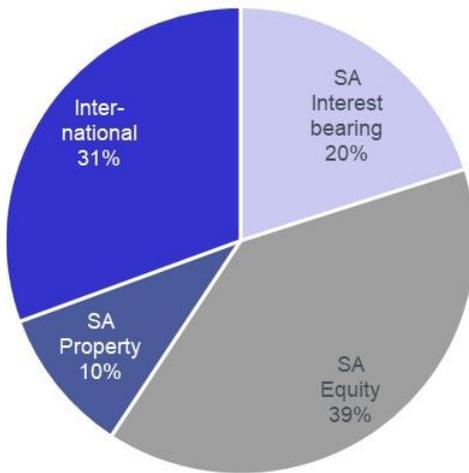


**Benchmark Asset Allocation**



**Key Information**

**Structure**

27four Life Policy

**Composite Benchmark**

10% STeFI + 10% ALBI + 35% Capped SWIX  
+ 15% SAPY + 30% MXWR

**Return Target**

CPI+5% over rolling five years

**Risk Profile**

Medium (M)

**Portfolio Fees**

TER: 0.25% p.a. incl. VAT

TIC: 0.25% p.a. incl. VAT

**Reg. 28 Compliant?**

Yes

**Inception date**

August 2015

**AUM**

R13.6m

**Market Commentary**

There is no shortage of bad news on the economic front, and both the local and global political environment remains volatile and uncertain. This, coupled with SAA being placed in business rescue, and a sudden escalation of load shedding, has increased the chances of recording a technical recession, and even a negative growth number of 2019. The likelihood of a final credit rating downgrade by Moody's is now a distinct possibility in the 1st quarter of 2020, although this has largely been priced in already. On the positive side, we can expect another cut in interest rates, even as early as January, and there is little inflationary pressure in the system. Counterintuitively, the rand has been a strong performer of late, strengthening by almost 5% against the dollar in the last two months. Foreigners have been big sellers of local equities this year, but the bond market sell-off has been much less severe, resulting in outperformance of bonds over equities. Midcap shares also continued their outperformance over larger stocks, and on the global front there is more balance between developed and emerging markets. Fortune favours the brave – stay the course!

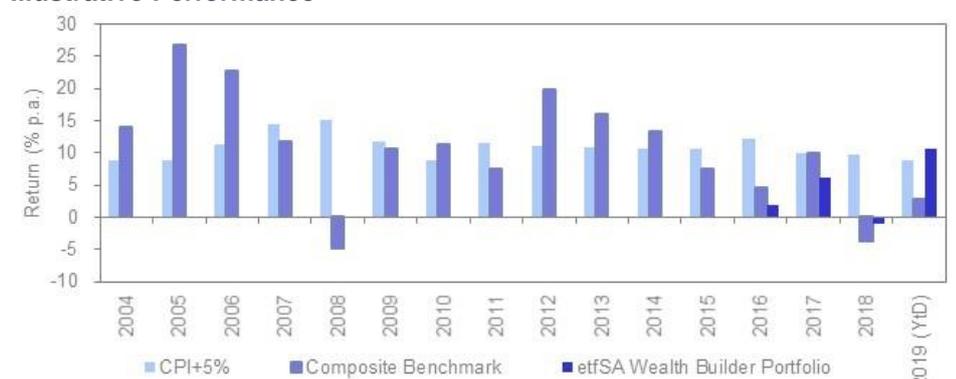
**Theoretical Model Portfolio Investment Returns vs. Market Performance**

(%)	6m	1yr	3yrs (pa)	5yrs (pa)	10yrs (pa)
Cash - ST Fixed Income Index (STeFI)	3.6	7.2	7.2	7.1	6.5
FTSE/JSE All Bond Index (ALBI)	2.9	9.0	9.3	7.0	8.8
FTSE/JSE Capped SWIX Index (Capped SWIX)	-0.1	6.6	3.2	3.0	10.4
FTSE/JSE SA Listed Property Index (SAPY)	0.3	3.0	-1.7	1.9	11.2
MSCI World Index in ZAR (MXWR)	12.6	18.7	11.7	11.8	14.7
<b>etfSA Wealth Builder LA Fund</b>	<b>5.0</b>	<b>11.3</b>	<b>5.2</b>		
etfSA Wealth Builder - Model Portfolio	2.8	8.2	3.4	3.9	9.7

**Actual Portfolio Holdings**

Asset class	Description	Weight (%)
	Cash	9.9
SA Interest bearing	NewFunds GOVI ETF	5.1
	PrefTrax ETF	5.1
	Coreshares SA Top50 ETF	9.9
	Satrix INDI ETF	5.9
	Ashburton Mid Cap ETF	6.0
SA Equity	Satrix Quality ETF	2.7
	Satrix RAFI ETF	4.9
	NewFunds Tgt Vol High Growth Equity ETF	3.9
	Satrix DIVI ETF	2.9
	Coreshares Dividend Aristocrats ETF	2.9
SA Property	1invest Property ETF	5.1
	CoreShares SA Property Income ETF	5.0
	Satrix MSCI World ETF	8.2
	Sygnia Itrix S&P 500 ETF	5.1
Offshore	CoreShares Global Dividend Aristocrats ETF	4.1
	Satrix MSCI Emerging Market ETF	4.0
	DBX-Trackers MSCI China ETN	3.0
Commodities	Standard Bank AfricaPlatinum ETF	3.0
	NewGold ETF	3.2

**Illustrative Performance**



Note: This illustrative historic performance is based on the strategic asset allocation and reference index performance of the ETPs selected for this Portfolio

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## Portfolio description

The **etfSA Wealth Builder Portfolio** aims to preserve the purchasing power of assets over time by achieving targeted returns of 5% in excess of the level of inflation (as measured by the Consumer Price Index, or CPI) over rolling three year periods, while reducing the volatility associated with market-linked investments. The Portfolio is constructed through strategic allocations into a range of exchange traded products, exposed to different asset classes, which optimises the cost efficiency and transparency of the Portfolio.

The Portfolio is ideal for investors who want a low cost, transparent investment-linked living annuity. The portfolio is suitable for an investor with a medium term investment horizon – the portfolio matches the need for capital growth with a low risk management philosophy and moderate levels of income. The portfolio is well-suited for moderate risk-taking investors with real return objectives, seeking long term wealth creation, who in terms of their liabilities, have to earn investment returns in excess of inflation. The portfolio does not pay out dividends – any distributions received from underlying investments are automatically reinvested into the portfolio to allow for additional compounded growth.

## Portfolio Construction Strategy

The portfolio construction follows a transparent and rules-based passive portfolio management style. Investment objectives are achieved by adhering to strict risk control measures, including appropriate diversification and tolerance-based rebalancing of optimal asset class weights. The portfolio employs a strategic asset allocation strategy into a diversified range of asset classes. These include domestic and international equities, domestic interest-bearing assets, listed property, investments into physical commodities and cash. Although the portfolio aims to add an element of protection to invested capital, it does not offer capital or performance guarantees, therefore portfolio value fluctuations may occur in the short term. Intra-period (between rebalancing) the effective asset class weights are allowed to drift around the optimised strategic asset allocation levels, within pre-defined tolerance limits. Asset class specific tolerance limits around the strategic asset allocation levels are defined to allow for some momentum drift within individual asset classes. Rebalancing methodologies are continuously evaluated and optimised for cost efficiency. Underlying Portfolio components are held in Exchange Traded Products (ETFs and ETNs) to allow for maximum cost benefit to the investor. Distributions received from underlying investments are re-invested into the portfolio immediately when received to maximise total returns and optimise tax efficiency.

## About etfSA

**etfSA** is the “Home of Exchange Traded Funds” and is an internet based information and transaction website that provides simple and efficient solutions for investors wishing to discover, understand, manage and profit from the world of Exchange Traded Funds (ETFs).

The **etfSA** range of **Wealth** management portfolios provide investors with investment portfolios that exclusively utilise Exchange Traded Products (ETPs) as the underlying investments.

For more information on etfSA, its transaction platform for ETPs and its tax free, retirement and living annuity investment options, visit the website [www.etfSA.co.za](http://www.etfSA.co.za) or call (010) 446-0371

## About the Portfolio Manager

**Nerina Visser, CFA**

for the **etfSA Portfolio Management Company (Pty) Ltd**

a division of

**etfSA Investment Services (Pty) Ltd**

a Category II Financial Service Provider

(license number 40107)

## Notes:

1. The performance of the **Model Portfolio** represents the theoretical performance of the optimised strategic asset allocation without the impact of actual investment cash flows. The performance numbers are simulated and not actual, using a back testing method.
2. All returns quoted are net of fees – that is, after deduction of all expenses as quoted in the Portfolio Management TER. Returns for periods exceeding one year are annualised. All returns are in Rands.
3. The benchmark is a composite benchmark as per the weights and indices as indicated on the first page. The return is an estimate and is displayed as a general guide which is subject to change without notice to investors.
4. All holdings information is based on latest available data. There may be differences in totals due to rounding.

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