



LAUNCH OF UNIQUE NEW ETF WEBSITE

A new website, providing information and transaction capability, purely dedicated to Exchange Traded Funds (ETFs), has been launched in South Africa. etfSA.co.za is the first local internet based facility, which focuses exclusively on Exchange Traded Funds and is available to all investors, both retail and institutional.

Mike Brown, Managing Director of etfSA, explains that

“etfSA.co.za is the Home of Exchange Traded Funds. On etfSA, investors can find out all they need to know about ETFs on a single website. News stories on ETFs; data and statistics; current market prices; product details, profiles and fact sheets; education on ETFs; ETF events, workshops, promotions, etc., are all available on a single source. etfSA also offers its “Investor Scheme”, which makes available for investment any ETF in the South African market – buy, sell, switch, transfer, debit order savings schemes, reinvestment of dividends and CSDP transfers are all catered for by the etfSA Investor Scheme. All transactions and access to accounts and statements is through the internet, although investors can also operate through a dedicated contact centre.”

Brown comments further

“the etfSA Investor Scheme facilitates investments from as little as R1000 lump sum or from R300 per month, in all ETFs. We seek to supplement and not replace the existing Investment Plans operated by the ETF providers such as Satrix, Absa and Deutsche Securities, who offer similar savings and investment platforms, but only for their own products. etfSA provides investors with the greater choice and flexibility of access to all ETFs.”

Mike Brown advises that

“etfSA is designed to make investment in simple, relatively safe and well regulated ETFs available to everyone in South Africa. That is why the minimum investment levels and cost structures are so low. At the same time the etfSA website has also been designed to accommodate the requirements of Financial Service Providers who wish to use a wide choice of ETFs for their clients.”

In addition to the well known ETFs provided by Satrix, Deutsche Securities and Absa Capital, etfSA also brings a number of products to the investors, in the form of non stockbroking accounts, for the first time. These include:

Proptrax	which tracks an index of the 23 top property shares on the JSE. This helps investors to diversify their exposure on the JSE - property shares perform differently to other sectors of the market - but also to gain benefit from a very high distribution yield (over 9 percent for the past year).
BIPS Inflation-X	provides investors with an ETF that holds SA Government inflation linked bonds. Both the capital value of the bonds and the coupon (interest rates) go up in line with the escalation of the SA inflation rate, providing protection against the erosion of capital by inflation and also giving a real return.
Investec zGovi	is an ETF which tracks an index of Government fixed interest bonds, which provides a high yield (automatically reinvested by Investec) and an entirely different risk profile and investment exposure to equity based ETFs.

Mike Brown assures investors that there is no arbitrage between the costs of the various Investment Plans available for ETFs and the etfSA Investor Scheme. The latter will be available to investors at exactly the same costs as other Investment Plans (meaning a maximum of 1% total administration fee per annum, but less in certain cases). Brokerage and other transaction charges will also be the same as for other ETF Investment Plans. Brown says that the intention is “to provide investors with a wide choice of ETFS and the flexibility of moving investments from one ETF to another. As any new ETFs are listed on the JSE, these will also be available on the etfSA Investor Scheme.”

The administration of the etfSA Investor Scheme is undertaken by Automated Outsourcing Services (AOS), which also administers Investment Plans for other ETFs available in the local market. AOS is a registered Linked Investment Service Provider (LISP), which provides an administration platform offering accounts in ETFs on behalf of investors. Mark Gill, Chief Executive of AOS, explains that

“ETFs are complex to administer and AOS has invested in and developed systems that provide a seamless and efficient platform for ETF investors.”

Mark Gill comments further that

“we are delighted to have etfSA on our itransact securities investment platform. etfSA offers a unique exposure to all ETFs in South Africa, creating ease of access and a wide choice for ETF investors. We are proud to be associated with Mike Brown and the launch of this new service to investors.”

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