

# ETF Tax Free Investment Accounts

## Brochure

- ❖ Tax free investment accounts using only low cost, transparent and liquid ETFs as components.
- ❖ Low Costs – 1% per tax year includes VAT; total administration, including quarterly reinvestment of dividends; portfolio management; and advisory fees. All transaction costs are also included in this fee. The 1% cost is deducted upfront on new investments, and on a quarterly basis over subsequent tax years.
- ❖ Selection of four ETF portfolios offered, giving differentiated exposures and risk profiles. You can also invest in individual ETFs in your Tax Free Investment Account, if desired.
- ❖ Modular design allows for contributions from R1000 into an ETF portfolio at any time, and for contributions into individual ETFs from R300 per ETF, up to a maximum of R36 000 per tax year. This can be done on a debit order, monthly recurring or lump sum basis.
- ❖ A maximum lifetime contribution to Tax Free Accounts of R500 000 per person is permitted.
- ❖ 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.
- ❖ Please contact [etfsa.co.za](http://etfsa.co.za) should you require any further information or detail. Tel: 010 446 0371; Email: [taxfree@etfsa.co.za](mailto:taxfree@etfsa.co.za).

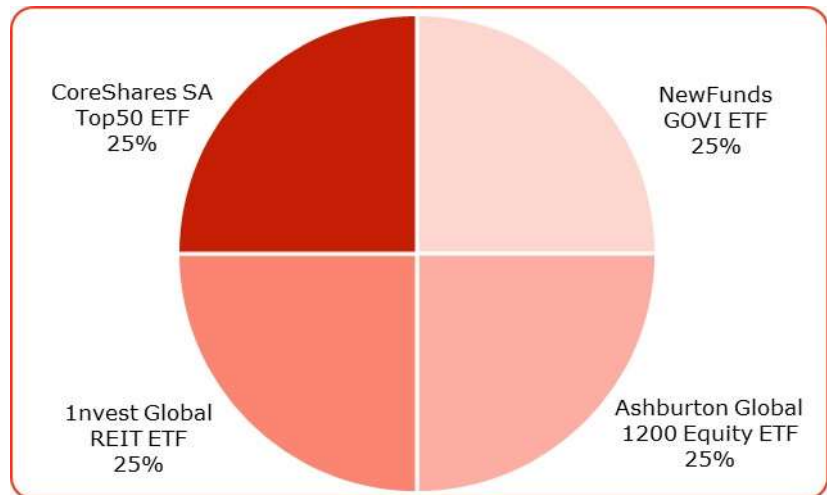
## TAX FREE PORTFOLIOS FOR 2020/2021 TAX YEAR

### ETF TAX FREE BALANCED PORTFOLIO

This portfolio is for **medium-risk, long term investors** and equally balances exposure to **interest rate instruments** - SA Government bonds and global property shares - with an investment in **global and local equity markets**. Low cost, high efficiency ETFs, are used to give exposure to this asset allocation mix.

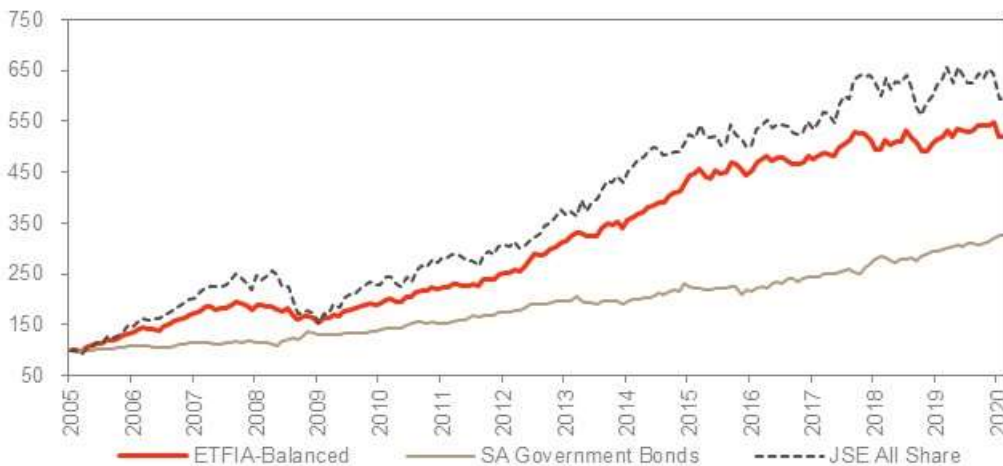
No taxation is incurred on the dividends/interest and capital gains earned in this portfolio.

All dividends are automatically reinvested.



### Historical Performance

The theoretical historic performance of the Balanced Portfolio is based on the selected ETF allocations and reference index performance of the ETFs chosen for this option, as detailed above.



Average long-term return p.a. (since 2005):

**11.4%**

Most recent 5 yr return p.a. (since 2015):

**8.9%**

Current historic dividend yield:

**4.6%**

Note: Past performance is no guarantee of future returns

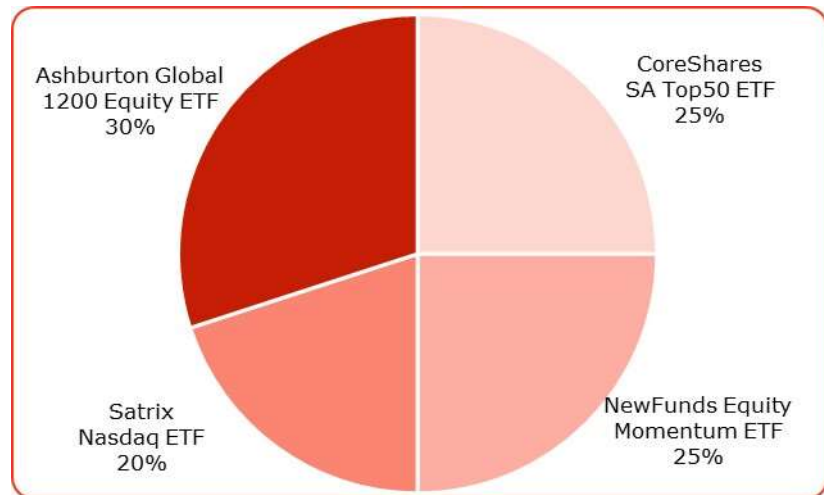
The ETF Tax Free Balanced Portfolio Fact Sheet shows investment returns over shorter time periods.

**ETF Tax Free Investment Accounts can be structured with a percentage allocation to more than one of these four portfolios, but with a minimum contribution of R1,000 per portfolio.**

## TAX FREE PORTFOLIOS FOR 2020/2021 TAX YEAR

### ETF TAX FREE EQUITY PORTFOLIO

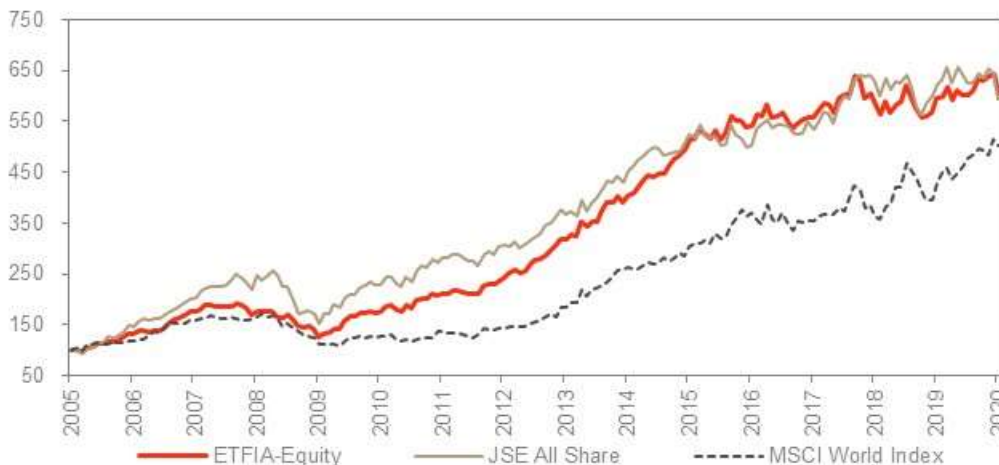
This portfolio invests in ETFs giving exposure to the global and local **equity market only**. It has medium-to-high risk and is suitable for investors with a longer term investment horizon, at least five years. Equities, over time, are the best asset class in which to realise long-term capital gains, which of course, are not taxed in such accounts.



The portfolio invests 50% in global Equities, in the Ashburton Global 1200 Equity ETF, which covers 1200 companies in developed and emerging markets, and in the Satrix Nasdaq ETF, which captures the high growth tech companies across different sectors. The South African equity exposure is spread across large companies, as well as a high momentum portfolio. All dividends are automatically reinvested on a quarterly basis.

### Historical Performance

The theoretical historic performance of the Equity Portfolio is based on the selected ETF allocations and reference index performance of the ETFs chosen for this option, as detailed above.



Average long-term return p.a. (since 2005):

**12.6%**

Most recent 5 yr return p.a. (since 2015):

**11.0%**

Current historic dividend yield:

**2.5%**

Note: Past performance is no guarantee of future returns

The ETF Tax Free Equity Portfolio Fact Sheet shows investment returns over shorter time periods.

**ETF Tax Free Investment Accounts can be structured with a percentage allocation to more than one of these four portfolios, but with a minimum contribution of R1,000 per portfolio.**

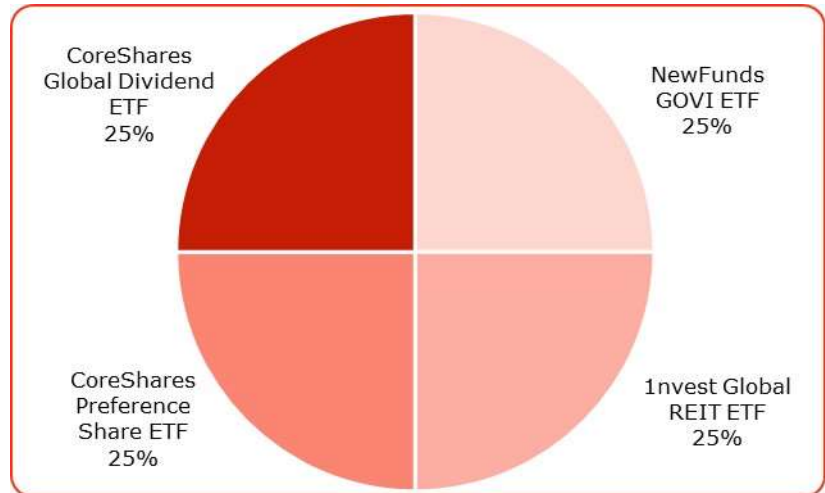
## TAX FREE PORTFOLIOS FOR 2020/2021 TAX YEAR

### ETF TAX FREE INCOME PORTFOLIO

This portfolio is targeted at investors who want to earn **maximum tax-free income** through the interest and high dividend ETFs that make up this portfolio.

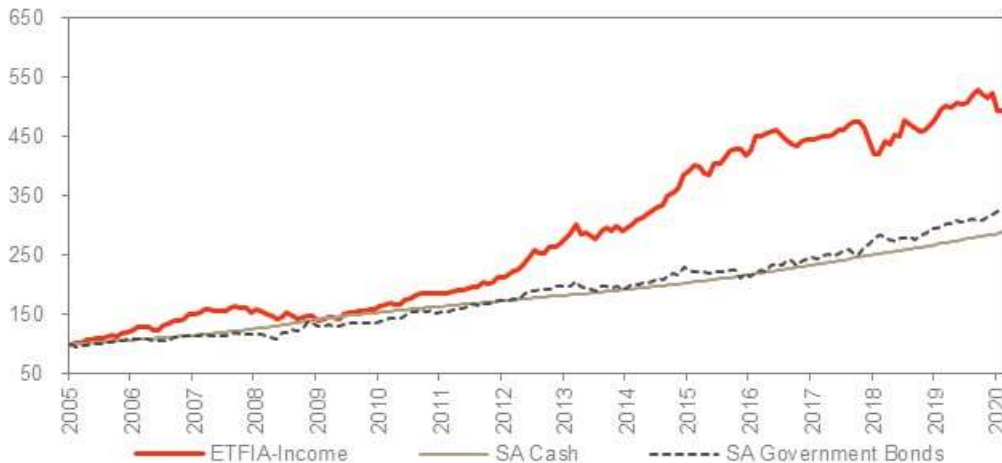
This portfolio may experience capital losses at times, but is expected to earn an above average dividend/interest income. Investment are split 50/50 between South African and offshore investments. All income earned from quarterly distributions is automatically reinvested in the portfolio.

All interest/dividends and capital gains earned in the portfolio is not taxed.



### Historical Performance

The theoretical historic performance of the Income Portfolio is based on the selected ETF allocations and reference index performance of the ETFs chosen for this option, as detailed above.



Average long-term return p.a. (since 2005):

**11.0%**

Most recent 5 yr return p.a. (since 2015):

**9.1%**

Current historic dividend yield:

**5.7%**

Note: Past performance is no guarantee of future returns

The ETF Tax Free Income Portfolio Fact Sheet shows investment returns over shorter time periods.

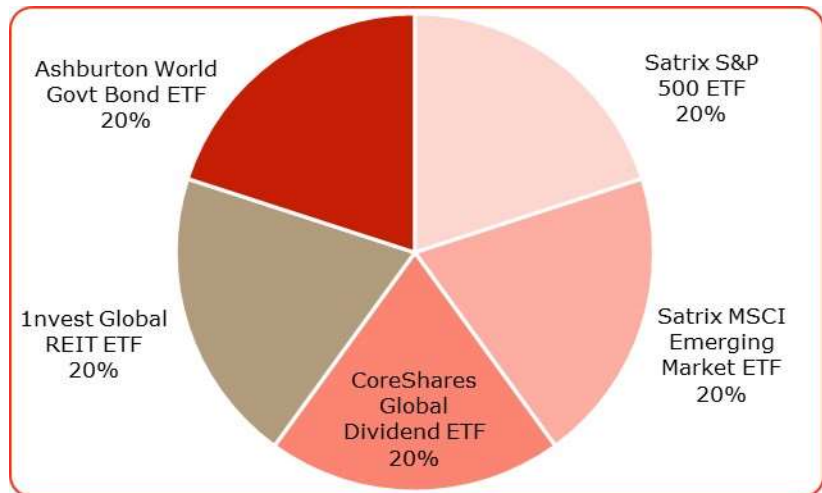
**ETF Tax Free Investment Accounts can be structured with a percentage allocation to more than one of these four portfolios, but with a minimum contribution of R1,000 per portfolio.**

## TAX FREE PORTFOLIOS FOR 2020/2021 TAX YEAR

### ETF TAX FREE INTERNATIONAL PORTFOLIO

This portfolio is 100% exposed to **international markets** and to the volatility of the rand exchange rate, but it is spread across different asset classes. It is a pure rand hedge portfolio, so can be suitable to protect investors against rand depreciation.

JSE listed global ETFs, that give direct exposure to major international markets, are used for this portfolio. These inward listed investments are the



most cost effective manner to invest in global markets, available to the South African investor. All capital growth, incl. the effect of rand depreciation, is completely tax free. Foreign dividends are reinvested as received, in some cases after the withholding of foreign dividend taxes, which cannot be avoided in the local tax-free investment.

### Historical Performance

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 option, as detailed above.



Average long-term return p.a. (since 2005):

**10.1%**

Most recent 5 yr return p.a. (since 2015):

**10.6%**

Current historic dividend yield:

**2.4%**

Note: Past performance is no guarantee of future returns

The ETF Tax Free International Portfolio Fact Sheet shows investment returns over shorter time periods.

**ETF Tax Free Investment Accounts can be structured with a percentage allocation to more than one of these four portfolios, but with a minimum contribution of R1,000 per portfolio.**

## ETF TAX FREE SELECT-YOUR-OWN ETF PORTFOLIO

Section 12T of the Income Tax Act allows tax free investments into Collective Investment Schemes, which includes most of the JSE-listed ETFs. Investors in the ETF Tax Free Investment Account (ETFIA) can therefore select any of the qualifying ETFs that are available on the JSE, and invest lump sum amounts or recurring monthly investments. This includes foreign ETFs, local equity and bond ETFs, or listed property ETFs, but excludes commodity ETFs as they are not registered as Collective Investment Schemes (CIS). You can also opt to switch existing portfolios to this option.

A list of eligible ETFs for such free selection portfolios, is listed below.

CIS Compliant ETFs					
JSE Share Code	ETF Name	ETF Provider	JSE Share Code	ETF Name	ETF Provider
<b>Domestic (SA) Equities</b>					
<b>Broad-based large cap</b>					
ETFT40	Invest Top 40	Invest	STX40	Satrix 40	Satrix
ETFSWX	Invest SWIX Top 40	Invest	STXSWX	Satrix SWIX 40	Satrix
ASHT40	Ashburton Top 40	Ashburton	STXRAF	Satrix RAFI 40	Satrix
CTOP50	CoreShares Top50	CoreShares	SYGT40	Sygnia Itrix Top 40	Sygnia Itrix
NFSH40	NewFunds Shari'ah Top 40	ABSA	SYGSW4	Sygnia Itrix SWIX 40	Sygnia Itrix
GIVISA	NewFunds S&P GIVI Top 50	ABSA			
<b>Sectors</b>					
ASHMID	Ashburton MidCap	Ashburton	STXIND	Satrix INDI 25	Satrix
STXFIN	Satrix FINI 15	Satrix	STXRES	Satrix RESI 10	Satrix
<b>Style / Factors / 'Smart Beta'</b>					
DIVTRX	CoreShares Dividend Aristocrats	CoreShares	NFEVAL	NewFunds Value Equity	ABSA
SMART	CoreShares Sci. Beta Multi Factor	CoreShares	NFEDEF	NewFunds Vol. Man. Def. Equity	ABSA
NFEMOM	NewFunds Equity Momentum	ABSA	STXDIV	Satrix Dividend Plus	Satrix
NFEHGE	NewFunds Vol. Man. High Growth Equity	ABSA	STXMMT	Satrix Momentum	Satrix
NFEMOD	NewFunds Vol. Man. Moderate Equity	ABSA	STXQUA	Satrix Quality South Africa	Satrix
NFEVOL	NewFunds Low Volatility	ABSA			
<b>Domestic (SA) Interest Bearing</b>					
ETFBND	Invest SA Govt Bond	Invest	NFILBI	NewFunds ILBI	ABSA
ASHINF	Ashburton Government Inflation	Ashburton	NFTRCI	NewFunds TRACI 3month	ABSA
PREFTX	CoreShares PrefTrax	CoreShares	STXILB	Satrix Inflation-Linked Bonds	Satrix
NFGOVI	NewFunds GOVI	ABSA	STXGOV	Satrix SA Bond	Satrix
<b>Domestic (SA) Listed Property</b>					
ETFSAP	Invest SA Property	Invest	STXPRO	Satrix Property	Satrix
CSPROP	CoreShares SA Property Income	CoreShares			
<b>Domestic (SA) Multi Assets</b>					
MAPPSG	NewFunds MAPPS Growth	ABSA	MAPPSP	NewFunds MAPPS Protect	ABSA
<b>International Listed Bonds</b>					
ETFGGB	Invest Global Government Bond	Invest	NFNAMB	NewFunds S&P Namibian Bond	ABSA
ASHWGB	Ashburton World Government	Ashburton	STXGBD	Satrix Global Aggregate Bond	Satrix
<b>International Listed Property</b>					
ETFGRE	Invest Global REIT	Invest	GLPROP	CoreShares S&P Global Property	CoreShares
AMIRE	AMI Real Estate ex-SA	Cloud Atlas	SYGP	Sygnia Itrix Global Property	Sygnia Itrix

CIS Compliant ETFs					
JSE Share Code	ETF Name	ETF Provider	JSE Share Code	ETF Name	ETF Provider
<b>International Equities</b>					
ETF500	1invest S&P 500	1invest	STXESG	Satrix MSCI EM World Enhanced	Satrix
ETF5IT	1invest S&P 500 Info Tech	1invest	STXNDQ	Satrix Nasdaq 100	Satrix
ETFWLD	1invest MSCI World	1invest	STX500	Satrix S&P 500	Satrix
AMIB50	AMI Big50 ex-SA	Cloud Atlas	SYG4IR	Sygnia Itrix 4th Industrial Revol.	Sygnia Itrix
ASHEQF	Ashburton Global 1200 Eq FoF	Ashburton	SYGEU	Sygnia Itrix Eurostoxx 50	Sygnia Itrix
CSP500	CoreShares S&P 500	CoreShares	SYGUK	Sygnia Itrix FTSE 100	Sygnia Itrix
GLODIV	CoreShares Global Dividend	CoreShares	SYGJP	Sygnia Itrix MSCI Japan	Sygnia Itrix
STXCHN	Satrix MSCI China	Satrix	SYGUS	Sygnia Itrix MSCI USA	Sygnia Itrix
STXEMG	Satrix MSCI Emerging Markets	Satrix	SYGWD	Sygnia Itrix MSCI World	Sygnia Itrix
STXEME	Satrix MSCI EM ESG Enhanced	Satrix	SYG500	Sygnia Itrix S&P 500	Sygnia Itrix
STXWDM	Satrix MSCI World	Satrix			

Note: ETFs that are not registered as Collective Investment Schemes (CIS) with the FSCA, may not be used in tax free accounts. There are currently 68 ETFs listed on the JSE that qualify for investment in Tax Free Accounts.

**ETF Tax Free Investment Accounts can be structured with any number of eligible individual ETFs, but with a minimum contribution of R300 per ETF.**

### To Summarise the New Portfolio Offerings for 2020/2021

1. You can select any of these portfolios, or the single ETF options, for any investment in the ETF Tax Free Investment Account after 1<sup>st</sup> March 2020.
2. Any existing portfolio investments for previous tax years will **NOT** automatically be switched to the new portfolios for 2020/2021. Please advise us if you want to make a different selection – using either the four options outlined above, or individual ETFs. We will make such changes **at no charge**.
3. From 1<sup>st</sup> March 2020, the annual contribution limit is R36 000 per year. A recurring monthly investment of R3 000 per month will maximise the full R36 000 per year allowance.
4. The single ETF option is available for the full lump sum investments of R36 000 per year, or for portions of the R36 000 which can be invested periodically in lump sums or recurring investments. You can switch from this selection option into any of the ETFIA portfolios, if you wish, at any time in the future, or vice-versa **at no charge**.
5. You can choose more than one ETF for the Select-Your-Own ETF option, provided the minimum investment per ETF is R300.
6. Since 1<sup>st</sup> March 2018, tax free investments may be **transferred between tax free providers**, without affecting the tax free status or your lifetime contribution limits.

### FEES – 1% ALL-IN INVESTMENT AND ADMINISTRATION COST

	Rate per tax year
Portfolio Management and Advice Fees	0,5% (incl. VAT)
Administration and Custody Fees	0,5% (incl. VAT)
<i>All transaction fees for ETF portfolio purchases, reinvestment of dividends, etc. are included in the total fee of 1% per tax year.</i>	

The following is not included in the 1% total fee:

- Out of pocket expenses such as postage (where applicable), specific bank charges on cheque clearance, cash deposit or debit order fees will be deducted from your deposit.
- Should you choose to make a withdrawal from this account, the transaction costs and related charges will be deducted from the amount paid out.

## WHAT YOU CANNOT DO WITH ETF TAX FREE ACCOUNTS

- ❖ Transfer directly from other investments. The Tax Free Accounts require “new money”, so you would need to sell your old investments and transfer cash to the ETF Tax Free Investment Account.
- ❖ You cannot sell your tax free investments without affecting your annual or lifetime contribution limits. All contributions made over time count towards your annual and lifetime limits, even if you sell and withdraw some or all of it.

## DISCLOSURE

- ❖ **Computershare (Pty) Ltd** is the Administrator of the ETF Tax Free Investment Account. Computershare is a registered Central Securities Depository Participant (“CSD Participant”) and has a Financial Services Provider Category I and II Licence to provide intermediary services (FSP No 760).
- ❖ **etfSA Portfolio Management Company (Pty) Ltd** is the Portfolio Manager and Financial Adviser. etfSA Portfolio Management Company is a division of etfSA Investment Services (Pty) Ltd, a Category II Financial Services Provider, for advisory and intermediary services for Collective Investment Schemes and JSE listed securities (FSP No 40107).
- ❖ **Michael Fitzclarence Brown, trading as etfSA.co.za**, is a Financial Services Provider (FSP No 39217), to provide financial adviser services for Collective Investment Schemes and JSE listed securities.

## CONTACT DETAILS

### etfSA.co.za - Portfolio Manager and Advisor

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### Computershare – Administrator

Street Address	Postal Address
Rosebank Towers 15 Biermann Ave, Rosebank, Johannesburg	Private Bag X17 Marshalltown 2107

Investors in the ETF Tax Free Investment Account can register for online access at <https://secure.etfsa.co.za>, to view account balances, transaction history, performance data and more.