

## State of the South African Exchange Traded Product (ETP) Industry – as at 28 March 2024

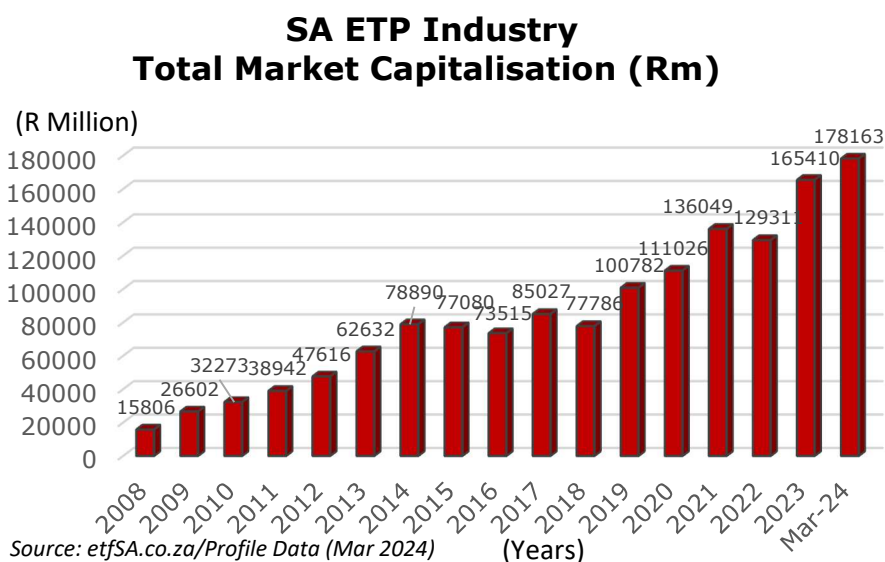
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### INDUSTRY OVERVIEW

The total market capitalisation of the entire South African ETP industry increased from R165,4 billion at the end of 2023, to 178,2 billion at the end of the first quarter of 2024, a rise of 7,7%.

The listed index tracking business therefore continued its consistent growth of recent times, partly driven by the increase in the value of the foreign referenced

ETPs that reflected the growth in global equities in the first quarter of this year, plus the raising of over R4,6 billion from the issue of new ETP securities on the JSE, during the first 3 months of this year.



### NUMBER OF ETPs IN ISSUE

The number of ETPs in issue on the JSE rose slightly from 211 in December 2023 to 214 in March 2024. Satrix delisted three of the former Absa Capital ETFs that it took over in 2022, due to their incorporation into existing Satrix ETFs. Two new ETFs were listed by Satrix, the Satrix JSE Global Equity ETF and the Satrix MSCI ACWI Feeder ETF.

One new Actively Managed ETF was listed by Prescient during the first quarter, the Portfoliometrix Income AMETF.

Finally, two new AMCs were issued in the first quarter, namely the Standard Bank Kudala Wealth Honey Badger (AMC013) and the UBS Activ8 Growth Portfolio (UA8GRO).

**Table A**

Number of Exchange Traded Products in Issue (end of period)						
	2019	2020	2021	2022	2023	March 2024
Exchange Traded Funds (ETFs)	73	78	86	95	92	91
Exchange Traded Notes (ETNs)	29	59	82	66	69	69
Actively Managed Certificates (AMCs)	-	-	-	22	44	47
Actively Managed ETFs (AMETFs)	-	-	-	-	6	7
<b>Totals</b>	<b>102</b>	<b>137</b>	<b>168</b>	<b>183</b>	<b>211</b>	<b>214</b>
<i>Source: etfSA.co.za (Mar 2024).</i>						

**Snapshot of the SA ETP Industry as at 28 March 2024****Table B**

The South African Exchange Traded Product Industry (as at 28 March 2024)										
	Issuer	Number of Products				Value (Market Cap) of Shares in Issue (Rm)				Total Market Capitalisation (Rm)
		ETFs	ETNs	AMCs	AM ETFs	ETFs	ETNs	AMCs	AM ETFs	
1.	Satrix Managers	36	-	-	-	55 620,1		-	-	55 620,1
2.	Sygnia Itrix	13	-	-	1	44 683,6		-	883,0	45 566,6
3.	Absa Capital	3	5	-	-	26 201,2	1 477,6	-	-	27 678,8
4.	10X (CoreShares)	12	-	-	2	12 046,3	-	-	1 665,4	13 711,7
5.	FNB/FirstRand	8	40	-	-	8 278,6	4 213,3	-	-	12 491,9
6.	UBS	-	22	34	-	-	733,7	9 242,9	-	9 976,6
7.	1invest	16	-	-	-	9 402,2	-	-	-	9 402,2
8.	Standard Bank	-	2	13	-	-	1 512,5	1 441,9	-	2 954,4
9.	Prescient Management	3		-	4	195,1	-	-	565,7	760,8
10.	Easy Equities	-	-	-	-	-	-	-	-	Suspended
<b>Totals</b>		<b>91</b>	<b>69</b>	<b>47</b>	<b>7</b>	<b>156 427,7</b>	<b>7 937,1</b>	<b>10 684,8</b>	<b>3 114,1</b>	<b>178 163,1</b>
<i>Source: etfSA.co.za – Market Capitalisation – SA Industry Report (Mar 2024).</i>										

The above table consolidates the extent of the local ETP business, ranked by issuer house for the end of March 2024.

**Satrix Managers** remains the largest purveyor of ETFs, by market capitalisation, growing from R52,3 billion at the end of 2023, to R55,6 billion at the end of the first quarter of 2024.

**Sygnia Itrix** maintains its second position, by market cap in the industry, with R45,5 billion under management.

**Absa Capital**, which now only has 3 commodity ETFs in its stable, plus some historic ETNs, including its unique Euro, Dollar and UK Pound currency notes, holds on to third place.

The fastest improvement in size comes from the **10X** stable, which took over the CoreShares ETF business in late-2022. The AUM for 10X has grown from R5,6 billion in March 2021 to R13,7 billion in March 2024 and the issuer has been innovative in bringing the first actively managed ETF to the South African market.

**First National Bank** has consolidated, under the FNB brand, its single stock ETFs and the range of bond and equity ETFs it issued under the FirstRand bank. This consolidation now brings a total R12,5 billion AUM to this Group.

**Union Bank of Switzerland (UBS)** has the most ETFs in issue (56), with its range of index tracking ETNs and Actively Managed Certificates (AMCs). The AMCs, by allowing third party managers to list actively managed portfolios of securities on the JSE, which mirrors the "white label" practice in the unit trust industry, has opened up the listed ETP route to a far wider range of portfolio managers. UBS, as the underwriter of the AMCs and ETNs, now has a total AUM of R9,9 billion.

**Prescient** has been most recent addition to issuing houses of ETPs. It now has 3 ETFs and 4 AMETFs listed on the JSE, with a total value of R760,8 million. The Prescient platform for the management and listing of products on the JSE is an important tool for growing the number of ETPs on the JSE and its future progress will be followed with interest.

## NEW CAPITAL RAISED

In total, R4,6 billion new capital was raised in the first quarter of 2024, through new ETF issues, or from the creation of ETF securities by already listed ETPs. Exchange Traded Products are “open-ended” instruments and can therefore create or redeem new listed instruments, at any time, to meet the market demand for such products.

Table C shows the total net new capital raised by the ETP issuing houses in the first quarter of 2024.

**Table C**

Net New Capital Raised / (Redeemed) - South African ETP Issuing Houses		
First Quarter 2024		
Issuing House		Total Capital (R million)
1.	Satrix Managers (ETFs)	1 570,6
2.	Invest (ETFs)	1 182,9
3.	Prescient Management Company (ETFs)	616,5
4.	10X (CoreShares) (ETFs)	544,6
5.	Standard Bank (AMCs)	500,0
6.	Sygnia Itrix (ETFs)	214,6
7.	Union Bank of Switzerland (AMCs)	100,0
8.	Union Bank of Switzerland (ETNs)	23,1
9.	FNB (ETNs)	20,0
10.	FNB (ETFs)	11,0
11.	Absa Capital (NewWave ETNs)	3,1
12.	Absa Capital (NewFunds ETFs, NewGold ETFs)	(196,4)
<b>Total</b>		<b>4 566,9</b>

*Source: etfSA.co.za Quarterly Securities in Issue and New Capital Raised Survey (Mar 2024).*

Although the capital raising analysis covers only a short period of 3 months, so is not really representative, **Satrix Managers**, which raised R1 570,6 million in new capital, is clearly ahead of its rivals in bringing fresh capital to the JSE.

**Invest**, which issued R629,2 million new Invest Gold ETPs, as investors looked to benefit from the rise in the US dollar gold prices, raised R1 182,9 million in total across its whole group.

**Prescient Management Company**, with its offering of Reitway global property ETFs and 2 new income AMETFs, was a surprise attractor of funds, with R616,5 million new capital raised.

## INDIVIDUAL ISSUING HOUSES

**Satrix Managers** – after spending 2023 consolidating and cleaning up the ETFs inherited from Absa Capital, Satrix has delisted three of these former Absa ETFs in the first quarter of 2024, by amalgamating them with Satrix ETFs covering the same indices.

In addition, Satrix issued two new ETFs in March 2024. The Satrix ACWI (All Country World Index) ETF, and the Satrix JSE Global Equity ETF. The latter product invests in the FTSE/JSE Global Equity Index, which constitutes the Top 50 JSE companies, by global market cap, that have a high proportion of earnings from offshore. As such, it adds a rand hedge focus to local equity indices.

**Sygnia Itrix** – having experienced a net outflow of capital from redemptions of its ETFs in 2023, Sygnia returned to a positive inflow of new capital to its products in the first quarter of 2024 (R214,6 million). The main contribution came from the Sygnia Itrix FANG.AI ETF, which was listed late in 2023 and which issued a further R693,1 new securities in the first quarter of 2024, to meet market demand for this high-tech denominated ETF. The FANG portfolio is actively managed and focuses on companies which use new technologies such as artificial intelligence, large language models, cloud storage, big data, social media and e-commerce tools. The “magnificent seven” companies contribute about 60% of the index basket, but there are other global high-tech companies that are covered by this product. This new AMETF diverts from the other listed ETPs on the JSE, by allowing for the charge of 20% performance fee, if it outperforms the benchmark – the NYSE FANG index.

**Invest** – the rise in the gold price, from just over US\$2 000 per ounce in early 2024 to over US\$2 300 at present, has attracted investors to commodity ETFs for directly investing in gold bullion. Invest issued R629,2 million new securities in the Invest Gold ETF during the first 3 months of this year.

Strangely, NewGold, which also issues a gold bullion tracking ETF, failed to attract any new capital over the same period.

The Invest SA Property ETF (R130,7 million) and the Invest S&P 500 ETF (R159,8 million) also issued significant new capital during the first quarter.

**10X** – the new Wealth Top 20 Capped ETF and the Wealth Next 40 Equally Weighted ETF, which gives access to the JSE’s twenty largest cap companies and the next 40 companies, by market cap, on the JSE All Share, attracted steady new capital in early 2024. Also issuing significant new securities was the 10X Total World (Global) ETF, which invests in both developed and emerging market stockmarkets.

**Prescient** – as a newcomer to the ETP industry in South Africa, Prescient Management Company has been very active and now has 7 ETFs listed on the JSE, three of which are actively managed. R616,5 million new securities were listed by Prescient in the first 3 months of 2024 and it is believed that a number of additional ETP products are in the pipeline.

**Standard Bank** – issues Actively Managed Certificates (AMCs) under its balance sheet, which use a range of asset managers to manage the AMC portfolios listed. One new product (AMC013) was issued by Standard Bank in January 2024, the Kudala Wealth Honey Badger AMC, which tracks an actively managed portfolio of global and local securities (R100 million).

The already listed AMC012, equity global portfolio, managed by Nvest, issued a further R400 million of its securities.

**UBS** – the wide range of AMC and index tracking notes issued by UBS, often provide unique exposure to sectors of the global equity market, particularly the high-tech sectors, and appears to be attracting growing interest from investors.

The total market capitalisation of all 55 UBS notes listed on the JSE now amounts to R9 976,6 million, which makes it the 6<sup>th</sup> largest issuing house of ETPs on the JSE. .

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**Note:** full details for each Exchange Traded Product is available on the quarterly reports available on the etfSA website: [www.etfsa.co.za](http://www.etfsa.co.za):

- All South African ETFs, ETNs & AMCs – Market Capitalisation Totals – December 2013 to March 2024.
- ETP survey – Securities in Issue and New Capital Raised/Redeemed (for period ended 28 March 2024).

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