



The Home of Retirement Funds

For Retirement and Living Annuity solutions

# etfSA Retirement Annuity Fund

([www.etfsa.co.za](http://www.etfsa.co.za))

## Brochure

- Retirement Annuity Funds using purely Exchange Traded Products – ETFs and ETNs - as the underlying Investments
  - Low costs – with full disclosure of all fees. No performance fees.
  - Completely transparent portfolios. Components and value of portfolios known at all times.
  - Only index tracking Exchange Traded Products used in portfolio construction.
  - Flexible contributions and no penalties for changing contributions.
  - Clear conditions of membership, Rules of the Fund, benefits and retirement options published on the website.
  - Five product profiles to choose from, with detailed portfolio fact sheets and performance updates monthly.
  - Regulation 28 compliant at all times, ensures strict governance and diversification of investment portfolios.
  - Contributions tax deductible – up to 27,5% of taxable income.
  - You can invest directly in your own name, **or** through a registered Financial Advisor.

**“THE RETIREMENT ANNUITY FUNDS FOR THE  
21<sup>ST</sup> CENTURY”**

## etfSA Retirement Annuity Fund

Offers investors:

- The **choice of 5 portfolios** designed to meet varying client risk profiles and differing retirement maturity dates.
  - **Wealth Conservator** - for investors close to retirement who wish to preserve the value of their retirement savings – this portfolio is managed conservatively.
  - **Wealth Builder** - a benchmark portfolio where the need for growth in capital is matched by a low risk management philosophy.
  - **Wealth Enhancer** - a portfolio designed to provide relatively aggressive growth in capital with a high targeted real return. The portfolio is diversified amongst all asset classes and sub categories and employs a strategic asset allocation strategy.
  - **Wealth Protector** – a cash only portfolio, invested in a bank trust money market fund, which provides a risk free/interest rate yield.
  - **Wealth Default** – a portfolio managed on a passive rules-based asset allocation model. The strategic asset allocation strategy is adhered to on a consistent basis using a multi-asset portfolio allocation. This portfolio is suitable for medium-to-long-term investors and is the default portfolio for members who do not make a portfolio choice.

**The five portfolios will be managed to satisfy Regulation 28 requirements of the Pension Fund Act 1956, at all times.**

- **Flexible Investment Options**

- Lump sums (minimum of R5 000 per initial investment).
- Regular debit order investments (from R300 per month)
- Additional investments at any time (minimum R1 000)
- Switches allowed between the different portfolio options
- Transfers can be made to the etfSA Retirement Annuity Fund from other pension funds, preservation funds or RA Funds under Section 14 transfer.
- **Contributions can be stopped at any time without penalty.**
- Retirement can be taken at any time after 55 years of age (or earlier under certain prescribed circumstances).
- You can invest directly **or** through a Financial Advisor.

- **Low Costs**

etfSA Retirement Annuity Fund looks to provide simple, transparent and easy to maintain portfolios for retirement. It realises that the high cost of many other RA Funds, has significantly lowered the performance of retirement funds for many investors.

Mindful of this, the Trustees of the etfSA RA Fund have negotiated the lowest possible management fees for members of the Fund.

The etfSA Retirement Annuity Fund charges a composite fee of 1,00% per annum (including VAT). The fee is charged monthly in arrears and levied on the market value of the member's investment account.

The annual composite fee, paid by members, covers the following services:

- A fee paid to the Sponsor of the Fund for managing the RA and paying the variable costs of running the Fund on behalf of members (0,65% per annum). Financial advice given to members by etfSA RA Fund, is included in the sponsor fee.
- A fee paid to the Investment Administrators for administering individual member's accounts (0,27% per annum ex VAT) with a small reserve fee remaining.
- The five investment portfolio options (See Section 3 of the application form), are provided with all investment costs absorbed in the portfolios and investment returns are reported net of these fees (currently set at 0.3% ex VAT but inclusive of trading costs) .

An **annual commission on advice** provided by an external Financial Advisor of up to 1,0% per year is payable, **only if members utilise such financial advice and agree to payment of commission**, to an authorised Financial Service Provider. Advice on the retirement benefits of the Fund can be obtained from etfSA RA Fund at no cost.

## A New Way of Managing Funds for Retirement in South Africa

The etfSA Retirement Annuity Fund (Registration No 12/8/38021) has been established with the intention of providing individuals and institutional investors with RA portfolios that manage their savings for retirement.

The etfSA RA Fund is distinctive because:

- **Only passively managed and JSE listed ETF and ETN securities are used in the portfolio construction**
  - ETFs/ETNs have the benefit of low costs. Total Expense Ratios (TERs) are typically one-third or less of those of actively managed portfolios.
  - ETFs/ETNs do not carry the risk of underperforming the market (as measured by different asset class indices) as they invest in the full complement of securities that make up the market indices. This lowers risk and reduces the volatility of the portfolios with beneficial effects on long-term performance.
  - ETFs/ETNs now cover all asset classes: equities, bonds, property, commodities and money markets. They also give exposure to international markets and alternative assets, which enables the construction of diversified portfolios and reduces long-term investment risk.
  - Detailed analysis of all ETF/ETN securities is undertaken on a “look through” basis to ensure that optimal risk adjusted, minimum concentration level, and low volatility portfolios are offered to investors.
  - Portfolios are Regulation 28 compliant at all times.

- **JSE listed ETFs and ETNs are completely transparent**

- The portfolio components of individual ETFs/ETNs are published daily and known at all times.
- Prices of all ETFs/ETNs are determined openly in the marketplace.
- Performance of ETFs/ETNs can be easily calculated and monitored.
- etfSA RA Fund, through its investment manager, etfSA Investment Services (Pty) Ltd, will publish daily values of all its RA portfolios.
- Investors at all times will be able to assess, on a daily basis, the full value of their retirement savings with etfSA RA Funds.
- Monthly fact sheets on all etfSA RA Fund portfolios are published on the website.

- **ETFs/ETNs are highly liquid**

- All ETFs/ETNs are offered for trade on the JSE through a market maker who ensures liquidity and fair value pricing at all times.
- The allocation of funds to different ETFs/ETNs in the RA portfolio can be altered immediately by the investment manager through open trading on the JSE, enabling optimal asset allocation strategies to be pursued.
- Members of the etfSA RA Fund can switch between different portfolios easily and with no cost implications.

## Disclosure on the etfSA Retirement Annuity Fund

The etfSA RA Fund is registered with the Financial Services Board as a Retirement Annuity Fund (Registration No 12/8/38021), under the Pension Funds Act, 1956.

The etfSA Retirement Annuity Fund is recognised and approved in accordance with the provisions and requirements of a Retirement Annuity Fund in Section 1 of the Income Tax Act No 58 of 1962 as Amended (Reference No 18/20/4/41147). Michael Fitzclarence Brown is the Principal Officer of the Fund, appointed by the FSB.

M F Brown is a registered Financial Services Provider (FSP License No 39217). The trading name of M F Brown, approved by the FSCA is etfSA.co.za. etfSA.co.za is licensed to provide financial services in the categories: Collective Investment Schemes; Retail Retirement Benefits; Shares and Securities; Short-Term banking Deposits and Friendly Society Benefits and Long-term Insurance, Category C.

etfSA RA Fund has appointed an independent Board of Trustees to manage the etfSA Retirement Annuity Fund on behalf of the members of the RA Fund.

The Trustees have appointed etfSA Portfolio Management Company (Pty) Ltd, a FSCA registered discretionary FSP and asset management company (FSP No 52314) to act as the investment administration managers of the etfSA RA Fund.

The Trustees have appointed D and D The Cycle (Pty) Ltd to provide account and benefits administration of the etfSA RA Fund. D and D is a registered Pension Fund Administrator in terms of Section 13(b) of the Pension Funds Act 24 of 1956.

All statutory information, portfolios and fund documentation is obtainable on the etfSA website, [www.etfsa.co.za](http://www.etfsa.co.za).

## **Contact Details**

### **etfSA Retirement Fund**

For further information on the etfSA RA Fund products or investment advice, contact:

Mike Brown

Principal Officer

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For questions on etfSA RA Fund accounts or the application processes, contact:

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