



MAKING YOUR FIRST INVESTMENT IN EXCHANGE TRADED PRODUCTS (ETPs)

Mike Brown, Managing Director, etfSA.co.za

September 2022

Introduction

Even if this is your first investment into the share market, don't be scared – Exchange Traded Products (ETPs) have been designed to be simple, easy to understand, transparent and to give exposure to a diversified basket of shares listed on the JSE.

Discretionary Investments

You can make investments in ETPs from R300 for lump sum (once-off investments), or you can do monthly (recurring) investments from R300 per month through debit orders utilising the **etfSA Investor Hub** transaction platform. Of course, these are just the **minimum** investment amounts accepted, **you can invest considerably more than this if you wish**. Any income received in dividends or interest in your ETF account will incur tax, as will any capital gains realised if you sell our investment and make a capital profit.

All you have to do is complete the digital application form for the Investor Hub, by visiting the etfSA website, www.etfsa.co.za, click on the Investor Hub button and follow instructions to set up your account on the “click here to start” button.

etfSA Investor Hub enables investors to transact and access information on all ETPs available on the JSE (currently over 170 products), by making information on all ETPs easily available through its website (www.etfsa.co.za). You can download quarterly fact sheets; daily price and product information (product profiles); performance data; product descriptions; and other product information.

Tax Free Investment Accounts

The annual investment limit for a tax free account is R36 000 per person per tax year. The ETF Tax Free Accounts accommodate investments from R1000 for Tax Free model portfolios and R300 per month in individual ETFs. These accounts allow for tax free reinvestment of all interest and dividends and no capital gains is payable on any profits made when selling you ETF investments.

To open an ETF Tax Free Investment Account, click here:

https://www.etfsa.co.za/investor_hub.htm

Contents	Page
<i>How to Open an Account</i>	2
<i>Why Use ETPs for Investment?</i>	2
<i>Selecting ETPs</i>	3

How to Open an Account

Complete the application online where you have to upload your FICA documents:

- Clear copy of your ID Document (if ID card, we require both the front and back).
- Clear copy of your Proof of Residence (proof of residence older than 3 months will not be accepted).
- Banking details which will be verified electronically.
- Clear copy of your Proof of Tax number.
- Clear copy of the Proof of Deposit, if investing in lump sum.

1. Third Party (Minor) Investments

You can invest on behalf of your children, by opening an investment in their name.

Each child will require their own email address. Third party FICA will need to be provided:

- Proof of residence of the parent
- ID document of the parent
- If the child does not have their own bank account, proof of banking of the parent not older than 3 months will need to be provided via email

If you would like to make an investment for your grandchildren, the application will still need to be done by the parents for the child.

2. Investments by Companies, Close Corporations, Stokvel/Investor Clubs, Partnerships, etc.

You can invest on the etfSA Investor Hub for any of the above entities in discretionary investments, not tax-free investments.

3. Only individual SA Citizens can invest in the Tax Free Investment Accounts. Foreign nationals can invest on the etfSA Investor Hub for discretionary in the near future.

Why Use ETPs for Investment?

Transparency	ETPs are listed securities, traded on the JSE. They have live prices available for surveillance at any time during the trading day.
Value	You buy one Exchange Traded Product and you get exposure to an entire portfolio of listed securities. You only pay stockbrokerage charges once. There is no securities transfer tax (STT) payable. This is the most cost effective way to invest in the JSE.
Diversification	The index constituent shares you own when you buy an ETP diversifies your risk and adds to your performance potential. ETPs provide a cost effective way of holding a basket of only the best shares on the JSE.
Clarity	ETPs publish their portfolios on their websites every day. You know exactly what you are buying and what you own at all times.
Simplicity	Your ETP gives you access to the total return (capital plus dividends) of a whole basket of shares. Buy one security and you get ownership of a full basket of top performing companies. Owning the index through ETPs is simple and profitable.
Tradability	You can sell your ETPs at any time; reinvest dividends automatically; do switches between ETPs; change debit order instructions; do additional investments.

Costs

The annual costs payable on the etfSA Investor Hub are as follows:

Annual Management fee	0,50% of portfolio value
Transaction costs	0,10% brokerage charge
Financial advice (if required)*	0,50%
<i>* A separate mandate is signed for the advice service.</i>	

These costs are all subject to VAT of 15%.

Asset Allocation Portfolios

Many investors on the etfSA.co.za platform choose to invest in more than one ETF, often looking to structure a portfolio of ETPs across different asset classes, asset sectors and investment types. Typically, it is prudent to diversify a portfolio amongst different types of investments for the following reasons: to diversify (which reduces risk); to enhance performance potential; or to meet specific investment requirements.

For investments of R1 million or more, etfSA Portfolio Management Company can design and operate diversified multi-asset ETF portfolios that are specifically structured to the risk and investment requirements of the individual investor. These wealth management portfolios are available for both local (rand) investors and for those who have shifted funds abroad and have opened foreign bank accounts. Please contact portfolios@etfsa.co.za for a bespoke investment portfolio.

Selecting ETPs

The etfSA.co.za website (www.etfsa.co.za) provides extensive information on all the ETFs and ETNs available in South Africa, to help you decide which products to choose. A good guide is often to consult the "Monthly Performance Surveys", which appear on the website at the end of each month.

However, should you require further guidance or advice, please contact us or consult a registered Financial Services Provider (FSP). Please check to see that they are registered with the Financial Services Board and have the current licenses to advise on Collective Investment Schemes or JSE listed securities.

Alternatively, etfSA.co.za, which is a registered Financial Service Provider, can provide advice. However, in order to do this, we need to conduct a full financial needs analysis of your financial circumstances, risk profile, objectives and financial requirements. This is only really worthwhile if you are a significant investor.

For more general guidance, you may wish to attend the **free ETP Investment Seminars**, that etfSA.co.za holds on a regular basis. Details of these Seminars are on the website. Periodically, ETP Investment Seminars are held in other major centres around South Africa. You can also visit our Investor Hub social media page: <http://www.etfSA.co.za/media.htm> for podcasts, etc.

Contact Details		
etfSA.co.za and Tax Free enquiries	Wendy Hlatshwayo	Email: taxfree@etfSA.co.za Tel: 010 446 0371;
	Khosi Msibi	Email: info@etfSA.co.za Tel: 010 446 7892;
etfSA RA Fund and etfSA LA Fund enquiries	Suzan Ramotshabi	Email: rafunds@etfSA.co.za Tel: 010 446 0374;
Wealth Management Portfolios	Jenilee Naidoo	Email: portfolios@etfSA.co.za Tel: 010 446 0372;
Registered Financial Advisers	Nerina Visser	Email: nerinav@etfSA.co.za Tel: 010 446 0376
	Mike Brown	Email: mikeb@etfSA.co.za Tel: 010 446 0377
WhatsApp: 063 984 6347		



The Home of Exchange Traded Funds®



THE etfSA INVESTOR HUB

Disclaimer: The Exchange Traded Products (ETPs) contained herein are mainly Collective Investment Schemes in Securities (CIS) and other listed securities which are generally medium to long-term investments that contain elements of risk and can be affected by market values, interest rates, exchange rates, volatility, dividend yields and issuer credit ratings. ETPs are listed on the Johannesburg, or other Stock Exchanges, and trade at ruling prices on such Exchanges.

The price of ETPs can go up as well as down and past performance is not necessarily a guide to the future. The ETP's herein are listed on the Johannesburg Stock Exchange Limited and trading in ETP securities will incur trading and settlement costs. ETF securities are traded at ruling prices and can engage in scrip lending.

The information and opinions provided herein are of a general nature and do not constitute investment advice. Whilst every care has been taken, no representation, warranty or undertaking, expressed or implied, is given as to the accuracy or completeness thereof.

etfSA.co.za is managed by M F Brown, who is a registered financial services provider (FSP No. 39217). M F Brown has Professional Indemnity Insurance as required by FAIS. The etfSA Portfolio Management Company (Pty) Ltd (FSP No 52314) provides asset management as well as financial intermediary and advice services. It uses Exchange Traded Products to construct portfolios for use in Retirement Annuity, Tax Free and Discretionary investments. It holds Professional Indemnity insurance and Fidelity Guarantee insurance as required by FAIS.

All opinions and information on this website may be changed at any time without notice. Redistribution, reproduction, the resale or transmission to any third party of the contents of this website, whether by email, newsletter, internet or website, is only possible with the written permission of etfSA. etfSA.co.za, its sponsors, administrators, contributors and product providers disclaim any liability for any loss, damage, or expense that might occur from the use of or reliance on the data and services provided through this website. etfSA.co.za® and etfSA The Home of Exchange Traded Funds® are registered trademarks in the Republic of South Africa.