

LAUNCH OF NEW ETF ON THE JSE

Another exciting Emerging Market ETF has listed on the JSE: the **1Invest MSCI Emerging Market Asia Feeder ETF (ETFEMA)**. This new ETF falls into the category of “Broad Equity Market Access” and seeks to track, as closely as possible, an index that provides specific geographic market exposure to eight Asian emerging countries, namely China, India, Indonesia, South Korea, Malaysia, The Philippines, Taiwan, and Thailand. The list of eligible countries may be subject to change over time in accordance with the Index. Emerging markets, specifically in Asia, have some of the world’s largest and fastest growing economies. For investors who seek long-term growth and diversification, Asia’s changing demographics, intra-trade supply chain resilience, and technology drive, makes for a good investment case.

The details of the new product are as follows:

ETF Name	JSE Code	Issuer	Listing Date	ISIN	Sector Exposure
1Invest MSCI EM Asia Feeder ETF	ETFEMA	1Invest	18 August 2022	ZAE000313409	Emerging Market - Asia

This ETF is available on all the etfSA.co.za platforms for tax-free and discretionary investments and will be carefully considered for inclusion in the retirement funds portfolios and wealth management portfolio services offered by etfSA.co.za.

OVERVIEW

The **1Invest MSCI EM Asia Feeder ETF (ETFEMA)** feeds into the **iShares MSCI EM Asia UCITS ETF**, which tracks the **MSCI Emerging Markets Asia Index** (‘The Index’), using a physically-replicated strategy. By investing in this ETF, you have most exposure to the information technology sector (approximately 25%), the financials sector (approximately 17%), and the consumer discretionary sector (approximately 16%). It provides exposure to mid-and large-cap stocks, with approximately 1145 constituents. It is a Total Return ETF, which means that distributions will automatically be reinvested. Investments into this ETF are made in **South African Rands**; however, the underlying investments are in US Dollars. This means that the performance is exposed to some currency risk (i.e., exchange rate differential).

- The Total Investment Charge (TIC) of this ETF is expected to be 0.405%.
- The underlying iShares ETF has an MSCI ESG (Environmental, Social and Governance) rating of A (Average).
- **This ETF is suitable for investors with a long-term view and the risk profile is high.**

WHY INVEST IN EMERGING MARKET ASIA?

The outlook for Asia is attractive for the following reasons, among others:

- The ever-growing middle class and young population in Emerging Asian countries, have income levels driving demand for goods and services, thus providing consumption tailwinds and growth opportunities.
- Most Asian economies make use of intra-Asian trade for imports and exports, which is accelerating, and provides a form of supply chain resilience, as seen during lockdown conditions.
- Emerging Asia is at the forefront of the technology industry and digitalisation. In terms of the Global Innovation Index 2021 rankings, South Korea ranks 5th on the Index, followed by China - 12th, Malaysia - 36th, Thailand - 43rd, India - 46th, The Philippines - 50th, and Indonesia - 87th.

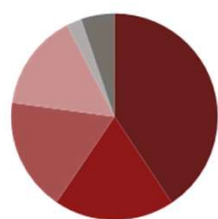
1Invest MSCI EM Asia Feeder ETF

August 2022

INDEX COMPARISON

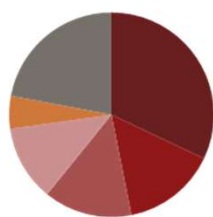
Looking at the geographic exposure, the **MSCI EM Asia Index**, which is what the **1Invest MSCI EM Asia Feeder ETF** tracks, currently has the largest weighting to China (approximately 41%), followed by Taiwan (approximately 19%), India (approximately 18%), and South Korea (approximately 15%). The remainder of the eight countries, which includes Malaysia, Thailand, the Philippines, and Indonesia, have smaller weightings to the Index. Similarly, the MSCI Emerging Markets Index, which includes 24 Emerging Market countries, has the largest weighting to the same top 4 countries as the MSCI EM Asia Index, with slightly lower weighting allocations. This illustrates the opportunities to gain more selective exposure to Emerging Market Asian equities.

MSCI Emerging Markets Asia Index - ETFEMA



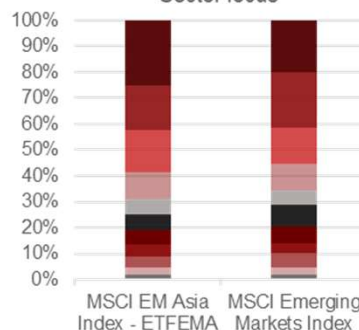
■ China ■ Taiwan
■ India ■ South Korea
■ Indonesia ■ Other

MSCI Emerging Markets Index



■ China ■ Taiwan
■ India ■ South Korea
■ Brazil ■ Other

Sector focus



MSCI EM Asia Index - ETFEMA MSCI Emerging Markets Index

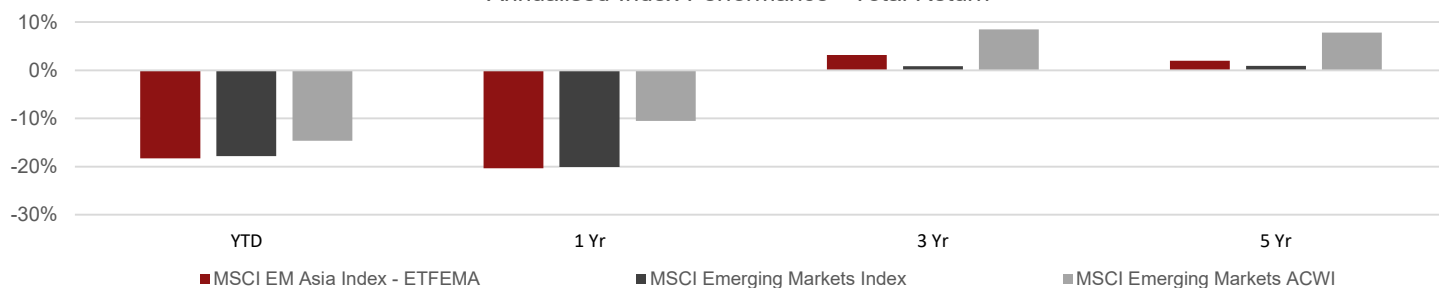
■ Information Technology
■ Financials
■ Consumer Discretionary
■ Communication Services
■ Industrials
■ Materials
■ Consumer Staples
■ Health Care
■ Energy
■ Utilities
■ Real Estate

Source: 1Invest, and MSCI, (29 July 2022)

Looking at the sectoral exposure shown above, MSCI EM Asia Index and the MSCI Emerging Market Index, have a strong focus towards information technology, financials and consumer discretionary products and services. Given the advancements of technology and digitalisation in Asian countries, the MSCI EM Asia Index has a higher allocation to the information technology sector than it does to financials, as in the case of the MSCI Emerging Market Index. An aspect to consider when investing in the **1Invest MSCI EM Asia Feeder ETF**, is that investors may miss out on the additional demographic advantages that megatrends such as healthcare has to offer, which remain underrepresented in both Indices. Even prior to the impact of COVID-19, China's healthcare industry was expected to grow exponentially. A thematic-based ETF can be included in one's portfolio to gain this exposure.

The graph of the annualised Index Performance as shown below, includes the MSCI ACWI Index (USD), which provides exposure to both Developed Markets and Emerging Markets within the broader market, for a comparative view. Investments into Emerging Asia are not without risk. According to the *Regional Economic Outlook on Asia and Pacific* by the IMF for 2021, while Asia may be one of the fastest growing economies in the world, there is a growing discrepancy between Developed Asian economies and Emerging Asian economies, owing to vaccination coverage and policy support, global supply chain disruptions, vaccine efficiencies against variants, as well as global monetary policy spillovers from the US, coupled with domestic financial vulnerabilities. Even though Emerging Asia may have a long way to go to catch up to Developed countries, it may be worth including in your portfolio given the potential long-term growth opportunities.

Annualised Index Performance - Total Return



Source: 1Invest, and MSCI, (29 July 2022)

TOP 10 HOLDINGS

COMPANY		SUB SECTOR	%
	TSMC (Taiwan Semiconductor Manufacturing Company) is a multinational company that designs and manufactures chips used in various products, including smartphones and high-performance computing	Information Technology	8.21%
	Tencent is a Chinese multinational entertainment and technology company. It is one of the world's largest video game vendor and offers services such as cloud computing, advertising and FinTech	Communication Services	4.78%
	Samsung Electronics is a South Korean, multinational electronics company that sells a wide range of products, including smartphones, semiconductor chips, home appliances and printers	Information Technology	4.43%
	Alibaba is a Chinese multinational online and mobile commerce company that specialises in e-commerce, retail, internet and technology infrastructure	Consumer Discretionary	3.53%
	Reliance Industries engages in the production and exploration of petrochemicals, natural gas, retail communications, mass media and textiles	Energy	1.89%
	Meituan formerly Meituan-Dianping, is a Chinese online shopping platform for local consumer products and retail services such as travel, entertainment and dining	Consumer Discretionary	1.80%
	Infosys is an Indian multinational information technology that provides business consulting, information technology and outsourcing services	Information Technology	1.29%
	China Construction Bank is one of the "big four" banks in China that provides comprehensive financial services such as corporate banking, retail banking, and wholesale banking	Financials	1.20%
	JD.com, also known as Jingdong, and formerly as 360buy, is a Chinese online e-commerce company that provides a wide selection of products	Consumer Discretionary	1.17%
	ICICI Bank is an Indian multinational bank and financial services company that provides banking services, which include retail banking, wholesale banking, treasury, and life insurance	Financials	1.04%

Source: 1Invest, MSCI and Morningstar

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