



## Core Investment Account

# Table of Contents

<b>What is Core Investment Account</b>	<b>3</b>
<b>About Exchange Traded Funds (ETFs)</b>	<b>3</b>
<b>Benefits of ETFs</b>	<b>4</b>
<b>Absa's ETFs offering</b>	<b>5</b>
<b>Absa ETFs Product Range</b>	<b>7</b>
<b>Commodities</b>	<b>7</b>
NewGold ETF	7
NewPlat ETF	7
NewPalladium ETF	7
<b>Equity</b>	<b>9</b>
NewFunds NewSA ETF	9
NewFunds Equity Momentum ETF	9
NewFunds SWIX 40 ETF	9
S&P GIVI SA Family	10
<b>Balanced portfolios</b>	<b>11</b>
The MAPPS™ Innovation	11
<b>Fixed Income</b>	<b>12</b>
NewFunds GOVI ETF	12
NewFunds ILBI ETF	12
<b>Money Market</b>	<b>13</b>
NewFunds TRACI 3 Month ETF	13
<b>Fees/How to Invest</b>	<b>14</b>
<b>Risks</b>	<b>14</b>
<b>Core Investment Account Calculator</b>	<b>14</b>
<b>Glossary</b>	<b>14</b>
<b>Contact Details</b>	<b>15</b>

### What is Core Investment Account?

Core Investment Account offers investors a unique opportunity to invest into Absa's passively managed investments (exchange traded funds) via Absa Online in a simple, convenient and cost effective way.

With just a click of a button you can start investing now. Apply via [www.absa.co.za](http://www.absa.co.za) or <http://etfcib.absa.co.za> available for both existing Absa and non-existing Absa clients.

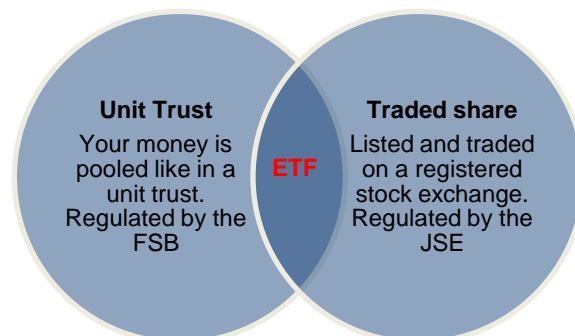
### What is different about Core Investment Account?

- Fee structure: **Low fee** structure as Core Investment Account investments are based on exchange traded funds (ETFs). ETFs are passive investments and their costs are significantly lower than those of actively managed funds
- **Full transparency:** as you know where your money is invested and you are able to view your investment performance anytime by logging on to Absa internet banking
- **Simplicity and convenience** through an easy online application. Apply via [www.absa.co.za](http://www.absa.co.za) or through <http://etfcib.absa.co.za> wherever, whenever

### About Exchange Traded Funds (ETFs)

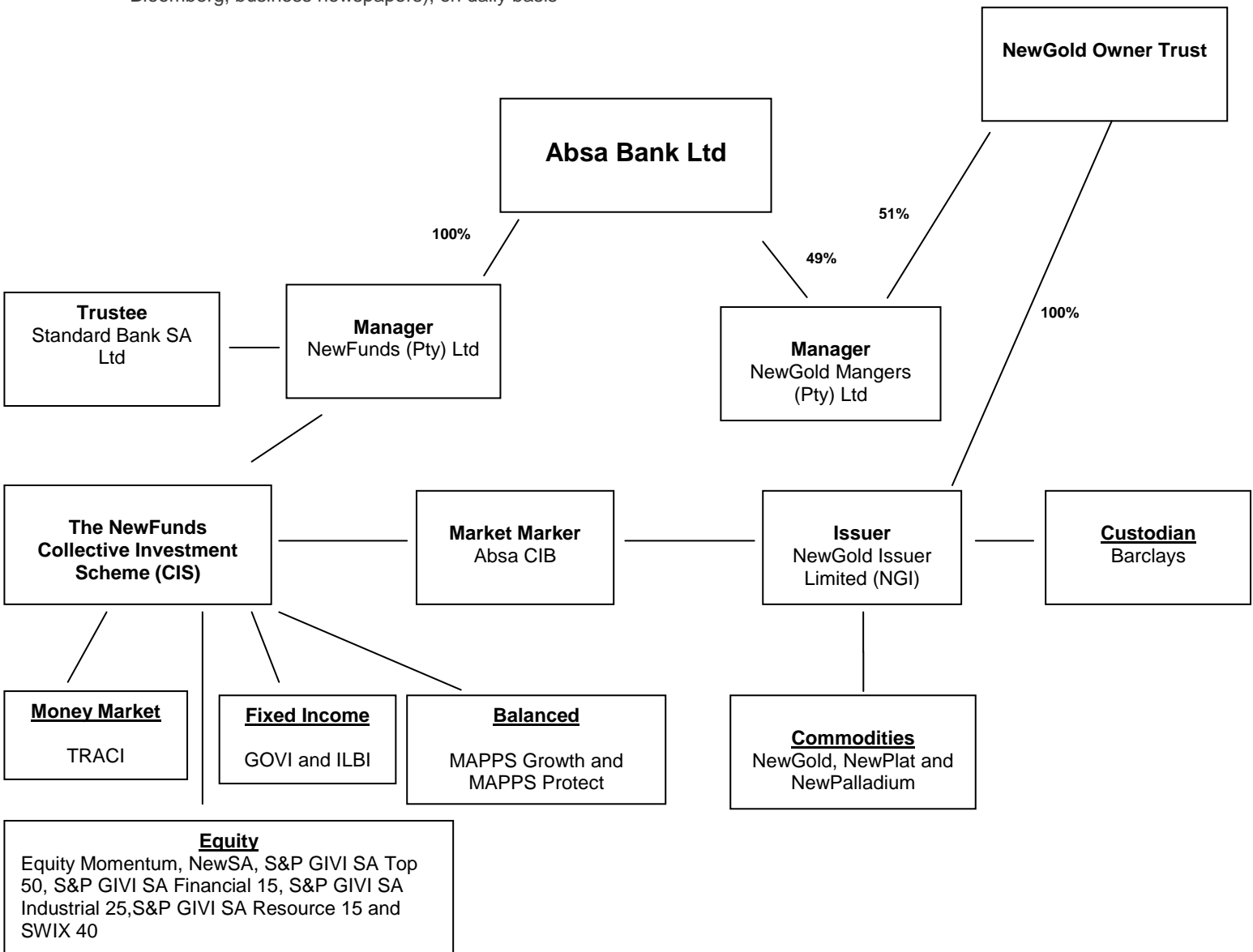
Exchange Traded Funds (ETFs) are open-ended investment vehicles tracking performance of market indices or a single asset class or other portfolios of assets that are listed and traded on stock exchanges like stocks. ETFs are fully backed by a physical

holding of underlying assets (thus not carrying any credit risk on the originator) and all the returns generated by those assets (interest, dividends – as the case might be, as well as the capital growth) are passed, after fees, to the investors.



## Benefits of ETFs

- Cost effective: ETFs employ passive investment methodology (i.e. index tracking – FTSE/JSE Top 40 Index), they are generally more **cost effective** than the comparable active funds
- Convenient: a single security can provide a **diversified** exposure to the whole market or market segment
- No credit risk: since ETFs are **physically backed** they do not carry credit risk of the issuer
- Transparent: the underlying investments (i.e. shares) and index methodology are **fully disclosed**. The price of an ETF is available and easily accessible from any market platform (such as the JSE, Bloomberg, business newspapers), on daily basis
- Fast and efficient: ETFs give investors real-time access to the markets and **trade like shares**
- Regulated: Most ETFs are structured as Collective Investment Scheme (CIS) portfolios and are **fully regulated by the Financial Services Board (FSB)** and the Collective Investment Schemes Control Act (CISCA), 2002. In addition, as JSE listed securities, they are **regulated by JSE's ETFs** rules
- **Liquidity**: ETFs are easy to buy and sell, all NewFunds and NewGold ETFs make use of Absa CIB market makers to ensure that liquidity is always maintained



## Absa's ETFs offering

ETF Name		Underlying index / asset	Listed	Issuer	JSE Code	NAV	TER	Index Type
Commodities	NewGold ETF	Gold bullion	SA: 02 November 2004, Botswana: 13 July 2010, Nigeria: 19 December 2011 Ghana: 22 August 2012, Mauritius: 26 July 2013, Namibia: 19 September 2014	NewGold Issuer Ltd	GLD	R 12,522,731,143	0.40%	N/A
	NewPlat ETF	Platinum bullion	SA: 26 April 2013, Mauritius: 28 February 2014, Botswana: 29 August 2014, Namibia: 19 September 2014	NewGold Issuer Ltd	PLT	R 14,658,889,667	0.40%	N/A
	NewPalladium ETF	Palladium bullion	SA: 27 March 2014, Namibia: 19 September 2014	NewGold Issuer Ltd	PLD	R 4,332,010,394	0.40%	N/A
Equity	S&P GIVI SA Top 50 ETF	S&P GIVI SA Top 50 Index	SA: 23 June 2008, Mauritius: 6 October 2014	NewFunds CIS	GIVISA	R 91,986,702	0.10%	Price
	S&P GIVI SA Financial 15 ETF	S&P GIVI SA Financials Index	15 June 2009	NewFunds CIS	GIVFIN	R 27,936,360	0.10%	Price
	S&P GIVI SA Industrial 25 ETF	S&P GIVI SA Industrials Index	15 June 2009	NewFunds CIS	GIVIND	R 24,396,615	0.11%	Price
	S&P GIVI SA Resource 15 ETF	S&P GIVI SA Resources Index	15 June 2009	NewFunds CIS	GIVRES	R 6,762,772	0.14%	Price
	NewSA ETF	NewSA Index	01 December 2008	NewFunds CIS	NEWFSA	R 40,094,031	0.61%	Price
	Equity Momentum ETF	Equity Momentum Index	26 January 2012	NewFunds CIS	NFEMOM	R 27,506,301	0.36%	Total Return
	SWIX 40 ETF	FTSE/JSE SWIX 40 Index	26 January 2012	NewFunds CIS	NFSWIX	R 15,516,571	0.33%	Total Return
Fixed Income	ILBI ETF	ILBI Index	26 January 2012	NewFunds CIS	NFILBI	R 66,938,883	0.29%	Total Return
	GOVI ETF	GOVI Index	26 January 2012	NewFunds CIS	NFGOVI	R 325,675,160	0.23%	Total Return
Cash	TRACI 3M ETF	TRACI 3M Index	26 January 2012	NewFunds CIS	NFTRCI	R 93,932,523	0.20%	Total Return
Multi-Asset	MAPPS™ Protect ETF	SWIX (40%), GOVI (15%), ILBI (35%), Cash (10%)	25 May 2011	NewFunds CIS	MAPPSP	R 35,923,917	0.34%	Total Return
	MAPPS™ Growth ETF	SWIX (75%), GOVI (10%), ILBI (10%), Cash (5%)	25 May 2011	NewFunds CIS	MAPPSPG	R 34,276,072	0.33%	Total Return

\*Source: Absa CIB, - ETF issuer website, Bloomberg. Asset data as of 30 June 2015



# Absa ETFs Product Range

## 1. Commodities: Did you know that investing in platinum and/or palladium is as good as gold?

### NewGold ETF

Listed in November 2004, NewGold is the first product in SA through which institutional and retail investors can securely invest directly in gold bullion, with the added benefit of minimal administrative fees. NewGold ETF continuously tracks the **gold spot price** and enables investors to invest in a listed instrument (structured as a debenture) which is physically backed by the underlying asset (gold) and each security is equivalent to approximately 1/100<sup>th</sup> ounces of real gold held in a secured stockpile of gold bullion.

### NewPlat ETF

Listed in April 2013 renowned as the world's largest platinum ETF, NewPlat ETF offers institutional and retail investors an opportunity to invest in platinum bullion, with the added benefit of minimal administrative fees. NewPlat ETF continuously tracks the **platinum spot price** and enables investors to invest in a listed instrument (structured as a debenture) which is physically backed by the underlying asset (platinum) and each security is equivalent to approximately 1/100<sup>th</sup> ounces of real platinum held in a secured stockpile of platinum bullion.

### NewPalladium ETF

Listed in March 2014 NewPalladium ETF offers institutional and retail investors an opportunity to invest in palladium bullion with the added benefit of minimal administrative fees. NewPalladium ETF continuously tracks the **palladium spot price** and enables investors to invest in a listed instrument (structured as a debenture) which is physically backed by the underlying asset (palladium) and each security is equivalent to approximately 1/100<sup>th</sup> ounces of real palladium held in a secured stockpile of palladium bullion.

---

NewGold, NewPlat and NewPalladium ETFs have been certified as Shari'ah compliant by Absa Bank's Shari'ah board; hence they conform with Islamic principles of ethical investing.





All our equity, money market and fixed income ETFs are issued by the NewFunds CIS, managed by NewFunds (Pty) with Absa Bank Limited (through Absa Corporate and Investment Banking division) as the product originator and are listed on the JSE (Johannesburg Stock Exchange)

2. Equity: Why would you want to put all your eggs in one basket if you could own as many as 50 shares with just one unit of an ETF?

## NewFunds NewSA ETF

NewFunds NewSA ETF is the first investment product in South Africa that enables investors to recognise and invest in **transformation** and **B-BBEE in South African companies**. NewSA ETF replicates the price performance of the NewSA Index (the Index is independently calculated by the FTSE and the JSE and updated daily); a modified Top 40 index that weights the top 40 JSE listed companies in accordance with their empowerment ratings (as measured by Empowerdex, an independent empowerment rating agency). These ratings are calculated according to the Department of Trade and Industry's (DTI's) Code of Good Practice on B-BBEE, which take into account the seven pillars of transformation: ownership, management, employment equity, skill development, preferential procurement, enterprise development, and socioeconomic development. Investing in NewSA ETF is not only socially responsible, it is an intelligent investment option as highly empowered companies are expected to perform better, particularly at a time when the South African government is driving large scale infrastructural development.

- NewSA ETF minimises risk through the diversity of its forty blue-chip shares; is liquid, has no restrictions on entry and exit, cost effective and transparent. This product is also designed towards upgrading their B-BBEE credentials
- Suitable for investors who are looking to make a socially responsible investment that recognises transformation and gain exposure of the JSE Top 40 Broad-Based Black Economic Empowerment (B-BBEE) compliant companies at lower costs.

## NewFunds Equity Momentum ETF

NewFunds Equity Momentum ETF aims to capture returns from the short-term **price momentum** observed in the South African equity market, it replicates the performance of the Barclays/Absa South Africa Equity Momentum Index, a total return index, comprising South African equity market shares ranked by their relative price momentum over the assessment period where stocks with higher relative price momentum are given higher weightings. The initial universe is always filtered based on total market capitalisation and liquidity (measured by three months average value traded). Both filters are inflation adjusted on an annual basis to ensure better tradability. The remaining stocks are filtered based on relative momentum and any stock with negative value is excluded before the ranking takes place. Stocks are ranked in descending order based on relative momentum.

## NewFunds SWIX 40 ETF

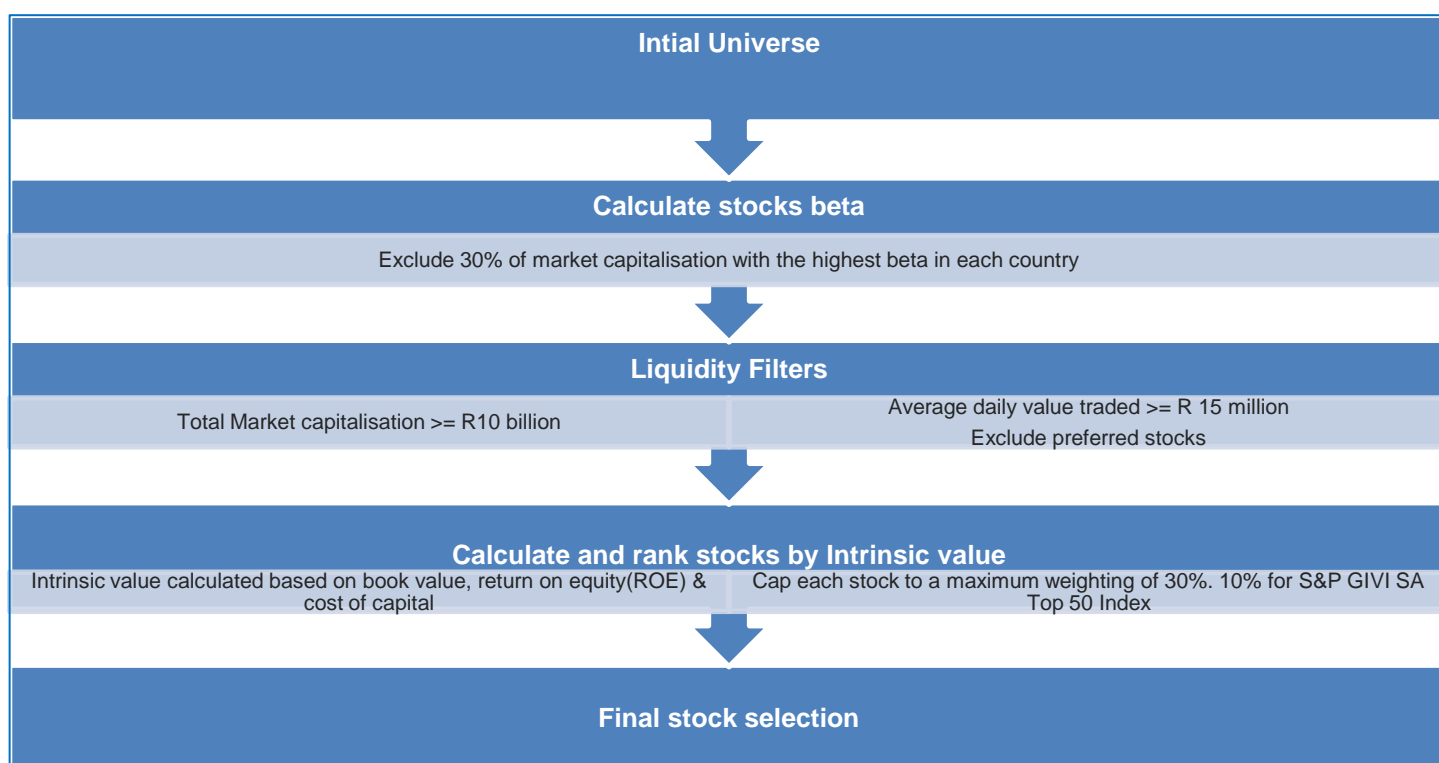
NewFunds SWIX 40 ETF is designed to replicate the performance of the FTSE/JSE SWIX 40 Total Return Index. The SWIX 40 Index is a shareholder weighted FTSE/JSE Africa Top 40 Index which makes use of the share register of the top 40 companies to **reduce the constituent weights for foreign shareholders** in these stocks. In addition, the SWIX 40 Index is adjusted for crossholdings and strategic holdings. The impact is to reduce the weightings of mainly resource and dual listed stocks in the Top 40 Index.

## S&P Global Intrinsic Value Indices (GIVI) South Africa ETFs Family

The multi-factor strategy which combines low volatility and intrinsic value

The S&P GIVI South Africa Indices are designed to reflect an alternative beta strategy for the South African market. The Indices combines both **low volatility** and **intrinsic value** factors in stock selection. The Indices are calculated and published by the S&P. S&P is among the world's largest and

most influential index providers based on: visibility across global audiences, ETF listing and assets, derivatives contracts based on a variety and other key measures of liquidity and adoption.



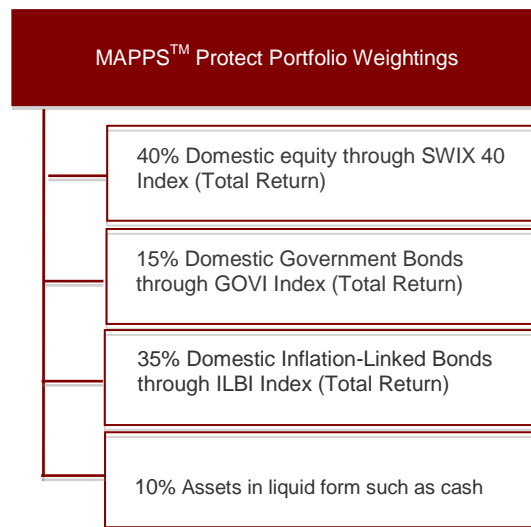
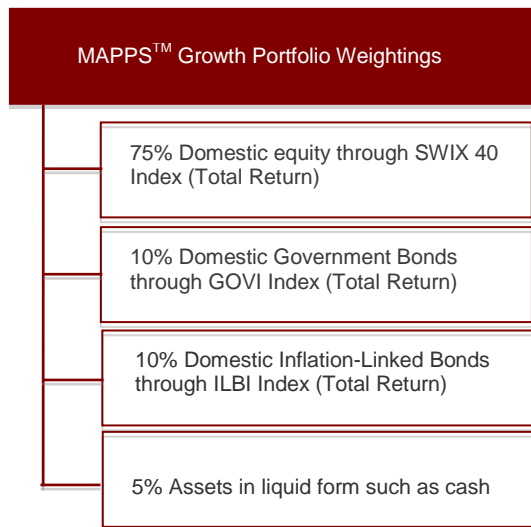
ETF	Index	Initial universe	Final stocks
NewFunds S&P GIVI SA Top 50	S&P GIVI SA Top 50 Index	S&P GIVI SA Composite	50 largest stocks by intrinsic value
NewFunds S&P GIVI SA Financial 15	S&P GIVI SA Financials Index	S&P GIVI SA Composite	15 largest stocks by intrinsic value, having a GICS sector classification of financial
NewFunds S&P GIVI SA Industrial 25	S&P GIVI SA Industrials Index	S&P GIVI SA Composite	25 largest stocks by intrinsic value, having a GICS sector classification of industrials, consumer discretionary, consumer staples, health care, information technology or telecommunication
NewFunds S&P GIVI SA Resource 15	S&P GIVI SA Resources Index	S&P GIVI SA Composite	15 largest stocks by intrinsic value, having a GICS sector classification of energy or materials

### 3. Balanced Portfolios: Why put all your eggs in one basket if you can diversify?

#### The MAPPS™ Innovation:



- MAPPS™ ETF incorporate exposure to **equity, nominal bonds, inflation linked bonds and cash**
- Each underlying component tracks the performance of an underlying industry benchmark Index (e.g. SWIX 40, GOVI, ILBI)
- MAPPS™ Growth: aimed at investors with a **long time horizon** (e.g. younger investors) who can endure variability of returns in exchange for the prospect of long-term real investment returns
- MAPPS™ Protect: aimed at investors with a **shorter time horizon** (e.g. closer to retirement) and a lower tolerance for return variability
- Both strategies aim to generate capital growth and mitigate risk by offering portfolio diversification



#### 4. Fixed Income: Own as many as 10 bonds with one unit of ETF

##### NewFunds GOVI ETF

The GOVI ETF replicates the total return performance of the GOVI Index, an Index which comprises bonds issued by the SA government, including only those issues in which the Department of Finance obliges the Primary Dealers to make a market. The GOVI Index contains the **top 10 nominal government bonds** in the All Bonds Index (ALBI).

The constituents of the ALBI Index are re-selected once a quarter based on:

- The average market capitalisation and liquidity
- Bonds with remaining life greater than one year

##### NewFunds ILBI ETF

The ILBI ETF provides investors with a convenient and cost - efficient way to get exposure to performance of de facto SA Government inflation bond benchmark index - the Barclays/Absa South African Government Inflation-linked Bond Index (the ILBI Index). The Index whose constituent securities are comprised of bonds issued by the **South African Government which are linked to the South Africa Consumer Price Index (CPI)**, and constituting the ILBI Index.



## 5. Money Market: Do you prefer more stable returns?

### NewFunds TRACI 3 Month ETF

NewFunds TRACI 3 Month ETF tracks the total return performance of the Barclays/Absa ZAR Tradable 3 Month Cash Index (TRACI three month); an Index which is fully investable and constructed to track the overnight three month South African **money market deposit rates** (Negotiable Certificate of Deposit).

NewFunds TRACI 3 Month ETF has been established with

the intention of allowing an investor to obtain market exposure to the Index constituents held in the portfolio, in an easily tradable form and to replicate as far as possible the price and yield performance of the Index constituents. The TRACI index measures the mark-to-market value of the income earned from rolling a three-month money market deposit on a monthly basis.

# Fees/How to Invest

## Minimum Investment Amount

Recurring investment (debit order)	: R 500
Lump sum investment	: R 10 000
Additional lump sum investment	: R 5 000

## Fees+

Fund Management (TER)	: 0.10% - 0.61%
Platform	: 0.228% (Incl. VAT)
Annual Processing Fee	: R228 (Incl. VAT) deducted pro rata from the investment on a quarterly basis

+Above mentioned fees exclude stockbrokerage fees or any other JSE transactions costs due to ETFs being listed instruments.

Apply online: [www.absa.co.za](http://www.absa.co.za) or <http://etfcib.absa.co.za>

---

## Risks

### Market Risk

The value of ETF securities will rise and fall according to market changes. As with most investment vehicles, the investor's capital is not protected in an ETF

### Tracking Error

The aim of an ETF is to track a stated index, but there may be times when slippage from the index is inevitable. This slippage is known as the "tracking error" and can be caused by a number of different factors such as cash within the ETF and management fees charged to run the ETF. However, tracking error is usually small and detracts very little from the overall return.

### Tax

Any amounts reinvested by the ETF are deemed to be distributed for tax purposes. The amounts in respect of dividends distributed may be subject to Dividends Tax depending on the investor's tax status. Amounts distributed in respect of interest may be subject to interest withholding tax depending on the nature of the underlying investment. There are a number of exemptions, including interest paid on Government Bonds, interest paid by Banks, interest paid on listed debt instruments, etc. An IT3 (b) certificate for interest and dividends distributed will be issued to you for all such distributions in respect of the relevant tax year. Investors should obtain their own tax advice.

---

## Core Investment Account Calculator

The Core Investment Account comes with a calculator as a complementary tool, available online: [www.absa.co.za](http://www.absa.co.za) or <http://etfcib.absa.co.za>. The Calculator does not constitute investment advice or a recommendation to invest in the Investment Account and is used simply for illustration purposes. To learn more about the calculator please visit [www.absa.co.za](http://www.absa.co.za) or <http://etfcib.absa.co.za>.

### Learn more

Visit our website: <http://etfcib.absa.co.za>

## Glossary

**NAV (Net Asset Value):** Is the ETF's assets plus cash less liabilities.

**Total Return Index:** All distributions such as dividends, coupons or interest are re-invested back into the index so as to increase net asset value of the portfolio and consequently increase the value of each unit.

**Price Index:** Pays out the dividends/distributions to investors on quarterly basis if dividends are declared.

**TER (Total Expense Ratio):** TER is a measure of the fund's assets that have been sacrificed as a payment for services rendered in the management of the fund, expressed as a percentage of the daily average value of the fund and calculated over a 12 months rolling period and the TER varies on quarterly or monthly basis.

---

## Contact Details

### Product Administrator

For documents and general queries

Address: Absa Investment Management Services  
4<sup>th</sup> Floor, Absa Towers North  
180 Commissioner Street  
Johannesburg  
2000

or

P O Box 974  
Johannesburg  
2000

e-mail: [aimsc@absa.co.za](mailto:aimsc@absa.co.za)  
[aimsenquiries@absa.co.za](mailto:aimsenquiries@absa.co.za) (for general queries)

Fax number: 0861 339 265

Call centre number: 0860 122 122 or 0860 000 005

### Product owner

For product specific

Address: Absa CIB  
15 Alice Lane  
Sandton  
2196

email address: [etf@absacapital.com](mailto:etf@absacapital.com)  
Website address: <http://etfcib.absa.co.za>

## FAIS Act Notice and Disclaimer

Absa Bank Limited, registration number 1986/004794/06 (ABSA) is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS). This product is supplied by Absa Bank Limited and administered by Absa Investment Management Services (Pty) Ltd (collectively referred to as Absa). The information contained herein is not advice as defined and contemplated in the FAIS Act. No information contained herein is to be used or construed by you as an offer to sell and/or a solicitation of an offer to buy securities and/or any other financial product ('products') of any nature. The information contained herein including all research, opinions or other content is not intended to and does not constitute financial, accounting, tax, legal, investment or other professional advice. Absa does not act in any way as a financial advisor and does not hold itself out to be such. Investors are encouraged to obtain independent professional investment advice before investing in any of Absa's products. Please note that merits of any investment should be carefully considered together with the investor's specific risk profile and investment objectives. Prior to investing or transacting, you should fully understand the products and any risks and issues related to or associated with them. The products may involve a high degree of risk including, but not limited to, the risk of low or no investment returns, capital loss, adverse or unanticipated financial market fluctuations, inflation and currency exchange. The value of the underlying solution may go down as well as up and past performance is not generally a guide to the future. The information, views and opinions expressed herein are based on third party sources believed by Absa to be reliable and are therefore expressed in good faith. Illustrations are not guaranteed but are for illustrative purposes only. All views and estimates are given as of the date hereof and may change without notice. Absa may not request or induce in any manner a client to waive any right or benefit conferred on the client by or in terms of any provision of the FAIS General Code of Conduct, or recognise, accept or act on any such waiver by the client. Neither Absa, its affiliates, holding company, subsidiaries or directors, shareholders, agents, consultants or employees shall be liable for any damages or losses suffered by you resulting from your use of this document or the information contained therein, including without limitation any indirect, special or consequential losses whether arising out of contract, delict or equity. Absa expressly disclaims any liability for any damage or loss as a result of errors or omissions. This document is for information purposes only and may be amended without notice. Absa holds adequate professional indemnity and fidelity insurance cover to meet its contractual obligations. The Conflict of Interest Management Policy and the Complaints Resolution Policy and Procedure may be accessed on [www.absa.co.za](http://www.absa.co.za) or may be requested from the Compliance Department.

### Product Supplier

Absa Bank Limited Registration Number 1986/004794/06 Authorised Financial Services Provider with FSP number 292 and Registered Credit Provider Reg No NCRCP7. Registered address 7th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001, Postal address 15 Alice Lane, Sandton, Box 7735, Johannesburg, 2023, Internet address <http://etfcib.absa.co.za>

### Administrator

Absa Investment Management Services (Pty) Ltd (AIMS) Registration Number 1980/002425/07, Authorised Financial Services Provider with FSP number 524, approved benefit administrator in terms of section 13B of the Pension Funds Act with registration number 24/246, Registered address, 4<sup>th</sup> Floor, Absa Towers North, 180 Commissioner Street, Johannesburg, 2000, Postal address, PO Box 974, Johannesburg, 2000. Telephone number 0860 000 005, Fax number 0861 339 265, Internet address <https://www.absainvestments.co.za>