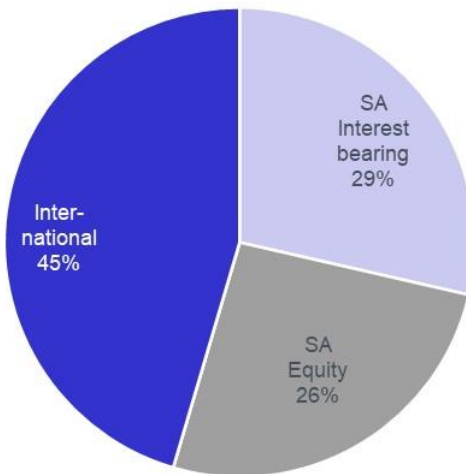


etfSA Wealth **Builder** Portfolio

CPI+5% target return

September 2020

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

R18.1m

Market Commentary

Most markets ran out of momentum in September, resulting in benign performance for many asset classes in 3Q20, after the much more volatile performances recorded in the prior two quarters. SA Bonds (+1.5%) outperformed cash (+1.2%) and SA equities (Capped SWIX +0.7%) in the quarter, but despite the rand strengthening by almost 3.5% against the US dollar over the quarter, global investments and commodities outperformed most domestic investments. Resources (mining companies) were the relative outperformer amongst local investments, but Listed Property slumped by a further 14% over the quarter, from an already low base. Global assets and commodities all came under pressure during September, with Palladium (+1.6%) and Japanese equities (-0.8%) the relative outperformers. Emerging markets and China in particular have outperformed developed markets (and the US) in recent short term, but technology remained the dominant outperforming trend over the quarter. More recently (during September), SA Inc shares – including Financials, domestic value stocks and Mid Caps – showed some life, but only time will tell if this is a sustainable new trend.

Theoretical Model Portfolio Investment Returns vs. Market Performance

(%)	6m	1yr	3yrs (pa)	5yrs (pa)	10yrs (pa)
Cash - ST Fixed Income Index (STeFI)	2.5	6.3	6.7	7.0	6.4
FTSE/JSE All Bond Index (ALBI)	11.5	3.6	7.3	7.6	7.6
FTSE/JSE Capped SWIX Index (Capped SWIX)	26.8	-1.4	-1.0	1.9	8.4
FTSE/JSE SA Listed Property Index (SAPY)	3.4	-46.1	-23.8	-12.9	1.8
MSCI World Index in ZAR (MXWR)	19.9	20.2	13.5	12.6	17.1
etfSA Wealth Builder LA Fund	10.9	0.9	1.6		
etfSA Wealth Builder - Model Portfolio	10.8	-5.0	-1.2	1.6	6.6

Actual Portfolio Holdings

Asset class	Description	Weight (%)	
SA Interest bearing	Cash	9.3	
	NewFunds GOVI ETF	19.8	
	Satrix 40 ETF	5.6	
SA Equity	Satrix INDI ETF	5.5	
	Satrix RESI ETF	2.8	
	Ashburton Mid Cap ETF	3.5	
	NewFunds Equity Momentum ETF	5.7	
	NewFunds Tgt Vol High Growth Equity ETF	2.8	
	Satrix MSCI World ETF	3.7	
	Satrix Nasdaq ETF	4.1	
Offshore	CoreShares Global Dividend Aristocrats ETF	3.0	
	Satrix MSCI Emerging Market ETF	4.1	
	Satrix MSCI China ETF	5.1	
	FirstRand USD Custodial Certificate	3.4	
	Ashburton World Government Bond ETF	3.7	
	NewWave US Dollar ETN	2.6	
	NewWave Pound Sterling ETN	2.9	
	NewWave Euro ETN	3.4	
	Commodities	1invest Gold ETF	5.0
		Newgold Palladium ETF	4.1

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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

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 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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