Global ETF Portfolios

Bespoke Balanced Portfolios of ETFs:

- **Managed by etfSA Portfolio Management Company (Pty) Ltd.**
- **Traded through the Saxo Capital Markets global share trading platform.**
- **Using ETFs listed on international stock exchanges.**
- **For funds held in offshore bank accounts.**

etf SA The Home of Exchange Traded Funds®

October2018

Why Invest Offshore?

For Diversification Purposes

30% or more of your invested assets should ideally be invested in global markets, outside of South Africa, or in direct foreign investments on the JSE.

This spreads risk, widens investment horizons and enhances potential investment returns over time.

Also spreads investment exposure over different geographical regions.

To Reduce Rand Risk

The rand exchange rate is the critical factor in delivering SA investment returns, but the rand is highly volatile, difficult to predict and creates major fluctuations in local market valuations.

Investing in a **hard currency** negates these risks.

To hedge against political and economic risk

Permission to move funds abroad can be attained relatively easily

- Up to R1 million per year per person through a normal foreign exchange allowance
- Up to R10 million per year per person with SA Reserve Bank, SARS and Forex approval.

ETFs are the <u>lowest cost</u>, most <u>convenient</u> and most <u>transparent</u> way to run an offshore multi-asset portfolio.

Why ETFs for Global Portfolios?

- Over 6800 exchange traded products are now listed on stock exchanges around the world. Total market capitalisation of over US$4 trillion. About US$400 billion annual capital flows into ETFs has been experienced in recent years.

  ETFs are now regarded as the most liquid investments available to retail investors.

- ETFs now cover all markets and asset classes.
  - Equities by sector, country, regions, groupings and investment styles.
  - Bonds – government bonds, corporate bonds, by country or region.
  - Listed Property
  - Smart Beta – factor investment, value investment or by type (high dividends).
  - Commodities
  - Currencies
  - Developmental – private equity or infrastructure funds.

Why ETFs for Global Portfolios? (Continued)

- ETFs can be used to construct multi-asset balanced portfolios very cost efficiently, with full transparency in pricing, instant liquidity and market making.

  Using low cost, high beta passive ETFs to generate alpha returns from portfolio asset allocation strategies is rapidly replacing high cost active multi-management products.

- Being listed on highly regulated stock exchanges, with well funded clearing house systems, electronic depository and custodian services, makes ETFs far lower risk than active products where investors often have to consider counterparty risks.

The etfSA.co.za International ETF Portfolio Service

- Managed through etfSA Portfolio Management Company, a division of etfSA Investment Services (Pty) Ltd, a Category II FSP license holder (No. 40107).
- Specifically designed portfolios of global ETFs to meet the risk profiles and objectives of the individual investor.
- Using only low cost, highly liquid ETFs (usually Vanguard and iShares), listed on major stock exchanges.
- Portfolios managed on a strategic asset allocation multi-asset exposure, with quarterly review of asset allocation, investment performance and risks.
- Trading done through Saxo Capital Markets – a global stockmarket trading platform, used by over 150 South African institutions.
- All ETFs held in global stock exchange electronic custodian systems in the name of the investor.

The etfSA.co.za International ETF Portfolio Service (continued)

- etfSA.co.za / Saxo provide financial intermediary services only and have no claim on the investors' assets.
- Total all-in fee of 1% per annum which covers:
  - Asset management fee for designing and operating an offshore ETF portfolio, including quarterly reinvestment of dividends and other rebalancing;
  - The cost of using a global stockbroking platform to transact in ETFs, including brokerage, settlement and registration fees;
  - All custodian fees (ETFs are held in your name on a global custodian system);
  - Account administration fees.
  - Client reporting (monthly statements, tax certificates, portfolio review reports).
  - Financial advice and consultation.
- There are no other fees or charges.

This service is provided for funds which are already held abroad, but we can provide advice on moving funds offshore through the SA Banking and Foreign Exchange Control Systems.

Pro-forma Offshore Portfolio Model

Product	Size (million	Provider	Ticker	TER	5 Year* Performance (% p.a.)	Allocation	Weighted Return (% p.a.)
Developed Market Equities							
Core S&P 500 UCITS ETF (USA) (Accumulating)	US$31 746	iShares	CSPX	0,07%	12,69%	10%	1,27%
Core NASDAQ 100 UCITS ETF (Accumulating)	US$1 245	iShares	CNDX	0,33%	19,38%	10%	1,94%
Core MSCI Japan UCITS ETF (Distributing)	US$16 973	iShares	SJPA	0,20%	7,69%	5%	0,38%
Core DAX UCITS ETF	EUR7 218	iShares	DAXEX	0,16%	8,88%	5%	0,44%
Automation and Robotics UCITS ETF (Accumulating)	US$2 557	iShares	RBOT	0,40%	**18,51%	10%	1,85%
						40%	
Emerging Market Equities							
China Large Cap UCITS ETF (Distributing)	US$4 728	iShares	FXC	0,74%	7,20%	10%	0,72%
MSCI Emerging Markets UCITS (Distributing)	US$49 080	iShares	EIMG	0,14%	5,20%	10%	0,52%
MSCI India UCITS ETF (Distributing)	US$5 082	iShares	INDA	0,68%	10,09%	10%	1,00%
						30%	
Bonds							
Global Infrastructure UCITS ETF (Distributing)	US$754	iShares	INFR	0,65%	5,80%	5%	0,29%
iShares IBOXX High Yield Global Corporate Bond UCITS ETF (Accumulating)	US$17 143	iShares	HYG	0,49%	4,07%	5%	0,20%
iShares US Treasury Bond (7-10 years) (Distributing)	US$9 223	iShares	IEP	0,15%	2,34%	5%	0,12%
						15%	
Property							
US Property Yield UCITS ETF (Distributing)	US$721	iShares	IUSP	0,40%	6,89%	5%	0,34%
European Property Yield UCITS ETF	EUR1 483	iShares	IPRP	0,40%	12,76%	5%	0,64%
UK Property Yield UCITS ETF (Distributing)	UK£683	iShares	IUKP	0,40%	7,32%	5%	0,37%
						15%	
						100%	
Total Annual Return (US Dollars)							**10,08%**
Total Annual Return (ZAR Rands)							**20,90%**

* Taken from product fact sheets. Total returns with dividends reinvested. Historic investment returns may not be replicated in future.

<u>Note</u>: portfolios are designed to meet the specific requirements of individual investors so can differ from the above selection.

The Home of Exchange Traded Funds®

Pro-forma Offshore Portfolio Model

Product	Size (million)	Provider	Ticker	TER	5 Year* Performance (% p.a.)	Allocation	Weighted Return (% p.a.)
Developed Market Equities							
Core S&P 500 UCITS ETF (USA)	US$20 768	iShares	SWPA	0,07%	12,61%	10%	1,26%
Core MSCI FTSE 100 ETF	US$4 721	iShares	ISF	0,07%	8,60%	10%	0,86%
iShares Core MSCI Japan UCITS ETF	US$2 168	iShares	SJPA	0,20%	7,28%	5%	0,36%
Euro Dividend UCITS ETF	US$2 168	iShares	IDUY	0,40%	12,10%	10%	1,21%
US Information Technology ETF	US$13 500	Vanguard	VGT	0,10%	15,28%	5%	0,76%
						40%	
Emerging Market Equities							
China Large Cap UCITS ETF	US$574	iShares	FXC	0,74%	3,61%	10%	0,36%
MSCI Edge Emerging Markets Minimum Volatility UCITS ETF	US$801	iShares	EMMV	0,40%	0,91%	5%	0,04%
						15%	
Bonds							
US Treasury Bond (7 + 10 years) UCIS ETF	US$1 986	iShares	IBTM	0,20%	1,88%	5%	0,09%
Emerging Markets Government Bond ETF	US$6 920	iShares	SEMB	0,45%	5,80%	5%	0,29%
Global Infrastructure UCITS ETF	US$751	iShares	INFR	0,65%	5,62%	5%	0,28%
iShares Global Corporate Bond UCITS ETF	US$915	iShares	CORP	0,20%	5,32%	5%	0,27%
						20%	
Property							
US Property Yield UCITS ETF	US$675	iShares	IUSP	0,40%	10,22%	10%	1,02%
Developed World Property Yield UCITS ETF	US$3 030	iShares	IWDP	0,50%	7,46%	5%	0,37%
European Property Yield UCITS ETF	EUR1 587	iShares	IPRP	0,40%	13,41%	5%	0,67%
Asia Property Yield UCITS ETF	US$350	iShares	IASP	0,50%	6,96%	5%	0,35%
						25%	
						100%	
Total Annual Return (US Dollars)							8,19%
Total Annual Return (ZAR Rands)							20,39%

* Taken from product fact sheets.　Total returns with dividends reinvested.　Historic investment returns may not be replicated in future.

Note: portfolios are designed to meet the specific requirements of individual investors so can differ from the above selection.

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