

### LAUNCH OF NEW ETF ON THE JSE

The **Satrix Smart City Infrastructure Feeder ETF** ( JSE Code: **STXCTY**) is the second Infrastructure-based ETF to list on the JSE, following on from the Satrix Global Infrastructure Feeder ETF (STXIFR) that listed in September 2021. This ETF falls into the category of 'Foreign Thematic' ETFs and will list at the end of July 2022. It seeks to track, as closely as possible, an index that provides niche urbanisation development exposure. Having access to this ETF provides you with opportunities to gain exposure to companies that are focused on two global thematic trends of smart cities and of infrastructure, backed by megatrends, across Emerging and Developed markets.

### The new product's details is as follows:

| ETF Name                                    | JSE Code | Issuer | Listing Date | ISIN         | Sector Exposure |
|---|----------|--------|--------------|--------------|-----------------|
| Satrix Smart City Infrastructure Feeder ETF | STXCTY   | Satrix | 26 July 2022 | ZAE000311577 | Infrastructure  |

This ETF will be available post-listing 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 **Satrix Smart City Infrastructure Feeder ETF** provides diversified exposure to a wide range of companies that set up physical structures and facilities that are required for evolving urbanisation, in order to become more efficiency-focused. The underlying feeder fund is the iShares Smart City Infrastructure UCITS ETF, which tracks the STOXX Global Smart City Infrastructure Index, using a physical optimised strategy. By investing in this product, you are mostly investing about 47% into the Industrials sector and about 37% into the Information Technology Sector; through direct investment into small, mid-and large-cap stocks, with approximately 150 constituents. This ETF is a Total Return ETF, which means that dividends will automatically be reinvested. The targeted TER of this ETF is 0.60%. The underlying iShares ETF has an MSCI ESG (Environmental, Social and Governance) rating of A (Average). 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). This ETF is suitable for investors with a long-term view and the risk profile is high.

### WHY INVEST IN SMART-CITY INFRASTRUCTURE?

According to the Satrix pre-listing statement, the outlook for Smart-City Infrastructure is attractive for to the following reasons:

- As urban cities are faced with ongoing challenges of limited natural resources, growing populations, changing technology and ESG concerns; new facilities and a change of infrastructure are becoming increasingly crucial, leading to a new generation of megacities and investment opportunities.
- The Satrix Smart City Infrastructure Feeder ETF provides investors with access to companies that assist in transforming cities into smart cities. By focusing on impactful and sustainable urbanisation as a megatrend, there is a growing opportunity that provides exposure to resource efficiency, urban connectivity, and citizen well-being.
- This ETF invests across various geographies, both in Emerging Markets and Developed Markets, and in different sectors, providing diversification.

## Satrix Smart City Infrastructure ETF

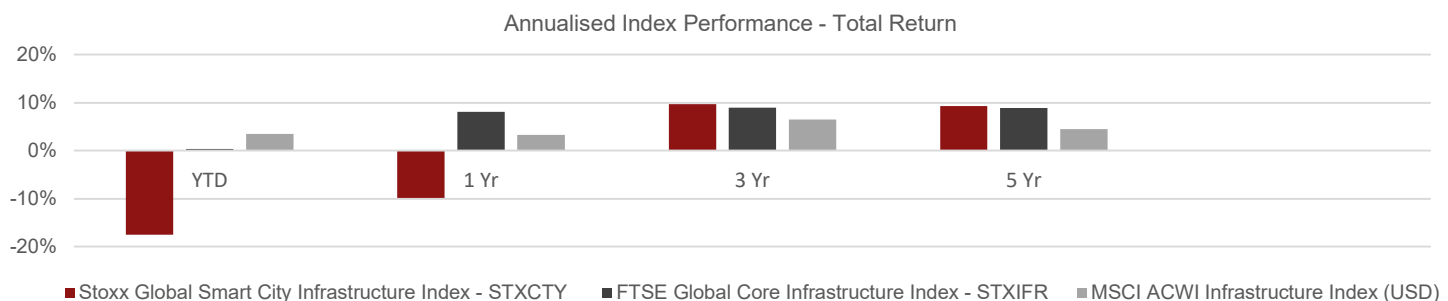
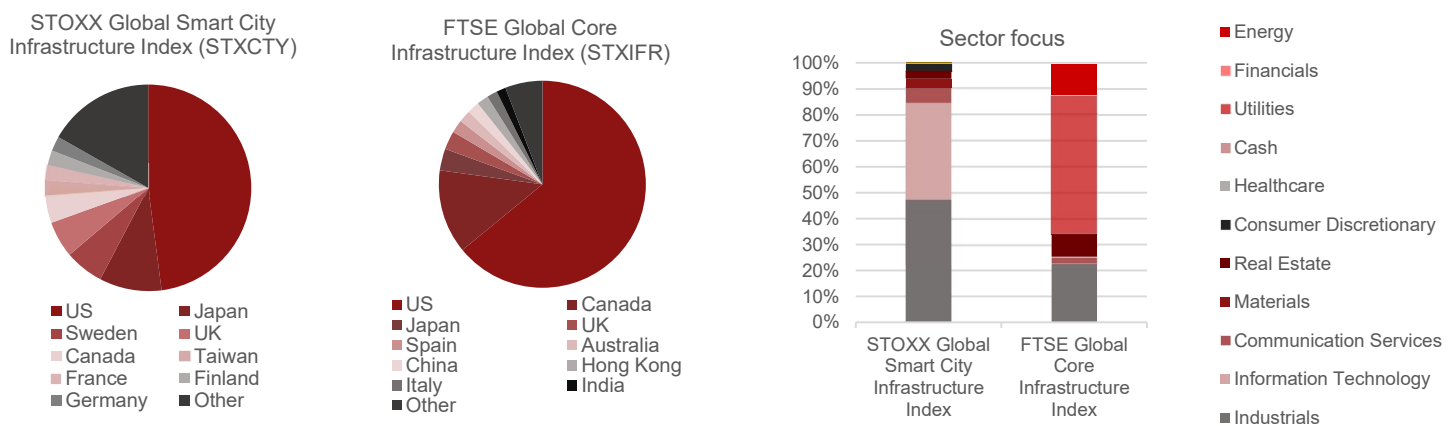
July 2022

### WHY INVEST IN SMART-CITY INFRASTRUCTURE? (CONTINUED)

- The Index is scored highly based on ESG screening criteria and avoids exposure to companies that are engaged in controversial activities, such as tobacco and weapons etc.
- Has the benefit of being an impact fund in terms of the UN Sustainable Development Goals (SDGs) and is a Sustainable Finance Disclosure Regulation (SFDR) Article 9 product, which focuses on the following SDGs:
  - 6: Clean Water & Sanitation
  - 7: Affordable & Clean Energy
  - 9: Industry, Innovation & Infrastructure
  - 11: Sustainable Cities & Communities
  - 12: Responsible Consumption & Production










### INDEX COMPARISON

As an alternative to traditional infrastructure investments, such as the **Satrix Global Infrastructure Feeder ETF (STXIFR)** that tracks the FTSE Global Core Infrastructure Index; the **Satrix Smart-City Infrastructure Feeder ETF (STXCTY)** provides exposure to companies that make use of innovative ways to develop, maintain and manage the infrastructure of smart cities. Looking at the geographic exposure, the Stoxx Global Smart City Infrastructure Index is largely dominated in Developed Markets, with most of the exposure in the US. The FTSE Global Core Infrastructure Index on the other hand, is also largely dominated by Developed Markets, with an even larger exposure to the US, however, has more Emerging Market Exposure. As the two thematic Indices have differing strategies when it comes to infrastructure, their sector focus differs substantially. Most of the sector focus for the STOXX Global Smart City Infrastructure Index is weighted towards Industrials (approximately 47%), Information Technology (approximately 37%) and Communication Services (approximately 6%); whereas the FTSE Global Core Infrastructure Index has a larger weighting towards Utilities (approximately 52%), Industrials (approximately 23%) and Energy (approximately 12%). While there is some overlap between the two indices, their niche strategies differ, allowing for diversification. The graph of the annualised Index Performance as shown below, includes the MSCI ACWI Infrastructure Index (USD), for a comparative view, which provides exposure to both Developed Markets and Emerging Markets within the broader infrastructure sector.



Source: STOXX, FTSE, and MSCI, as of 31 May 2022

### TOP 10 HOLDINGS

| COMPANY   |   | SUB SECTOR             | %     |
|---|---|------------------------|-------|
|  <b>CHINA TOWER</b><br>中国铁塔   | China Tower Corp Ltd is a Chinese telecommunications tower infrastructure service provider  | Communication Services | 1.18% |
|  <b>CISCO</b>                | Cisco Systems Inc. is an American-based multinational technology conglomerate. It is one of the largest software and hardware network solutions provider                                | Information Technology | 1.17% |
|  <b>MTR</b>                  | MTR Corporation Ltd is a majority state-owned transportation network and property development corporate in Hong Kong. The company constructs and operates Hong Kong's rail network      | Industrials            | 1.16% |
|  <b>KONE</b>                | Kone is a Finland-based multinational service and engineering company that manufactures and maintains escalators, elevators and automatic building doors.                               | Industrials            | 1.15% |
|  <b>Palantir</b>           | Palantir Technologies is an American software company that specialises in distributed systems infrastructure, big data processing, user experience design and data science              | Information Technology | 1.14% |
|  <b>MOTOROLA SOLUTIONS</b> | Motorola Solutions is an American communications and surveillance company that services enterprises as well as government   | Information Technology | 1.13% |
| Booz   Allen   Hamilton   | Booz Allen Hamilton Holding Corporation is an American company that provides management and information technology consulting services to the US government                             | Industrials            | 1.13% |
|  <b>REPUBLIC SERVICES</b>  | Republic Services is an American waste disposal company. It is one of the largest provider of traditional solid waste and non-hazardous solid waste disposal in the US.                 | Industrials            | 1.13% |
|  <b>casella</b>            | Casella is an American solid waste removal company that provides resource management services to residential, commercial, industrial and municipal customers in the northeastern US     | Industrials            | 1.12% |
|  <b>JUNIPER NETWORKS</b>   | Juniper Networks is an American multinational corporate that provides network products and services, including software, communication services, cloud and connected security solutions | Information Technology | 1.12% |

Source: Satrix, STOXX and Morningstar

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