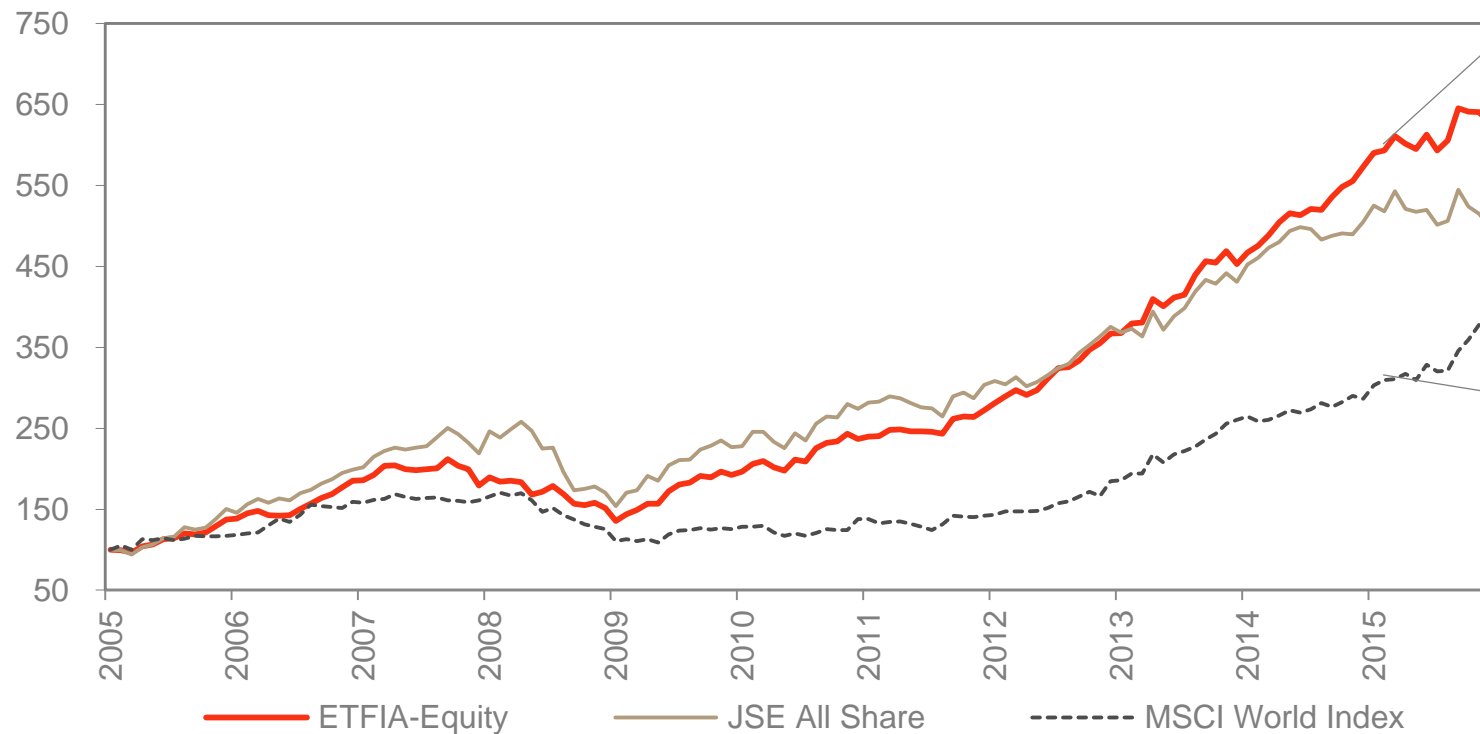
# ETFIA – performance of 2015 portfolios

- ETFIA Income Account



# ETFIA – performance of 2015 portfolios

- ETFIA **Equity** Account



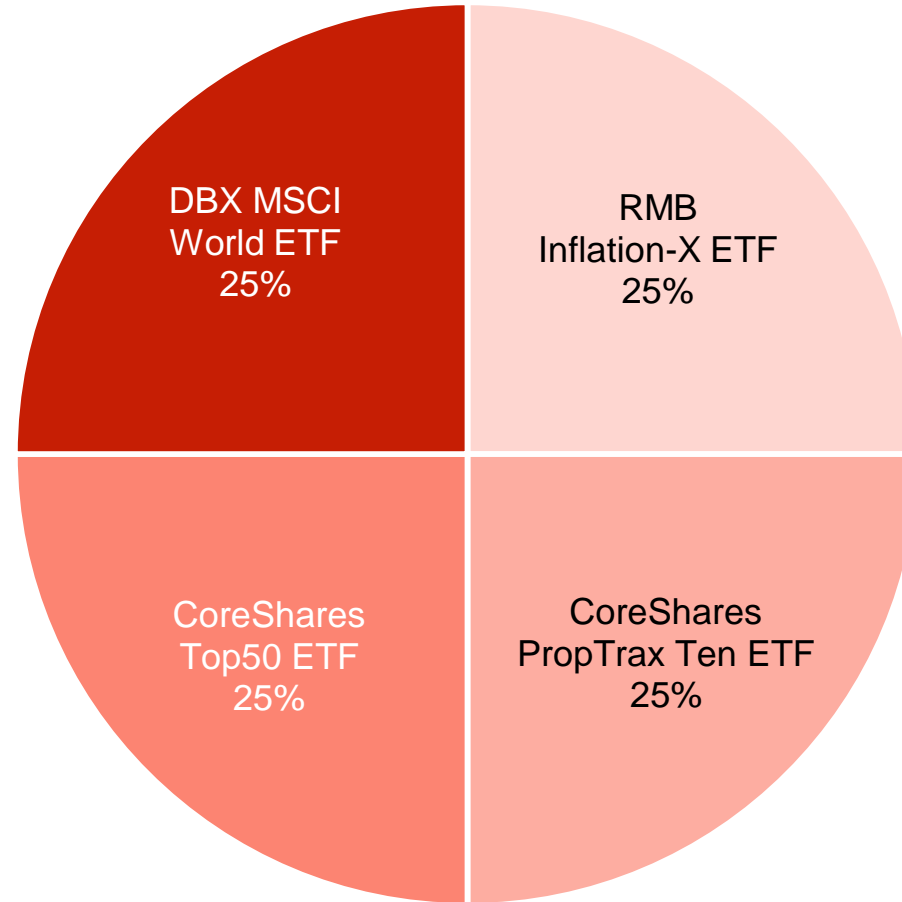


# ETFIA – new portfolios for 2016

- **Balanced** Portfolio (replace Income and Combo options)
- **Equity** Portfolio (modified)
- **International** Portfolio (new!)
- **Select-your-Own** (for full annual allowance as lump sum)

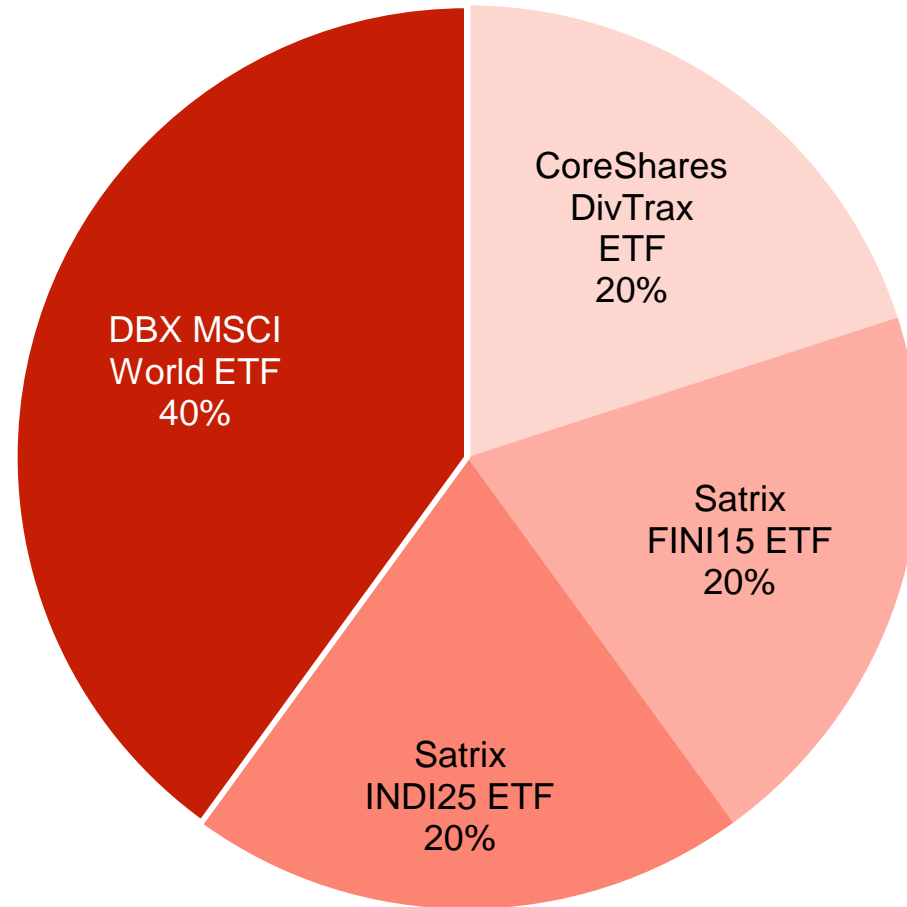
# ETFIA – new portfolios for 2016

- **Balanced Portfolio**



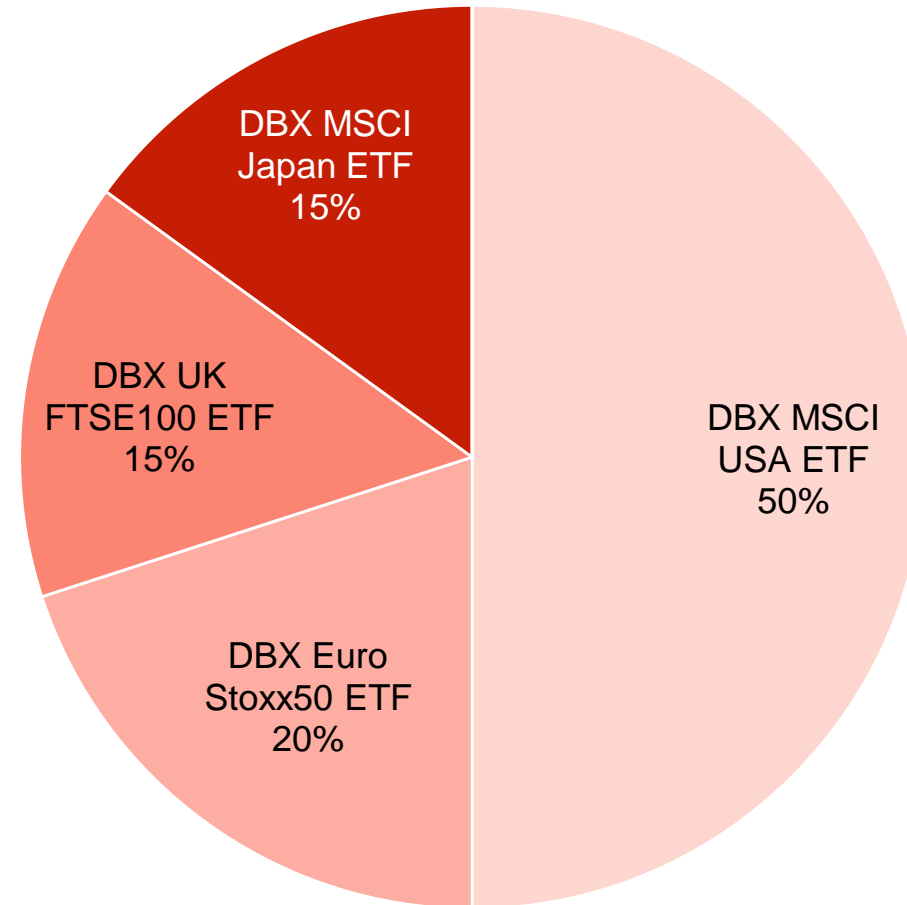
# ETFIA – new portfolios for 2016

- **Equity** Portfolio



# ETFIA – new portfolios for 2016

- International Portfolio



# ETF Tax Free Investment Accounts

A red and black hydrofoil speedboat is shown on a body of water. The boat has a sleek, aerodynamic design with a blue canopy over the cockpit. The background shows a shoreline with trees and hills under a clear sky.

**1%  
ALL in  
cost!**

# ETF Tax Free Investment Accounts

**1%  
ALL in  
cost!**

## **Total Fees**

*Fund Management Total Expense Ratio (TER)*

0.50% incl. VAT p.a.

*Administration and Custody*

0.50% incl. VAT p.a.

~~*Transaction costs*~~

~~0.10% + VAT of transaction value  
plus JSE/Strate settlement charges~~

# etfSA Retirement Annuity Fund

- Reg. 28 hurt!\*
- We played by the rules, but maybe too much?



■ \* average differential between Reg.28 compliant funds and "regular" unit trusts was at least 1% during 2015

# etfSA Retirement Annuity Fund

## Performance Data for Period ended 31 December 2015

	Fund Performance for 1 Year (%)	Plus Target CPI (% p.a.)
etfSA Wealth <b>Conservator</b> Fund (CPI +3%)	4,4%	7,6%
etfSA Wealth <b>Builder</b> Fund (CPI +5%)	7,4%	9,6%
etfSA Wealth <b>Enhancer</b> Fund (CPI +7%)	6,3%	11,6%
	Fund Performance for 3 Year (%)	Plus Target CPI (% p.a.)
etfSA Wealth <b>Conservator</b> Fund (CPI +3%)	8,7% *8.3%	8,5%
etfSA Wealth <b>Builder</b> Fund (CPI +5%)	10,9% *9.1%	10,5%
etfSA Wealth <b>Enhancer</b> Fund (CPI +7%)	12,9% *9.7%	12,5%
Source: etfSA RA Fund Fact Sheets (31/12/2015)		*Average unit trust returns, as per ASISA, via ProfileMedia



# etfSA Living Annuity Fund

Need balance  
between certainty  
in short term  
(Reg.28-compliant)

versus

Maximum capital  
growth in long term  
to deal with  
increased longevity  
(beyond Reg.28)



# etfSA Living Annuity Fund

## Lifestyle Portfolios

Fund	Allocation	Comment
Wealth Conservator Fund (CPI +3%)	10% - 15%	Low risk fund to meet near term withdrawals (1-3 years).
Wealth Builder Fund (CPI +5%)	15% - 20%	Medium risk balanced fund to grow capital comparatively (3-5 years).
Wealth Enhancer fund (CPI +7%)	25% - 30%	Higher risk fund with longer term outlook (5-10 years).
Wealth Maximiser Fund (CPI +10%)	45% - 50%	Equity only fund, designed to maximise capital growth (10 years+).
	<b>100%</b>	

# Managed Discretionary Portfolios

Personalised portfolios  
to suit client needs

*"We take care of your  
investments, while you  
take care of your life"*



Ships  
dont sink Because  
of the water Around them  
Ships sink Because of  
the water that gets IN them

- Dont let whats happening  
around you get inside you  
+ Weigh you down

#StayUp

# Contact details

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<b>etfSA RA Fund</b>	<b>0861 383 727</b>	<a href="mailto:rafunds@etfSA.co.za">rafunds@etfSA.co.za</a>
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