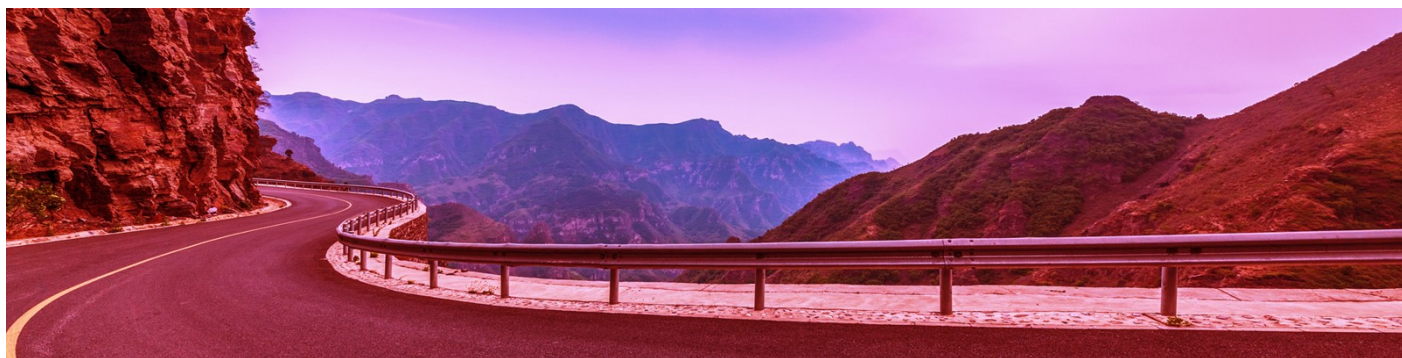


# NewFunds Volatility Managed Defensive Equity ETF

Minimum Disclosure Document - 31 March 2022

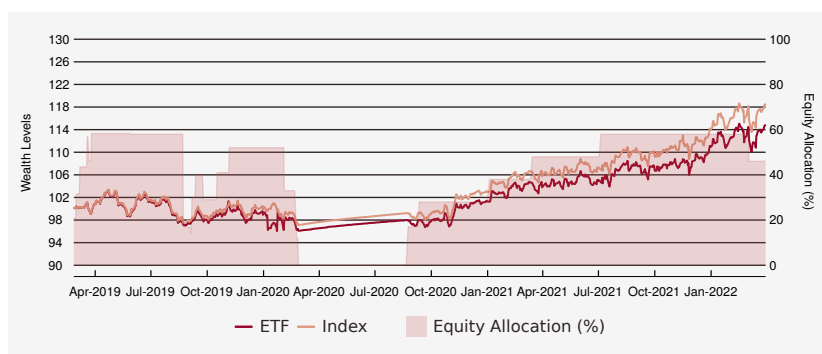


## Portfolio objectives

The Portfolio will track and replicate the NewFunds/Absa Volatility Managed SA Defensive Equity Index, an index which allows an Investor to gain full market exposure to a universe of 30 liquid, JSE-listed equity securities selected on a factor specification to low volatility characteristics demonstrated in their performance. The Portfolio will comprise of both equity securities and cash (assets in liquid form), the proportion of which will be determined by the risk management process (the concurrent target volatility control mechanism and drawdown management process). The target volatility control mechanism aims to increase the proportion allocated to equity securities during periods of low volatility; and in turn increases the proportion allocated to cash during periods of high volatility. Specifically, where volatility rises and exceed the target threshold of 8%, the proportion allocated to cash will be increased. Where such volatility decreases, the proportion allocated to equity securities will be increased. The drawdown management process aims to increase allocation to cash during periods where the drawdown of the equity basket approaches 15% i.e. where there is a 15% fall from the most recent price peak. In all instances the trade threshold is set at 10%.

## Performance and statistics

### Cumulative wealth and equity allocation chart



Source: Absa CIB. The ETF and Index has been rebased to 100 on the listing date.

### Returns table

| Period             | ETF (%) | Index (%) | Diff. |
|--------------------|---------|-----------|-------|
| 3 Months           | 3.60    | 4.05      | -0.45 |
| YTD                | 3.60    | 4.05      | -0.45 |
| 1 Year (Ann.)      | 10.72   | 12.16     | -1.43 |
| 3 Years (Ann.)     | 4.58    | 5.67      | -1.09 |
| 5 Years (Ann.)     | -       | -         | -     |
| Full Period (Ann.) | 4.59    | 5.67      | -1.08 |

### Risk statistics

| Statistic           | ETF (%) |
|---------------------|---------|
| Risk (Ann.)         | 4.67    |
| Max. Drawdown       | -6.99   |
| Best Month          | 3.35    |
| Worst Month         | -3.05   |
| Best Annual Return  | 11.38   |
| Worst Annual Return | -5.16   |

### Income distributions

| Month        | Gross (cents per unit) | Net (cents per unit) |
|--------------|------------------------|----------------------|
| January 2022 | 3.82                   | 4.97                 |
| October 2021 | 14.26                  | 11.80                |
| July 2021    | 5.95                   | 5.32                 |
| April 2021   | 5.40                   | 4.89                 |

Annualised return is the weighted average compound growth rate over the period measured. Performance is calculated using the NAV of the Portfolio and represents only past performance. An individual's performance may differ to that of the portfolio as a result of initial fees, brokerage, actual investment date, dividend withholding tax and income reinvestment date. The reinvestment of income is assumed to be effected on actual distributed amount net of withholding taxes; and on distribution payment date.

## Portfolio details

|                                       |  |
|---------------------------------------|--|
| Manager                               | NewFunds (RF) (Pty) Ltd                                    |
| Asset Manager                         | Absa Alternative Asset Management (Pty) Ltd                |
| Asset Administrator and Pricing House | Maitland Fund Services (Pty) Ltd                           |
| Market Maker                          | Absa Bank Limited  |
| Trustees                              | Standard Chartered Bank                                    |
| Benchmark Index                       | NewFunds/Absa Volatility Managed SA Defensive Equity Index |
| Index Calculation Agent               | Solactive AG   |
| ASISA Fund Category                   | South African - Multi Asset - Flexible                     |
| Exchange                              | JSE  |
| JSE Code                              | NFEDEF   |
| ISIN                                  | ZAE000254868   |
| Base Currency                         | ZAR  |
| Portfolio Listing Date                | 25 February 2019   |
| Net Asset Value                       | R57 629 203  |
| NAV per Security                      | R11.12   |
| Securities Issued                     | 5 183 924  |
| Dividend Frequency                    | Mar, Jun, Sep & Dec  |
| Gross Dividend Yield                  | 2.65%  |
| Fund Valuation                        | 17h00  |
| Rebalance Frequency                   | At the end of Jan, Apr, Jul & Oct                          |
| Price Information                     | aiss.absa.africa   |

## Monthly returns table

| Year | Jan  | Feb  | Mar | Apr | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec |
|------|------|------|-----|-----|------|------|------|------|------|------|------|-----|
| 2022 | 1.1  | 0.6  | 1.8 | -   | -    | -    | -    | -    | -    | -    | -    | -   |
| 2021 | 0.7  | 1.1  | 0.6 | 0.3 | 1.6  | -0.8 | 1.9  | 1.2  | -0.7 | 0.3  | -0.4 | 3.2 |
| 2020 | -1.1 | -1.7 | 0.5 | 0.4 | 0.3  | 0.3  | 0.3  | -0.6 | 0.5  | -0.9 | 3.3  | 1.2 |
| 2019 | -    | 0.1  | 0.4 | 1.7 | -2.8 | 1.9  | -0.7 | -3.1 | 0.6  | 1.2  | -0.7 | 0.4 |

## Investor benefits

**Diversification:** Investors obtain diversified exposure to a basket of SA equity securities.

**Liquidity:** Absa Capital Securities (Pty) Ltd act as market maker and provide daily liquidity on the ETF.

**Transparency:** The Portfolio holdings, investment methodology, constituent details and net asset value information is available to investors daily.

**Lower cost:** ETFs have a lower fee structure.

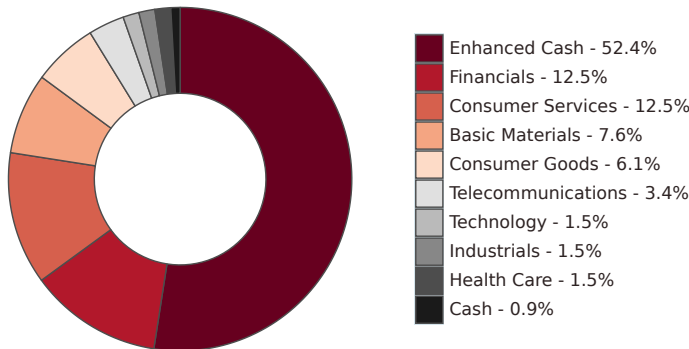
**Investor protection:** ETFs are fully backed by the underlying securities.

**Traded like a share:** ETFs are Unit Trust Portfolios which trade on the JSE like shares.

**Regulation:** NewFunds ETFs are registered as Collective Investment Schemes and regulated by the Financial Sector Conduct Authority.

## Exposure

### Portfolio asset allocation



## Top 10 equity holdings

| Name                      | Sector             | Weight (%) |
|---------------------------|--------------------|------------|
| Brit America Tobacco      | Consumer Goods     | 2.90       |
| Capitec Bank Holding      | Financials         | 2.19       |
| Vodacom Group             | Telecommunications | 2.16       |
| Clicks Group Ltd          | Consumer Services  | 2.14       |
| Bhp Group Ltd             | Basic Materials    | 1.95       |
| Anheuser-Busch Inbev Sa/n | Consumer Goods     | 1.85       |
| Multichoice Group Ltd     | Consumer Services  | 1.84       |
| Shoprite Hlds Ltd         | Consumer Services  | 1.84       |
| Exxaro Resources Ltd      | Basic Materials    | 1.78       |
| Spar Group                | Consumer Services  | 1.62       |
| Total:                    |                    | 20.27      |

Source: Absa CIB. Data as at 31 March 2022.

### Legal disclaimer

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## Portfolio details (cont.)

|                                     |                    |
|-------------------------------------|--------------------|
| Management Fee                      | 0.50% <sup>1</sup> |
| Annualised TER                      | 0.51% <sup>2</sup> |
| Annualised Transaction Charges      | 0.18% <sup>3</sup> |
| Annualised Total Investment Charges | 0.69% <sup>4</sup> |

### Notes

1. Management fee is the fee which the manager charges for managing the portfolio and is inclusive of VAT. Where the TER is lower than the management fee, the Manager has subsidized or waived allowable expenses. Such subsidies and waivers are not guaranteed perpetually and a higher TER may incur in the future.
2. The Total Expense Ratio (TER) is expressed as a percentage of the daily NAV calculated over a rolling 3 year annualised period.
3. The Transaction Cost of the Portfolio is expressed as a percentage of the daily NAV and is calculated over a rolling 3 year annualised period.
4. The Effective Annual Cost (EAC) measure is a combined sum of the TER and Transaction costs. The fees above are as at 31 March 2022.
5. Scrip Lending - The portfolio does not engage in scrip lending at this stage.

## Glossary of terms

**Annualised Return** - The weighted average compound growth rate over the period being measured.

**Annualised Risk** - A measure of how much the investment return varies from its average over time.

**Constituent Security** - A stock which is part of a larger portfolio.

**Drawdown** - A measure of the deterioration of the portfolio from its historical peak (highest level of the fund), measured since the relevant reference point.

**Exchange Traded Funds (ETF)** - A listed instrument listed on the JSE whereby the investor essentially owns a proportionate share of the underlying investments held by the Portfolio.

**Net Distribution** - Accrued income and dividends less portfolio expenses, which is distributed to investors.

**Portfolio Risk** - A measure of the risk inherent in a portfolio incorporating individual stock volatility as well as the covariance structure of stocks in the portfolio.

**Scrip Lending** - The lending of securities from one party (being the holder of the securities) to another party (the borrower). The borrower provides collateral for the securities borrowed.

**Total Expense Ratio (TER)** - This is the total costs associated with managing and operating an investment (excluding financial planning). These costs consists primarily of management fees and other operational expenses such as audit and custody fees. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

## Contact us

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