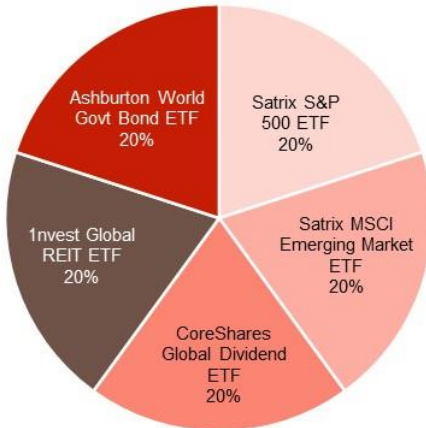


**ETF Allocation****Key Information****Regulation**

Fully compliant with Section 12T of the Income Tax Act

Investment Objective

Capital growth with rand-hedge protection

Risk Profile

High

Investment LimitsMinimum R1 000 – debit order or lump sum
Maximum R33 000 p.a. (current legislation)**Total Fees**

Portfolio Management Total Expense Ratio (TER)

0.50% incl. VAT p.a.

Administration and Custody

0.50% incl. VAT p.a.

All transaction costs, incl. the reinvestment of distributions, are included in these fees**Contact Us****Computershare – Administrator**
Computershare (Pty) Ltd**etfSA – Portfolio Manager & Advisor**
TaxFree@etfsa.co.za**Mike Brown**
mikeb@etfsa.co.za
+27 10 446 0377**Nerina Visser**
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+27 10 446 0376**Wendy Hlatshwayo**
wendyh@etfsa.co.za
+27 10 446 0371**Website**www.etfsa.co.za**Market Commentary**

After some decent recovery from the March lows, domestic investment assets paused in August, with most headline indices largely unchanged for the month. Bonds marginally outperformed equities in aggregate, but financials were the biggest disappointment, led lower by banks, life assurance and property shares. Offshore investments continued their outperforming trend, despite a strengthening bias for the rand, as US equities, and tech stocks in particular (e.g. Nasdaq), continued to power ahead. China led the way for emerging markets, although they have yet to catch up to their US counterparts. On the domestic front, economic growth remains on the back foot (the next three months will be critical for the SA recovery, as UIF funding reduces and the extra grant payments come to an end next month), and with inflation expectations still largely under control, it does provide scope for the SARB to cut interest rates one more time at one of the remaining MPC meetings in 2020. The inflation outlook is supported by a lack of demand in the economy, and with the US dollar at two-year lows, it supports a stronger relative picture for the rand against the dollar, as opposed to other currencies.

Comparative Performance Statistics

(%)	6m	1 yr	3 yrs (p.a.)	5 yrs (p.a.)
Comparative Benchmark Performance				
Offshore Equities - MSCI World Index	14.7	14.8	7.8	8.3
Currency - Rand/USD exchange rate	8.4	11.5	9.2	5.0
Portfolio ETF Performance				
Satrix S&P 500 ETF (20%)	29.8	35.5	24.3	20.2*
Satrix MSCI Emerging Market ETF (20%)	23.3	30.1	12.1	12.7*
CoreShares Global Dividend Aristocrats ETF (20%)	14.9	16.7	8.0*	8.7*
Ashburton World Government Bond ETF (20%)	12.9	16.8	15.1*	12.4*
1invest Global REIT ETF (20%)	-6.2	-7.6	11.4*	9.3*
ETFIA International Account - Model Portfolio**	14.3	17.7	13.3	10.8

* Prior to inception, the theoretical historic performance is based on the performance of the respective reference indices of the ETFs selected for this ETFIA Balanced Account.

** Refer to Note 1 on back page. Please note historic performance may not be replicated in future.

Current Portfolio Holdings

Asset class	Description	Weight (%)
	Satrix S&P 500 ETF	22.7
Offshore Equity	Satrix MSCI Emerging Market ETF	20.8
	CoreShares Global Dividend Aristocrats ETF	17.1
Offshore Bonds	Ashburton World Government Bond ETF	20.9
Offshore Property	1invest Global REIT ETF	18.5

Historical Performance

Note: The theoretical historic performance of the International Portfolio is based on the selected ETF allocations and reference index performance of the ETFs chosen for this ETFIA



Tax free accounts offered under Section 12T of the Income Tax Act

In February 2015, the SA Government announced a new tax dispensation whereby SA individuals of all ages can invest up to R33 000 per annum, and a lifetime limit of R500 000, in a special tax incentive account. There is no form of tax payable on these accounts – no capital gains tax, no dividend withholding tax, no interest tax and no securities transfer tax. This allowance has been enabled through Section 12T of the Income Tax Act, 1962 and the investors are advised to familiarise themselves with the regulations applying thereto.

Features of the ETF Tax Free Investment Account (ETFIA)

- ❖ Tax-free accounts using only low cost, transparent and liquid ETFs as components.
- ❖ Low Costs – 1% per annum includes VAT, total administration, portfolio management and advisory fees. All transaction costs, incl. the reinvestment of distributions, are also included in this fee.
- ❖ Modular design allows for contributions from R1000 at any time, up to a maximum of R33 000 per tax year.
- ❖ A selection of four portfolios offered, giving differentiated exposures and risk profiles. You can also invest in individual ETFs for the full R33 000 amount.
- ❖ Tax-free accounts fully compliant with Section 12T of the Income Tax Act.
- ❖ Administrator – Computershare (Pty) Ltd.
- ❖ Portfolio Managers and Financial Advisers – etfSA Portfolio Management Company (Pty) Ltd.

Who should invest in the International Portfolio?

An ETFIA is ideal for investors who want a low cost, transparent investment-linked tax-free account. The International Portfolio is suitable for an investor with an investment horizon of at least 10 years – it is designed to provide rand-hedge protection with growth in capital for tax-free investments. The portfolio is only suitable for high risk-tolerant investors. The intention of this portfolio is to provide rand-hedge protection over time, through total exposure to foreign ETFs listed on the JSE. This represents a high risk investment as significant losses may occur in the event of rand appreciation. The portfolio does not pay out interest or dividends – any distributions received from underlying investments are automatically reinvested into the portfolio to allow for additional compounded growth on a tax-free basis

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 **ETF Tax Free Investment Account** provides investors with a managed portfolio of selected Exchange Traded Funds (ETFs) as the underlying investment.

For more information on etfSA, its transaction platform for ETPs and its related products and services:

visit the website www.etfsa.co.za
or contact us on (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 selected ETF allocation without the impact of actual investment cash flows or periodic rebalancing. The performance achieved by an individual investor will depend on the timing and size of specific cash flows.
2. Returns as quoted are net of Portfolio Management and Advisory fees, and Administration and Custody fees – that is, after deduction of all expenses as quoted in the Portfolio Management Total Expense Ratio (TER), transaction costs and administration charges.
3. Returns for periods exceeding one year are annualised. All returns are in Rands.
4. All holdings information is based on latest available data. There may be differences in totals due to rounding.

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