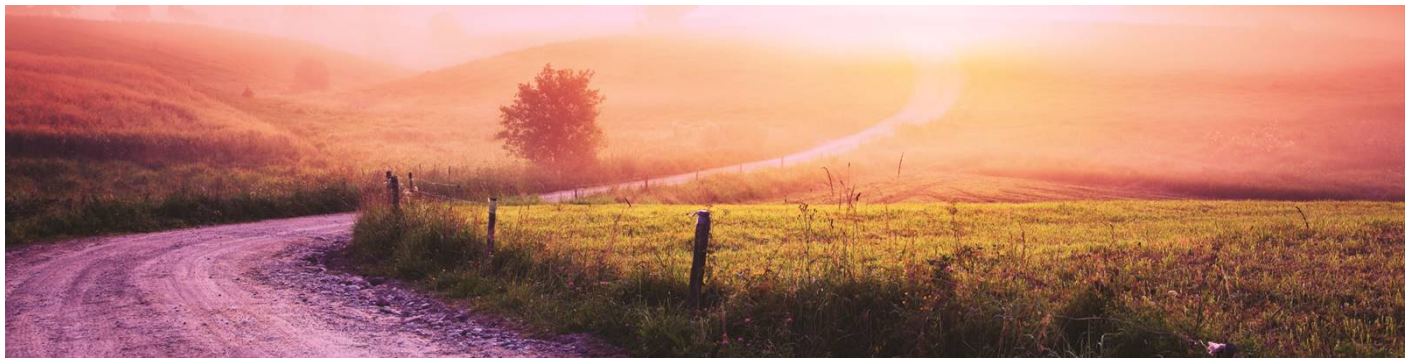


# Absa Retirement Annuity Fund: Core Portfolio



Minimum Disclosure Document - 31 December 2019



## Fund objectives

The Absa Retirement Annuity Core Portfolio (the "Core Retirement Annuity") is a uniquely designed low cost retirement annuity ("RA") solution, based on so-called life stage investment philosophy. Life stage investing is based on the observation that investor's risk appetite generally declines as they near their retirement date. In the Core Retirement Annuity, your exposure to risky assets is automatically reduced as you near retirement.

The Core Retirement Annuity provides diversified exposure to various asset classes (domestic and international equity, property, fixed income and cash), subject to overall limits imposed by Regulation 28 of the Pension Funds Act. The portfolio is composed of Exchange Traded Funds (passive building blocks) to ensure low investment costs, ease of access, diversification, liquidity and transparency. The portfolio is rebalanced every six months, January and July each year.

## Performance

Please refer to your latest client statement for your individual performance. The below table is a performance summary per years to retirement category based on a theoretical record.

Period	Years to Retirement							
	35+	30-35	25-30	20-25	15-20	10-15	5-10	0-5
3 Months	2.1%	2.1%	2.1%	2.1%	2.0%	1.9%	1.6%	1.7%
6 Months	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	-0.8%	-0.7%	0.9%
1 Year (Ann.)	9.2%	9.2%	9.2%	9.2%	8.8%	8.6%	7.0%	7.7%
3 Year (Ann.)	5.1%	5.1%	5.1%	5.1%	3.8%	5.3%	4.0%	5.5%
5 Year (Ann.)	4.5%	4.5%	4.5%	4.5%	2.9%	4.0%	3.7%	4.9%

Source: Absa CIB. Close prices as at 31 December 2019.

Annualised return is the weighted average compound growth rate over the period measured. Performance is calculated using the close prices of the ETFs 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.

## Fund holdings and consolidated total expenses ratios effective 31 December 2019

ETF Name	Asset Class	Years to Retirement							
		35+	30-35	25-30	20-25	15-20	10-15	5-10	0-5
NewFunds S&P GIVI Top 50 ETF	Domestic Equity	21.3%	21.3%	21.3%	21.3%	19.8%	18.4%	14.2%	9.9%
NewFunds Equity Momentum ETF	Domestic Equity	21.3%	21.3%	21.3%	21.3%	19.8%	18.4%	14.2%	9.9%
NewFunds Low Volatility ETF	Domestic Equity	21.3%	21.3%	21.3%	21.3%	19.8%	18.4%	14.2%	9.9%
Sygnia Itrix MSCI World Index ETF	International Equity	11.3%	11.3%	11.3%	11.3%	10.5%	9.8%	7.5%	5.3%
Invest SA Property ETF	Property	1.9%	1.9%	1.9%	1.9%	2.0%	2.3%	2.0%	2.1%
NewFunds GOVI ETF	Fixed Income	11.5%	11.5%	11.5%	11.5%	14.0%	16.4%	22.0%	16.1%
NewFunds ILBI ETF	Fixed Income	6.2%	6.2%	6.2%	6.2%	10.0%	12.3%	17.0%	19.2%
NewFunds TRACI ETF	Cash	5.4%	5.4%	5.4%	5.4%	4.0%	4.1%	9.1%	27.6%
Annual Administration Fee		0.228%	0.228%	0.228%	0.228%	0.228%	0.228%	0.228%	0.228%
Consolidated TER of Underlying Funds		0.44%	0.44%	0.44%	0.44%	0.43%	0.43%	0.40%	0.38%
Consolidated Total Expense Ratio*		0.67%	0.67%	0.67%	0.67%	0.66%	0.65%	0.63%	0.61%

Source: Absa CIB, 31 December 2019.

Please note: Due to the price of each underlying ETFs making up the asset allocation being priced as full units, smaller investments may not achieve the targeted asset allocation in the first few months of the investment. The remaining cash will be placed in the cash account until it is sufficient to purchase additional full units.

## Fund details

Product Supplier	Absa Bank Limited
Asset Administrator	Absa Investment Management Services (Pty) Ltd
Inception Date	13 March 2014
Portfolio Information	etfcib.absa.co.za

## Fees and total expense ratios

Annual Administration Fee	0.228%
Consolidated TER of Underlying Funds	0.38% - 0.44%
Consolidated Total Expense Ratio*	0.61% - 0.67%

The annual administration fee is calculated on the market value of the units held in the fund. Any financial advisor initial and annual review fees are negotiable between you and your financial advisor, if applicable.

## Fund features

**Simplicity and convenience:** Your portfolio is automatically adjusted biannually so that your risk reduces as you approach retirement.

**Easy to transact and manage:** Simple online application process, investment tools, statements on demand, and recommended annual investment reviews.

**Life stage model:** Automatic investment risk adjustment based on time to retirement.

**Low investment costs:** Portfolio building blocks comprise low-cost passive Exchange Traded Funds listed on the JSE.

**Full transparency** as per the factsheet of each instrument.

**Tax benefits:** Your contributions to all retirement funds (combined) are tax deductible up to a max of 27.5% of your total taxable income. At retirement a significant portion of the cash lump sum may be tax-free.

This product aims to offer you a low cost retirement annuity and the fees are well below the industry average.

## Glossary of terms

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

**Asset Allocation** - The decision to allocate asset class weights based on the specific life stage risk model.

**\*Consolidated Total Expense Ratio** - It is a measure of the weighted average total expense ratios of each of the ETF's that make up each retirement category plus the platform administration fee. These TER's are the last available quoted TER's sourced from the respective ETF Issuers website. TER's exclude brokerage and transactional costs. Investors are advised to refer to the latest minimum disclosure documents for each of the respective ETF's included in the relevant retirement fund category.

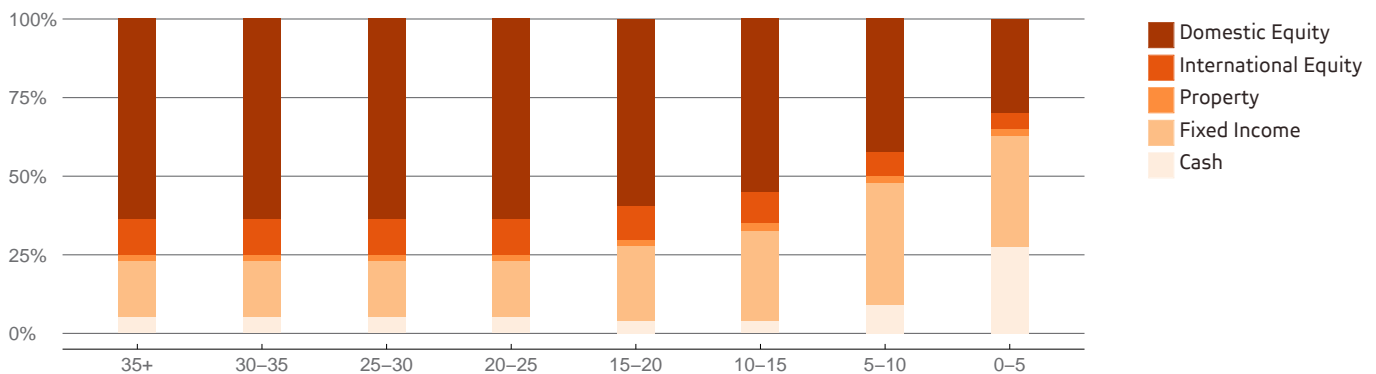
**Distribution** - Accrued income and dividends less portfolio expenses, which is distributed to investors.

**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.

**Passive Investment Strategies** - A buy-and-hold approach to investing in which an investor does not make portfolio changes based upon short-term expectations of changing market or security performance.

**Portfolio Rebalancing** - Rebalancing is the asset manager buys and/or sells constituents within specific asset classes according to the Life Stage model.

## Asset allocation



Source: Absa CIB, 31 December 2019

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### Product Supplier

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### Administrator

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