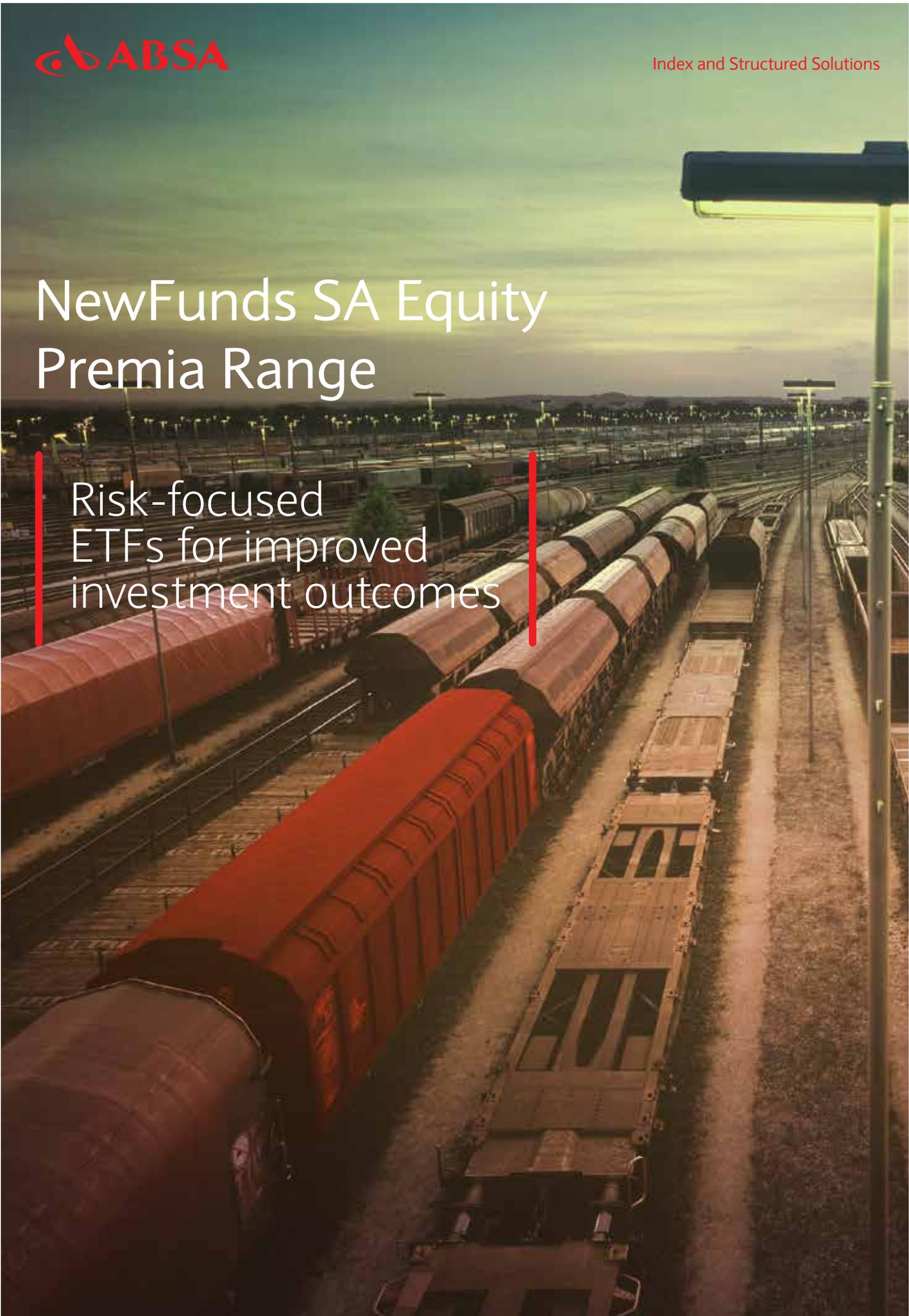


NewFunds SA Equity Premia Range

Risk-focused
ETFs for improved
investment outcomes





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Introduction

The NewFunds ETF Range

Exchange Traded Funds (ETFs) are listed index tracking funds that replicate the performance of a specific index, sector or commodity. They are a low-cost, convenient and efficient way to invest. Absa provides individual and institutional investors with a wide range of innovative and market-leading exchange traded funds and other listed index-linked products.

Absa Corporate and Investment Banking is a leading South African investment bank that, along with its global partners, continues to play a leading and often pioneering role in the South African ETF market through the wholly owned subsidiary, NewFunds (RF)(Pty) Ltd. NewFunds has consistently innovated in the ETF market in South Africa, and counts among its firsts the first gold- and platinum-backed ETFs, first ETF based on fundamental indexation principles, first Shari'ah-compliant ETF, first and only Multi-asset ETFs and first risk-controlled ETFs.

Today, NewFunds offers a wide range of ETF solutions for investors to choose from – based on their specific objectives and risk appetite.

The range at a glance

Beta range	Thematic beta range	S&P GIVI range	Equity Premia Range	Risk-controlled range	Commodities range	Multi-asset range
Low-cost, market cap-weighted, diversified asset class investing	Tracks indices that are constructed based on a specific theme	Tracks the S&P Global Intrinsic Value Indices, which have a dual equity risk premia allocation methodology	Accesses equity risk premia that reward investors with above-market returns over the long term	Limits possible losses via risk-controlled mechanism across three risk profiles and offshore	Precious metals investing	Fixed allocation Multi-asset or Balanced ETF solutions
<ul style="list-style-type: none"> • TRACI • ILBI • GOVI • SWIX 40 	<ul style="list-style-type: none"> • NewSA (BBB-EE theme) • Shari'ah 	<ul style="list-style-type: none"> • CIVI 50 • CIVI Financial • CIVI Industrial • CIVI Resources 	<ul style="list-style-type: none"> • Value • Low volatility • Momentum 	<ul style="list-style-type: none"> • Defensive • Moderate • High growth • Offshore (US) 	<ul style="list-style-type: none"> • NewGold • NewPlatinum • NewPalladium 	<ul style="list-style-type: none"> • MAPPS Growth • MAPPS Protect

Overview: NewFunds SA Equity Premia Range

Careful indexing criteria that deliver better diversification

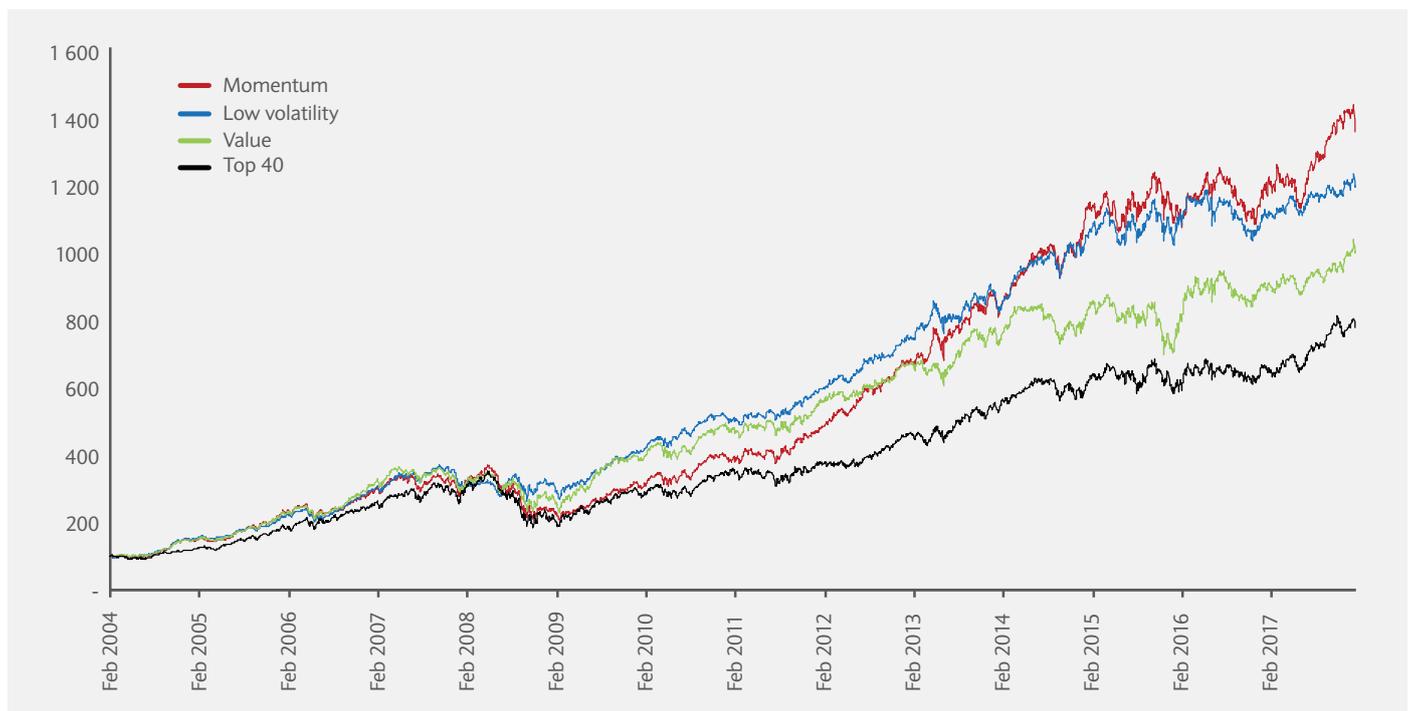
ETFs can track any number of underlying indices and in the early days these were purely passive indices, passive meaning they were designed to represent the general market – in other words they are the benchmarks for that market. In the case of the SA equity market it would be the Top 40 Index, in the US market the S&P 500, and invariably all of these would be market capitalisation-weighted (the largest stocks get the biggest weightings in the index).

More recently there has been an explosion in the construction of indices that attempt to harness a particular style of investing or isolate a particular risk premium in the market. The popularity has grown from the understanding that benchmark indices contain risks that reward investors for assuming that risk (a risk premium) and risks that provide no reward at all, or worse, penalise investors (risk factor).

Risk premia investing is a systematic method of investing in securities that provide higher returns over longer periods. Absa, together with the Department of Finance at Wits University, has identified three risk premia that have shown to persistently outperform the market over the long term: low volatility, momentum and value. While each risk premia outperforms the general equity market over long periods of time, they differ in terms of when in the market cycle this outperformance presents itself. Because they are uncorrelated, adding them into portfolios that are well diversified should provide investors with returns in excess of the market over the long term.

The NewFunds SA Equity Premia Range only considers the 60 most actively traded stocks on the Johannesburg Stock Exchange in order to mitigate liquidity risk. Stocks selected for each of the three premia are finally weighted such that the contribution of risk from each stock to the total risk of the portfolio is the same (equal risk contribution-weighted). This means that stocks that exhibited a wider dispersion of stock price returns (higher risk) over the past year will be allocated a lower weight in the portfolio, and vice versa. This allows for a more stable experience, while still offering outperformance over the market.

Historical performance



Source: Absa (Feb 2018)

Funds in detail

NewFunds Equity Low Volatility ETF

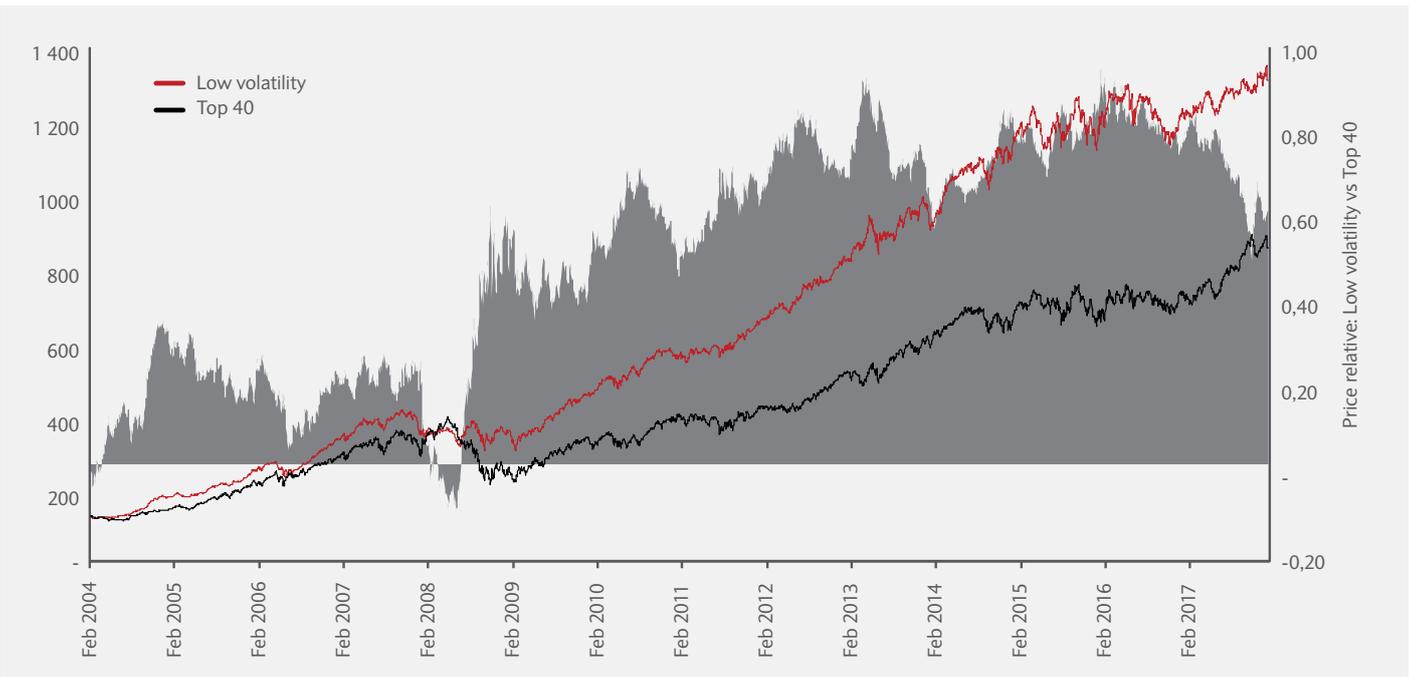
Volatility can be described as a measure of the dispersion of stock price returns, around the average. Past theory suggested that more volatility resulted in higher reward and hence better returns (“the higher the risk, the higher the return”– sound familiar?). However, it was found that low-volatility stocks (stocks exhibiting a more stable experience through time) outperformed high-volatility stocks. This is widely described as the low-volatility anomaly.

Beta is a measure comparing the movements of a stock’s price against the market as a whole. A low beta would indicate that a stock is less likely to respond to extreme market movements. The NewFunds Equity Low Volatility ETF selects 20 stocks that exhibit the lowest volatility as well as a low beta to the market. The stocks are weighted such that the risk contributed by each stock to the overall portfolio is equal at the time of rebalancing.

Characteristics

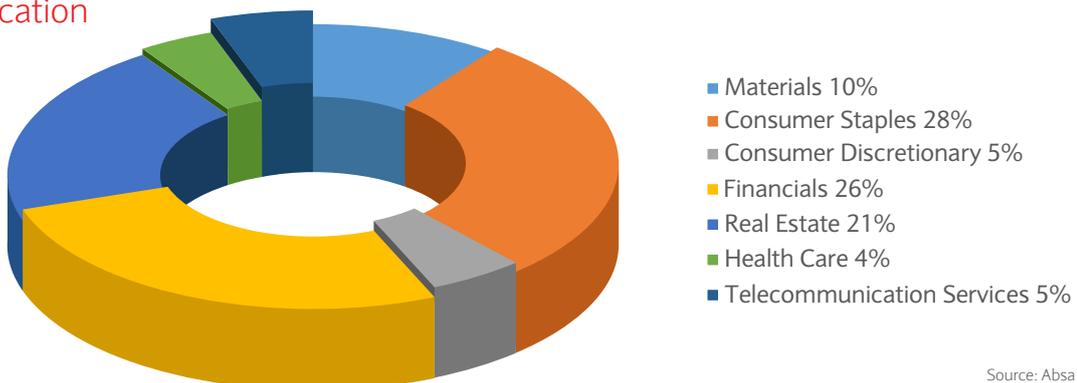
Weighting scheme	Equal risk-contribution weighting
Rebalance	Quarterly: Feb, May, Aug, Nov
Number of constituents	20

Cumulative performance



Source: Absa (Feb 2018)

Sector allocation



Source: Absa (Feb 2018)

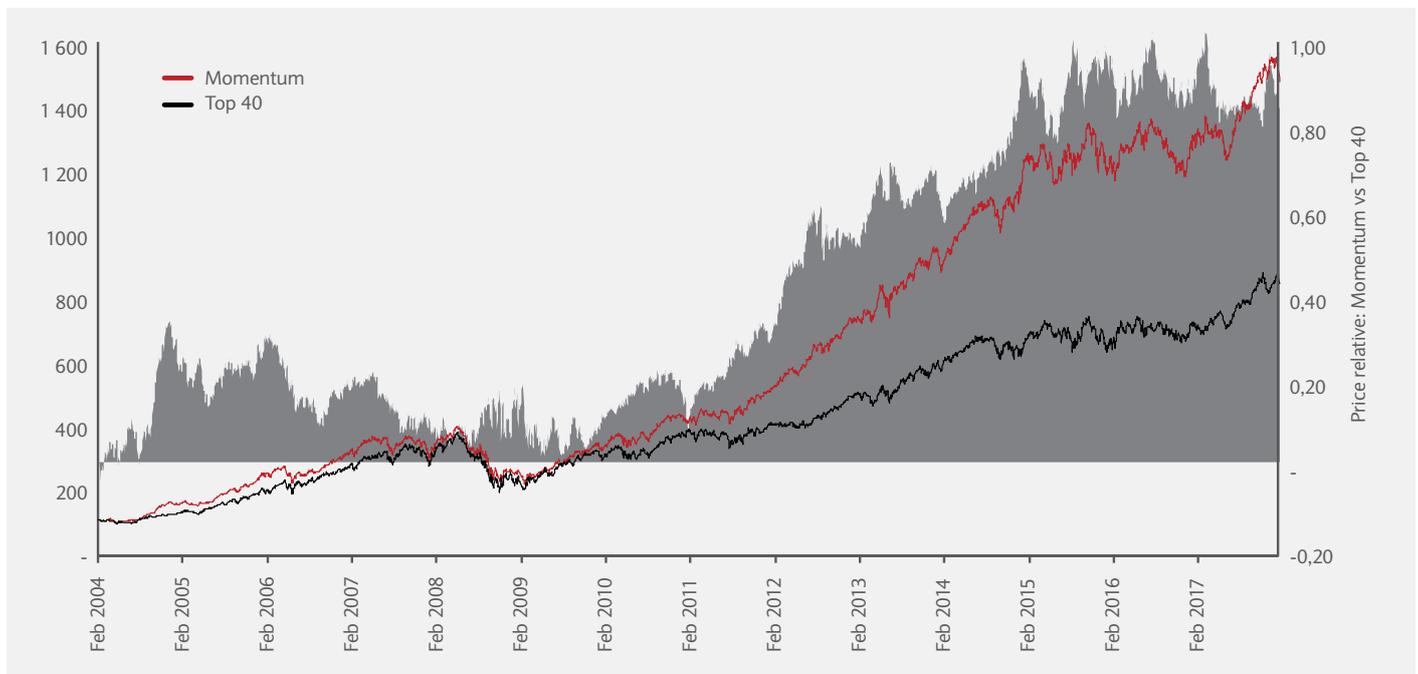
NewFunds Equity Momentum ETF

Momentum can be described as the tendency of a stock to continue exhibiting an upward trend in the near future, given that the stock's price has appreciated over the recent past. The NewFunds Equity Momentum ETF selects 20 stocks that have exhibited the greatest price appreciation over the past 12 months (excluding the most recent month). The stocks are weighted such that the risk contributed by each stock to the overall portfolio is equal at the time of rebalancing.

Characteristics

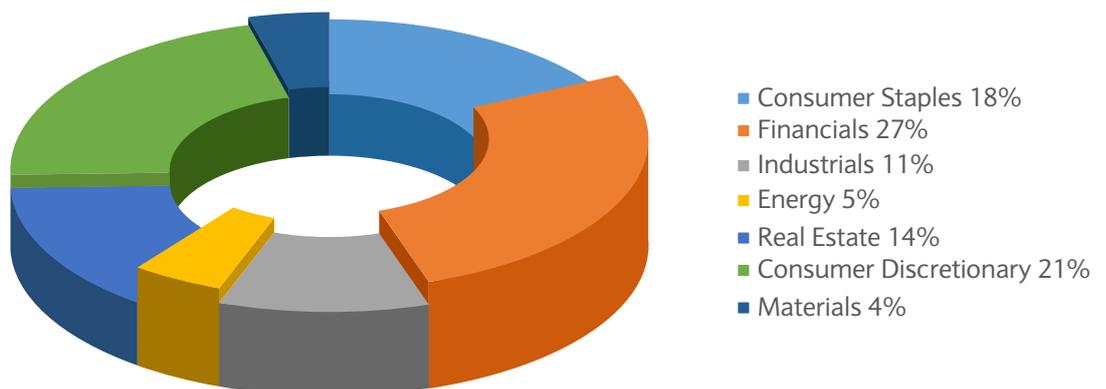
Weighting scheme	Equal risk-contribution weighting
Rebalance	Monthly
Number of constituents	20

Cumulative performance



Source: Absa (Feb 2018)

Sector allocation



Source: Absa (Feb 2018)

NewFunds Equity Value ETF

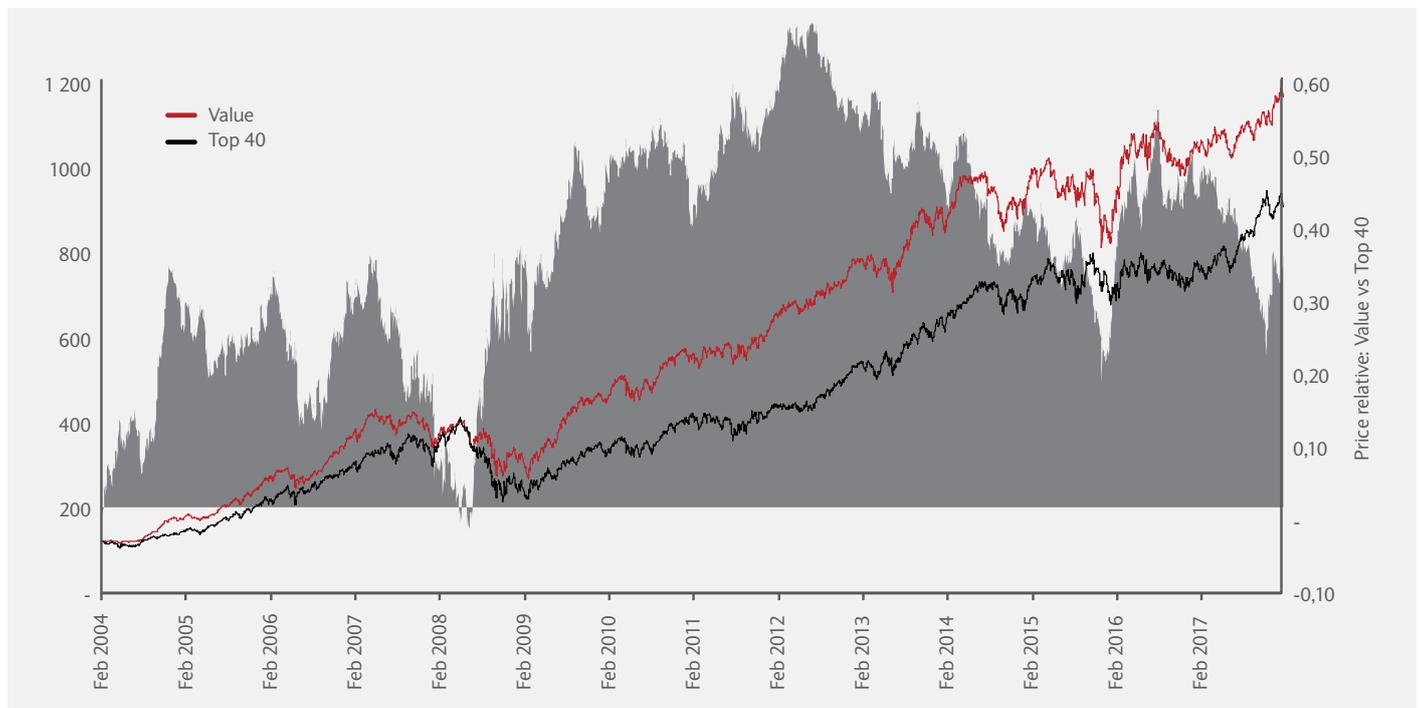
Value investing considers stocks that can be described as 'cheap' or undervalued based on well-defined accounting ratios. Price-to-earnings (P/E), based on income statement attributes, is an indication of what investors are willing to pay per unit of earnings of a company. A low P/E is indicative of an undervalued stock.

Price-to-book (P/B), based on balance sheet attributes, compares the market value of a company to its book value. A low P/B is again indicative of an undervalued stock. The NewFunds Equity Value ETF selects 30 stocks that exhibit the lowest price-to-earnings and price-to-book. The stocks are weighted such that the risk contributed by each stock to the overall portfolio is equal at the time of rebalancing.

Characteristics

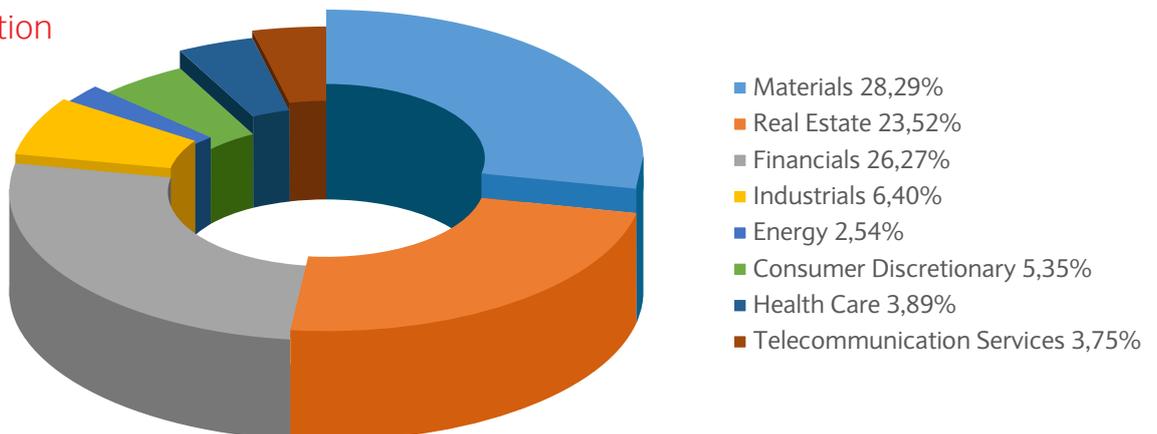
Weighting scheme	Equal risk-contribution weighting
Rebalance	Semi-annual: Feb, Aug
Number of constituents	30

Cumulative performance



Source: Absa (Feb 2018)

Sector allocation



Source: Absa (Feb 2018)

Contact us

For information about investing or more detail on our full range of ETFs and products (including holdings, NAV information and fact sheets) you can use any of the following options:

Directly

Call us directly at 0861 345 223

Email us at etpmanagers@barclays.com

Visit our website at etfcib.absa.co.za

Investing via one of the following routes

1. Absa Stockbrokers and Portfolio Management

An authorised and registered member of the Johannesburg Stock Exchange.

Call: 0860 050 403 or 011 245 4378

Email: equities@absa.co.za

2. Absa Linked Investments administered by AIMS Investment Plan

Call: 0860 000 005

Email: aimsenquiries@absa.co.za

3. Absa Online Banking

Invest online by logging on and then: 1) Click the 'Apply' tab in the top row of your screen, 2) Select 'Exchange Traded Products'.

4. Other routes

Investors can also contact their own stockbrokers or investment platforms, speak their own independent financial adviser or contact us if you would like an Absa financial advisor to contact you.

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