

LAUNCH OF THE LATEST AMETF ON THE JSE

Following on from the CoreShares Income Actively Managed ETF (INCOME), another exciting Actively Managed ETF that listed on the JSE, is the CoreShares All Asia Actively Managed ETF (APACXJ), which listed on the 31st July 2023. This new ETF falls into the category of “Broad Equity Market Access” and aims to provide geographic exposure to companies within the Asia-Pacific (APAC) region, excluding Japan. This AMETF targets specific countries within the APAC region, including China-HK (China and Hong Kong), Southeast Asia, Australasia (region that consists of Australia and New Zealand). The CoreShares All Asia Actively Managed ETF provides a differentiated offering through the exposure to certain Asian-Pacific countries, which encompasses both Developed Market and Emerging Market countries. Given the growth aspects of the Asian-Pacific region and favorable demographics, the potential for opportunities to be created in this region, makes for a good investment case.

For more information on Actively Managed ETFs (AMETFs), check out the etfSA Investor Podcast on Actively Managed ETFs (Episode 50), under the etfSA.co.za website > Media Center > Podcasts: Episode 50 of [The ETF Investor - Episode 50 - Actively Seeking Income Yield](#)

The details of the new product are as follows:

ETP Name	JSE Code	MANCO	Listing Date	ISIN	Geographic Exposure
CoreShares All Asia Actively Managed ETF	APACXJ	CoreShares	31 July 2023	ZAE000322483	Asia-Pacific ex Japan

OVERVIEW

The CoreShares All Asia AMETF is actively managed and can be used to achieve long-term returns in excess of the FTSE Asia Pacific (ex Japan) Index, by actively investing in specific APAC countries, excluding Japan. Investing in this region allows for the investment universe to extend to approximately 1300 shares, of which the top 100, are selected. It is a distributing ETF, which means that distributions will be paid out. Investments into this ETF are made in South African Rands; however, the underlying investments are in US Dollars. This means that the performance is exposed to some currency risk (i.e., exchange rate differential).

- The management fee is 0.40% excl. VAT
- In terms of income distributions, it is a distributing ETF that pays out semi-annually
- **This ETF is suitable for investors with a long-term view and the risk profile is high**

BENEFITS

According to CoreShares, the benefits of being invested in a targeted APAC region is as follows:

- **Asia’s growth potential:** The Asian-Pacific region is one of the fastest developing economic regions in the world. The IMF projects growth in Asia and the Pacific to increase to 4.6%, an upward revision from 3.8% in 2022 (IMF, 2023).
- **Favourable demographics:** They have a young and growing working age population, with a growing middle class. The middle class is projected to increase by 1.5 billion people by the year 2030.
- **Diversification:** Diversified and capped exposure to the Asia-Pacific region, ex Japan, which encapsulates key countries in both developed markets and emerging markets.
- **De-dollarisation:** Countries within the Asia-Pacific region, that are consumers of commodities, are beginning to purchase key commodities in either their local currency, or other currencies other than the U.S. Dollar, enabling disciplined long-term capital growth initiatives.

Source: CoreShares (31 July 2023)

Research News: CoreShares All Asia Actively Managed ETF

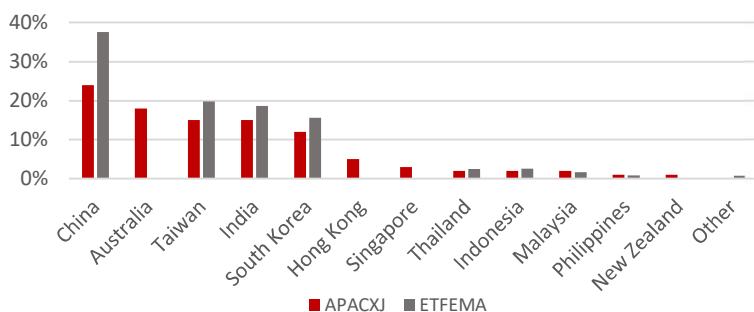
August 2023

INDEX ANALYSIS

The CoreShares All Asia Actively Managed ETF (APACXJ) makes use of the FTSE Asia Pacific (ex Japan) Index as its benchmark. The Index provides exposure to large-and-mid cap stocks in Developed and Emerging market countries in the Asia-Pacific region, excluding Japan. The FTSE Asia Pacific (ex Japan) Index is derived from the FTSE Global Equity Index Series (GEIS), which includes 98% of the world's investable market capitalisation. For a comparative view on the Asian region, the 1invest MSCI EM Asia Index Feeder ETF (ETFEMA) has been included in this analysis. ETFEMA feeds into the iShares MSCI EM Asia UCITS ETF, which tracks the MSCI Emerging Markets Asia Index. As stated in the name, this Index provides exposure to large-and-mid cap stocks, across nine Emerging Market countries, including China, India, Indonesia, Korea, Malaysia, Pakistan, the Philippines, Taiwan and Thailand.

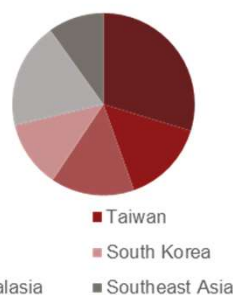
Looking at the comparisons of the country and regional exposure below, the APACXJ AMETF provides a capped and more broad exposure to the Asia-Pacific region; with the inclusion of Developed Market countries, specifically Australia, New Zealand, and Singapore. The weighting towards Australia (approximately 18%), is as significant as the weighting towards China, Taiwan, India, and South Korea in the APACXJ AMETF. By contrast, the ETFEMA ETF also has a high concentration towards the Emerging Market Asia countries, just with much larger weightings and no inclusion of the above-mentioned developed market Asian-Pacific countries. China stands out in the ETFEMA ETF, with a weighting of close to 40%.

Country Exposure



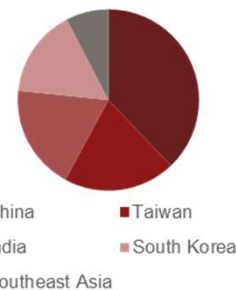
Source: CoreShares, 1invest, iShares (31 July 2023)

Regional Exposure: APACXJ



Source: CoreShares (31 July 2023)

Regional Exposure: ETFEMA

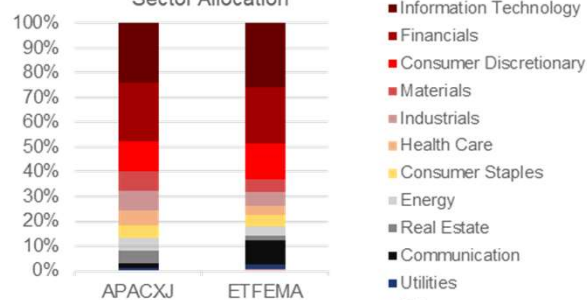


Source: 1invest, iShares (31 July 2023)

Looking at the sector allocation, we see that the exposures are similar. The largest weighting in both funds are exposed to the Information Technology, Financial, and Consumer Discretionary sectors, with similar weights. Keep in mind that the APACXJ AMETF is actively managed, so the exposures may change at any time. Be sure to obtain the latest information from the fact sheet. The country allocation and the sector allocation is weighted in accordance with the Index.

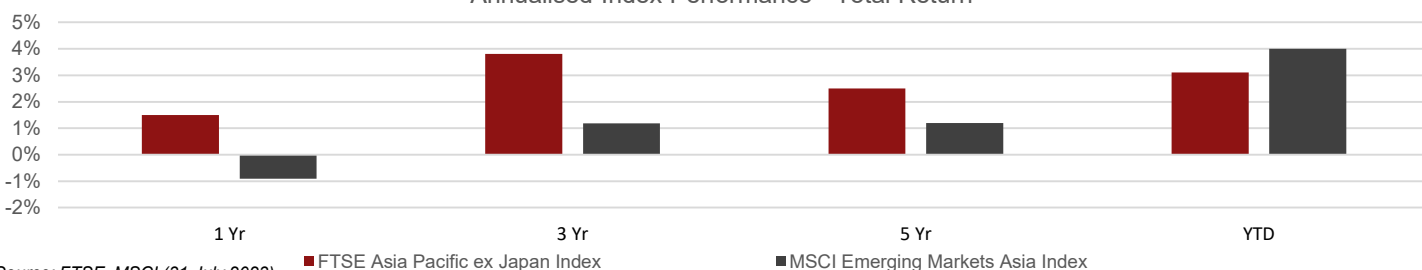
The performance, as shown below, includes the FTSE Asia Pacific ex Japan Index (APACXJ AMETF benchmark) and the MSCI Emerging Markets Asia Index (ETFEMA tracking Index), for illustrative purposes.

Sector Allocation



Source: CoreShares, 1invest, iShares (31 July 2023)

Annualised Index Performance - Total Return



Source: FTSE, MSCI (31 July 2023)

METHODOLOGY

Understanding the investment strategy is vital to know what you will be investing in. The CoreShares All Asia AMETF is actively managed, which also includes risk management, where the fund manager can seek to efficiently manage risks through certain strategies, such as implementing a capping methodology.

Stock Selection

APACXJ AMETF selects the top 100 companies, that have a minimum market cap of USD 1 billion, from the FTSE Asia Pacific (ex Japan) Index, as the investment universe. The Index consists of about 1300 shares and the fund employs a single stock capping methodology to avoid overconcentration to a particular company.

Geographic Allocation

The APACXJ AMETF targets six regional blocks, including China-KH (China and Hong Kong), which is grouped together and considered one country with proportionate weighting, Southeast Asia, Australasia, India, Taiwan, and South Korea. The underlying shares of the fund are selected in proportion to country weight and is capped to avoid overconcentration in a particular country.

Sector Allocation

The allocations are done on a sector neutral basis, meaning it is not overweight or underweight any given sector relative to what the Index sector weight is.

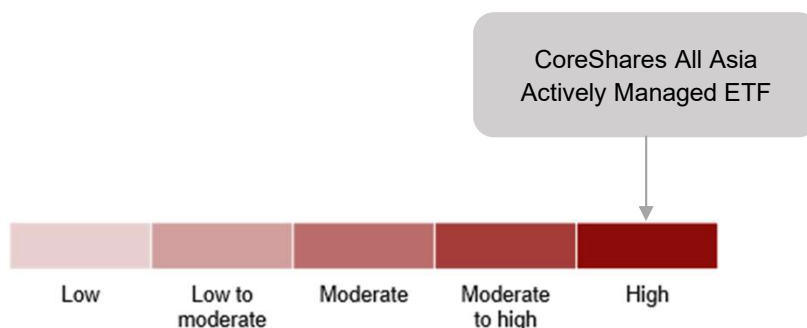
Source: CoreShares (31 July 2023)

RISK PROFILE

The risks highlighted below are some of the factors that investors should consider when investing in actively managed fund. 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 AMETF. Be sure to obtain the latest information and risk considerations of the ETF from the fund fact sheet. etfSA.co.za classifies the risk profile of the APACXJ AMETF as high.

Details on some of the risks to be aware of is as follows:

- **Active Risk:** The fund may be exposed to active risk which may arise when a fund manager may underperform its benchmark
- **Capital Risk:** The fund may potentially lose part of an investment's capital
- **Currency Risk:** The fund may be exposed to currency risk in relation to the valuation of assets held in other currencies besides the Rand
- **Market Risk:** Market risk exists because of price changes. As the portfolio will always be exposed to markets, it is effectively exposed to market-related volatility
- **Liquidity Risk:** A risk that an investment cannot be bought or sold on time to prevent or minimise a loss



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