



The Home of Exchange Traded Funds<sup>®</sup>

# Global ETF Managed Portfolios

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Brochure

# Portfolio Management

Global Portfolio Service Offering - Overview



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Specifically constructed global portfolios covering **all asset classes and investment types**

Utilising only **ETPs\*** listed on **international stock exchanges** to construct multi-asset portfolios

Harnessing the specific skills and experience of Mike Brown and Nerina Visser, the most **highly regarded ETF specialists** in South Africa

For funds already held in **offshore bank accounts** or those investors wishing to take funds offshore through **SARB foreign exchange clearance procedures**

\*The term "Exchange Traded Products" (ETPs) refers to/includes Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)

# Investment Process

Tailoring Bespoke Portfolios for Individual Requirements



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|                         |   |
|-------------------------|---|
| <b>Asset Allocation</b> | <ul style="list-style-type: none"><li>• Using a strategic asset allocation method to allocate investments to equities, listed property bonds, commodities and smart beta / thematic ETPs (both Developed and Emerging Markets) to meet long-term investment objectives.</li><li>• Bringing tactical asset allocation into play where market conditions change, or new ETFs become available.</li></ul>  |
| <b>ETF Selection</b>    | <ul style="list-style-type: none"><li>• Using only low cost, highly liquid ETFs (usually iShares and Vanguard), listed on major stock exchanges.</li><li>• We utilize a research orientated approach to passive investments and their integration into overall investment strategies and solutions.</li><li>• Making a deep analysis of the structure and constituents of each ETF to ensure that it meets the quality and risk requirements for portfolios and that concentration risk and factor dependency is avoided.</li></ul> |
| <b>Customisation</b>    | <ul style="list-style-type: none"><li>• A client's particular needs for: capital growth, asset diversification, lowering of costs, and managing risk are fully taken into account when designing a portfolio.</li></ul>   |
| <b>Reviews</b>          | <ul style="list-style-type: none"><li>• Portfolios are reviewed every quarter (or more frequently if markets are volatile).</li></ul>   |
| <b>Reporting</b>        | <ul style="list-style-type: none"><li>• Investors can view their portfolio online at any time.</li><li>• Monthly statements are emailed to investors, as well as quarterly portfolio and performance reviews.</li></ul>   |
| <b>Consultations</b>    | <ul style="list-style-type: none"><li>• Regular one-on-one consultations with portfolio manager.</li></ul>  |
| <b>Trading</b>          | <ul style="list-style-type: none"><li>• Trading is done through Saxo Capital Markets – a global stock market trading platform, used by over 150 South African institutions.</li><li>• All ETFs held in global stock exchange electronic custodian systems in the name of the investor.</li><li>• etfSA.co.za / Saxo provide financial intermediary services only and have no claim on the investors' assets.</li></ul>  |

# Why Invest Offshore?



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## Diversification

- 30% or more of your invested assets should ideally be invested in global markets, outside of South Africa, or in direct foreign investments on the JSE.
- This spreads risk, widens investment horizons and enhances potential investment returns over time.
- Also spreads investment exposure over different geographical regions.

## Reduce Rand Risk

- The rand exchange rate is the critical factor in delivering SA investment returns, but the rand is highly volatile, difficult to predict and creates major fluctuations in local market valuations.
- Investing in a hard currency negates currency risk and is also a hedge against local political and economic risk.

## Permission to move funds abroad can be attained relatively easily

- Up to R1 million per year per person through a normal foreign exchange allowance
- Up to R10 million per year per person with SA Reserve Bank, SARS and Forex approval.

**ETFs are the lowest cost, most convenient and transparent way to run an offshore multi-asset portfolio.**

# ETFs for Global Portfolios



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- Over 8800 exchange traded products are now listed on stock exchanges around the world. Total market capitalisation of over US\$8 trillion. About US\$4 billion annual capital flows into ETFs has been experienced in recent years. (source: etfgi.com)

## **ETFs now cover all markets and asset classes:**

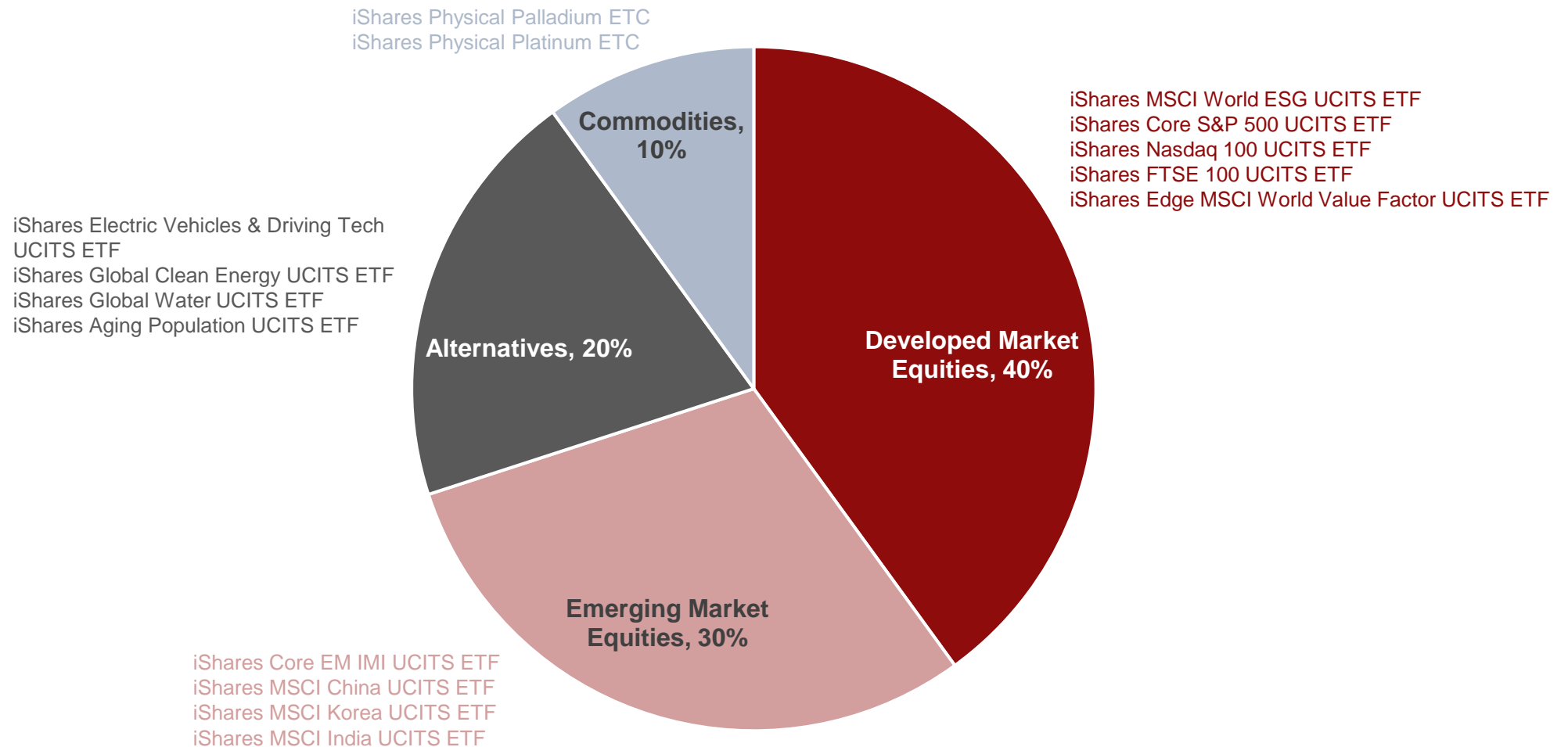
- Equities by sector, country, regions, groupings and investment styles
- Listed Property
- Bonds – by country, region, and type
- Smart Beta – factor investment, value or type (high dividends)
- Commodities
- Currencies
- Alternatives – Thematic (such as private equity, infrastructure, long term megatrends), Sustainable (ESG investing across sectors, markets and asset classes)
- ETFs can be used to construct multi-asset balanced portfolios very cost efficiently, with full transparency in pricing, instant liquidity and market making.
- Using low cost, high beta passive ETFs to generate alpha returns from portfolio asset allocation strategies is rapidly replacing high-cost active multi-management products.
- Being listed on highly regulated stock exchanges, with well funded clearing house systems, electronic depository and custodian services, ETFs have far lower risk compared to active products where investors often have to consider counterparty risks.

# Portfolio Construction

Indicative strategic asset allocation using ETFs and asset class building blocks



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Note: This is an example of a portfolio asset allocation and ETF selection. Portfolios are designed to suit individual investor requirements

# Investor Fees



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**Total Fee**  
**1% per annum**

Includes:

- All global stockbrokerage charges (brokerage, settlement, registration fees)
- All custodian fees
- All account administration fees
- All product (TER or TIC) costs
- Asset management fees for designing and operating an offshore ETF portfolio, including quarterly reinvestment of dividends and other rebalancing
- Financial advice and consultation
- Client reporting

Deducted over a 12-month period from quarterly dividends and income flows.

There are no other fees, costs or charges.

# Contact Details



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## Portfolio Managers

|               |              |                     |
|---------------|--------------|---------------------|
| Mike Brown    | 010 446 0377 | mikeb@etfsa.co.za   |
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## Client Liaison

|                |              |                      |
|----------------|--------------|----------------------|
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