

NewFunds Volatility Managed Moderate Equity ETF

Minimum Disclosure Document - 30 September 2019



Portfolio objectives

The Portfolio will track and replicate the NewFunds/absa Volatility Managed SA Moderate Equity Index, an index which allows an Investor to gain full market exposure to a universe of 25 liquid, JSE-listed equity securities selected on a 50/50 factor specification to momentum and low volatility characteristics demonstrated in their performance. The Portfolio will comprise of both equity securities and cash (assets in liquid form), the proportion of which will be determined by the risk management process (the concurrent target volatility control mechanism and drawdown management process). The target volatility control mechanism aims to increase the proportion allocated to equity securities during periods of low volatility; and in turn increases the proportion allocated to cash during periods of high volatility. Specifically, where volatility rises and exceed the target threshold of 15%, the proportion allocated to cash will be increased. Where such volatility decreases, the proportion allocated to equity securities will be increased. The drawdown management process aims to increase allocation to cash during periods where the drawdown of the equity basket approaches 25% i.e. where there is a 25% fall from the most recent price peak. In all instances the trade threshold is set at 10%.

Performance and statistics

Index levels and equity allocation (right hand axis) chart



Source: Absa CIB. The index did not exist prior to 31 December 2012, as such the results do not represent those of actual trading. Statistical analysis is the result of back-tested simulated performance.

Index table

| Period | ETF | Index | Diff. |
|--------------------|------|-------|-------|
| 3 Months | 0.2% | -0.1% | 0.2% |
| YTD | 4.8% | 6.4% | -1.6% |
| 1 Year (Ann.) | - | - | - |
| 3 Years (Ann.) | - | - | - |
| 5 Years (Ann.) | - | - | - |
| Full Period (Ann.) | 8.1% | 10.9% | -2.8% |

Risk statistics

| Statistic | ETF |
|---------------------|-------|
| Risk (Ann.) | - |
| Max. Drawdown | -6.8% |
| Best Month | 5.3% |
| Worst Month | -2.8% |
| Best Annual Return | - |
| Worst Annual Return | - |

Distributions last 12 months

| Month | Net Distribution |
|------------|------------------|
| July 2019 | 8.51c |
| April 2019 | 3.60c |
| - | - |
| - | - |

Annualised return is the weighted average compound growth rate over the period measured. Performance is calculated using the NAV of the Portfolio 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.

The current dividend yield is 1.27%.

Risk profile

Moderate



Portfolio details

| | |
|---------------------------------------|---|
| Manager | NewFunds (RF) (Pty) Ltd |
| Asset Manager | Absa Alternative Asset Management (Pty) Ltd |
| Asset Administrator and Pricing House | Maitland Fund Services (Pty) Ltd |
| Market Maker | Absa Capital Securities (Pty) Ltd |
| Trustees | Standard Bank (SA) Ltd |
| Benchmark Index | NewFunds/absa Volatility Managed SA Moderate Equity Index |
| Index Calculation Agent | Solactive AG |
| Fund Category | South African - Multi Asset - Flexible |
| Exchange | JSE |
| JSE Code | NFEMOD |
| ISIN | ZAE000254884 |
| Base Currency | ZAR |
| Portfolio Listing Date | 25 February 2019 |
| Net Asset Value | R52 934 355 |
| Securities Issued | 5 564 374 |
| Dividend Frequency | Mar, Jun, Sep & Dec |
| Fund Valuation | 17h00 |
| Rebalance Frequency | At the end of Jan, Apr, Jul & Oct |
| Price Information | etfcib.absa.co.za |

Investor benefits

Diversification: Investors obtain diversified exposure to a basket of SA equity securities.

Liquidity: Absa Capital Securities (Pty) Ltd act as market maker and provide daily liquidity on the ETF.

Transparency: The Portfolio holdings, investment methodology, constituent details and net asset value information is available to investors daily.

Lower cost: ETFs have a lower fee structure.

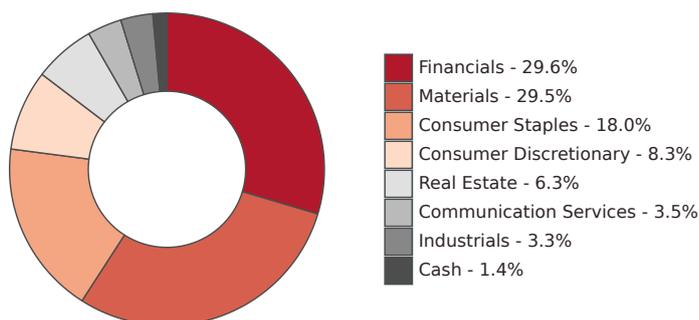
Investor protection: ETFs are fully backed by the underlying securities.

Traded like a share: ETFs are Unit Trust Portfolios which trade on the JSE like shares.

Regulation: NewFunds ETFs are registered as Collective Investment Schemes and regulated by the Financial Services Board.

Exposure

Portfolio asset allocation



Top 10 Equity holdings

| Name | Sector | Weight |
|---------------------------|------------------------|--------------|
| Anheuser-Busch Inbev Sa/n | Consumer Staples | 9.4% |
| Anglogold Ashanti | Materials | 7.1% |
| Growthpoint Props Ltd | Real Estate | 6.3% |
| Com Finance Richmond Sa | Consumer Discretionary | 5.5% |
| Bid Corporation Limited | Consumer Staples | 4.9% |
| Capitec Bank Holding | Financials | 4.7% |
| Mondi Plc | Materials | 4.5% |
| Bhp Group Plc | Materials | 4.4% |
| Impala Platinum Holdings | Materials | 3.7% |
| Anglo American Plc | Materials | 3.7% |
| Total: | | 54.3% |

Source: Absa CIB. Data as at 30 September 2019.

Portfolio details (cont.)

| | |
|-----------------------|--------------------|
| Max Management Fee | 0.50% ¹ |
| Annualised TER | 0.50% ² |
| Transaction Cost | 0.00% ³ |
| Effective Annual Cost | 0.50% ⁴ |

Notes

1. Maximum management fee is the maximum fee which the manager charges for the portfolio. Where the TER is lower than the management fee, the Manager has subsidized or waived allowable expenses. Such subsidies and waivers are not guaranteed perpetually and a higher TER may incur in the future.
2. The Total Expense Ratio (TER) is expressed as a percentage of the daily NAV calculated over a rolling 12 month period.
3. The Transaction Cost of the Portfolio is expressed as a percentage of the daily NAV and is calculated over a rolling 1 year period.
4. The Effective Annual Cost (EAC) measure is a combined sum of the TER and Transaction costs.
5. Scrip Lending - The portfolio does not engage in scrip lending at this stage.

Glossary of terms

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

Annualised Risk - A measure of how much the investment return varies from its average over time.

Constituent Security - A stock which is part of a larger portfolio.

Drawdown - A measure of the deterioration of the portfolio from its historical peak (highest level of the fund), measured since the relevant reference point.

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.

Liquidity - The ease of buying and selling a financial instrument for cash.

Market Maker - The market maker attempts to maintain a high degree of liquidity through continuously offering to buy and sell participatory interests at prices around the NAV, thereby ensuring tight buy and sell spreads.

Net Asset Value (NAV) - The NAV is the total assets of the portfolio less the liabilities.

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

Price Momentum - A measure of the performance or the return of a security over a recent time period, generally 12 months (excluding the latest month).

Portfolio Risk - A measure of the risk inherent in a portfolio incorporating individual stock volatility as well as the covariance structure of stocks in the portfolio.

Rebalancing - Rebalancing is when the asset manager buys and/or sells constituents in a portfolio in order to bring the portfolio in line with the index being tracked.

Scrip Lending - The lending of securities from one party (being the holder of the securities) to another party (the borrower). The borrower provides collateral for the securities borrowed.

Total Expense Ratio (TER) - This is the total costs associated with managing and operating an investment (excluding financial planning). These costs consists primarily of management fees and other operational expenses such as audit and custody fees. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

Volatility - Measures the dispersion of price returns around the average over a specific period of time.

Contact us

Absa NewFunds Index & Structured Solutions
Tel: 0861 345 223
Email: aiss@absa.africa
Website: etfcib.absa.co.za

Absa Online & AIMS Investment Plan
Tel: 0860 000 005
Email: aimsenquiries@absa.co.za

Absa Stockbrokers & Portfolio Management
Tel: 0860 050 403
Email: equities@absa.co.za
Website: www.absastockbrokers.co.za

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