

LAUNCH OF ANOTHER GLOBAL ETF ON THE JSE

The Exchange Traded Product (ETP) universe continues to grow with the listing of another global equity ETF, on the JSE. The Satrix MSCI ACWI Feeder ETF (**JSE code: STXACW**) listed on the JSE on the 22nd February 2024. The Satrix MSCI ACWI ETF tracks the MSCI ACWI Index by investing in the iShares MSCI ACWI ETF.

Summary

- Is the fourth global equity ETF to offer both Developed Market (DM) and Emerging Market (EM) exposure, with negligible differences in the Index design. The other three global equity ETFs that encapsulates both the DM and EM markets, include the 10X Total World ETF (GLOBAL), FNB Global 1200 Equity FoF ETF (FNBEQF), and the Sygnia Itrix S&P Global 1200 ESG (SYGESG).
- TER of 0.35% (excl. VAT), makes it marginally more expensive than similar global equity funds (including DM & EM), such as the 10X Total World Feeder ETF (GLOBAL) at 0.28%, however, the underlying ETF (iShares MSCI ACWI ETF) has a better tax jurisdiction (Irish-Domiciled).
- Is suitable for investors who are largely looking to get exposure to broader Developed Markets, with a modest exposure to Emerging Markets.

The details of the new product are as follows:

ETP Name	JSE Code	MANCO	Listing Date	ISIN	Global Exposure
Satrix MSCI ACWI Feeder ETF	STXACW	Satrix	22 February 2024	ZAE000331849	DM & EM

OVERVIEW

The MSCI ACWI Index is comprised of companies in 23 Developed Markets, which makes up about 89% of the Index and the remaining 11% is invested in 24 Emerging Markets. There are approximately 2920 underlying constituents (holdings) in the Index, with the largest geographic exposure currently allocated to the United States (U.S.) (approximately 63%); and the largest sectoral exposure currently weighted to the information technology sector (approximately 23%).

With the expanded universe of global stocks, an investment in the MSCI ACWI Index provides inherent diversification, which could potentially reduce the overall risk of an investment portfolio. This may also translate into an opportunity for enhanced returns over time, especially on a risk-adjusted basis. Take India for example, 10 years ago, in the MSCI ACWI Index, India was ranked 6th among the Emerging Market countries (MSCI, 2020). Today, India is ranked marginally behind China, in the Emerging Market Country rankings, coming in at 2nd place. The MSCI India Index, in recent times, has provided better returns than the MSCI EM Index as a whole. The improvement in rankings, backed up with current attractive total returns, could therefore aid in the opportunity for potential greater returns over time. Given this global coverage, the MSCI ACWI Index is well-known and is often used as a benchmark Index for funds and portfolios alike. The inclusion of the STXACW ETF is a good option to consider as a building block to a portfolio. It is an efficient way to diversify a portfolio, not only from a geographic and sector perspective, but also from a currency diversification perspective.

Investments into the STXACW ETF are made in South African Rands; however, the underlying investments are in U.S. Dollars. This means that the performance is exposed to some currency risk and variability.

Further details on the ETF are listed below:

- In terms of income distributions, it is a total return portfolio, which means that dividends will automatically be reinvested.
- Is allowed for investments in Tax Free Savings Accounts (TFSA)
- **This ETF is suitable for investors with a medium-to-long term view and the risk profile is high**
- **Invest now on the etfSA Investor Hub Portal: <https://invest.etfSA.co.za>**

Research News: Satrix MSCI ACWI Feeder ETF

February 2024

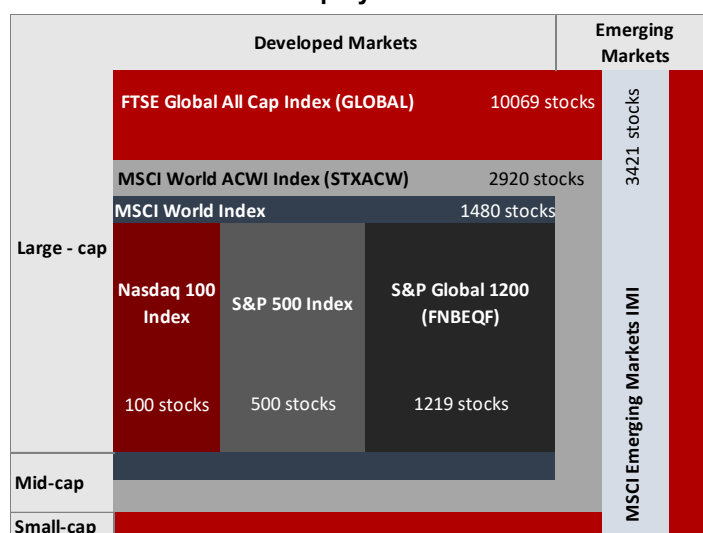
FUND ANALYSIS

The **Satrix MSCI ACWI Feeder ETF (STXACW)** is now the fourth JSE-listed global equity ETP to include both DM and EM exposure. **For comparative purposes**, the **10X Total World Feeder ETF (GLOBAL)**, as well as the **FNB Global 1200 Equity Fund of Funds ETF (FNBEQF)** has been included in this analysis, to better understand the differences and similarities between them.

The GLOBAL ETF tracks the FTSE Global All Cap Index, by investing in the Vanguard Total World Stock ETF. This Index provides exposure to large, mid, and small-cap companies, across both emerging and developed markets. The FNBEQF ETF tracks the S&P Global 1200 Index as the benchmark Index. This Index is a composite of seven regional Indices (USA, Europe, Japan, Canada, Australia, Asia and Latin America), by investing in seven underlying ETFs/funds. The exposure to Asia is achieved by investing in S&P Asia 50 Index, which only covers Hong Kong, South Korea, Singapore, and Taiwan (so no mainland China and no India). It also has no exposure to the UK, as the composite Index invests in iShares MSCI Europe. The Sygnia Itrix S&P Global 1200 ESG tracks the S&P Global 1200 ESG Index, which is the ESG version of the S&P Global 1200 Index and is what the FNBEQF ETF tracks.

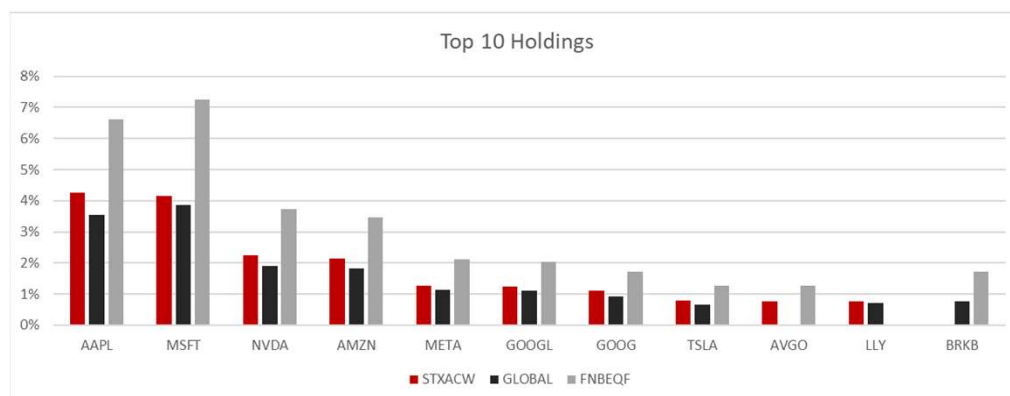
The global equity universe highlights the differences in composition of these ETFs, in relation to the major Developed Market and Emerging Market Indices. The STXACW ETF currently provides exposure to approximately 2380 constituents (holdings), which is almost twice as many as the holdings in the FNBEQF ETF, however, is about four times less than the holdings in the GLOBAL ETF. The focus on company size exposure also varies between these ETFs: the STXACW ETF focuses on both large-and-mid cap companies, the GLOBAL ETF focuses on all three company size segments, including small-cap companies, whereas the FNBEQF ETF only provides exposure to large-cap companies. Furthermore, the manner in which these underlying companies are selected, vary. The STXACW ETF and the FNBEQF ETF are free-float market cap weighted, meaning that they are calculated using the number of outstanding shares that are readily available in the market, whereas the GLOBAL ETF is based on full market capitalisation, meaning that both active and inactive company shares are used to determine the market cap and therefore, the weighting in the index and ETF.

Global Equity Universe



Source: Satrix, MSCI, etfSA (31 January 2024)

Even though the composition of the Indices which these ETFs track, vary, the Top 10 holdings of all three Indices are largely the same, with the exception of one constituent being unique to each of the three instances. In terms of constituent weights, the STXACW ETF and GLOBAL ETF are mostly similar, whilst the weighting of FNBEQF ETF differs. In all three instances, the largest weighting in the Indices are allocated to tech companies, namely Apple (AAPL) and Microsoft (MSFT).



Source: Satrix, MSCI, iShares, FTSE, 10X, S&P, etfSA (31 January 2024)

Legend: AAPL: Apple Inc | MSFT: Microsoft Corp | NVDA: Nvidia Corp | AMZN: Amazon | META: Meta Platforms A | GOOGL: Alphabet A | GOOG: Alphabet B | TSLA: Tesla Inc | AVGO: Broadcom Inc | LLY: Eli Lilly | BRKB: Berkshire Hathaway Inc B

+27 (0)10 446 0371 | info@etfsa.co.za | www.etfsa.co.za | 51 West Street, Houghton, Johannesburg, 2198

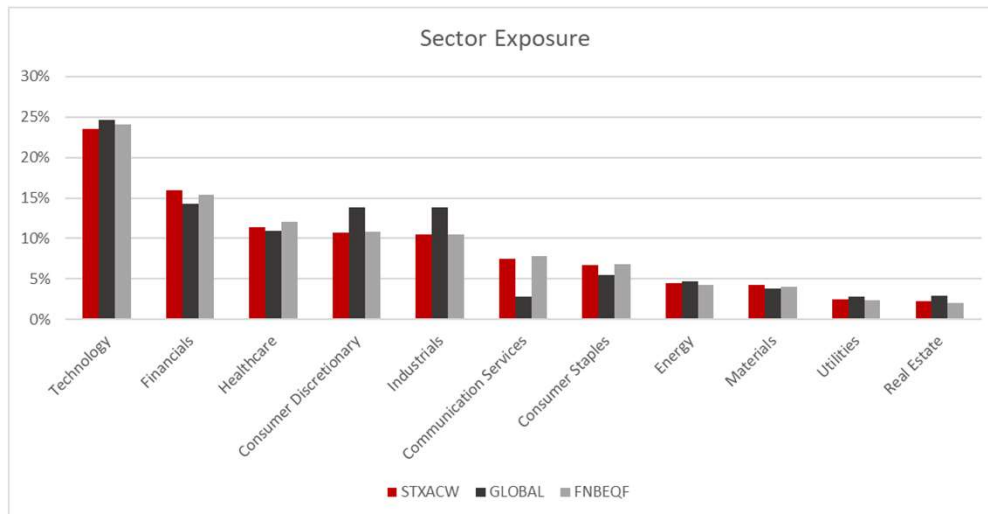
Disclaimer © 2024 This document should not be considered as an offer or solicitation of an offer to sell, buy or subscribe for any securities or investment products. This document is not guaranteed for accuracy, completeness or otherwise. etfSA recommends that financial advice be sought for purposes of determining the suitability of the products for the investor as mentioned in this document. Past performance is no guarantee of future returns. etfSA.co.za is the registered trading name of MF Brown, an authorised Financial Services Provider (FSP 39217). The etfSA Portfolio Management Company (Pty) Ltd is a juristic representative of etfSA Investment Services (Pty) Ltd an authorised financial services provider (FSP 52314).



The Home of Exchange Traded Funds®

FUND ANALYSIS (CONTINUED)

Looking at the sector exposure below, the exposures are largely similar, at overall fund level (taking all holdings into account), with the exception of the consumer discretionary, industrials, and communications sector, in which the STXACW ETF and the FNBEQF ETF are quite similar, and the GLOBAL ETF varies marginally. A substantial portion of each Index is allocated to the technology and financials sector.



Source: MSCI, FTSE, S&P, etfSA (31 January 2024)

Geographically, all three Indices currently have predominately U.S. exposure, within the 60% to 70% range. The FNBEQF ETF currently has the largest U.S. exposure and has no exposure to India and mainland China, but also no UK exposure. The STXACW ETF and the GLOBAL ETF have similar allocations to India, China, and the Rest of the world.

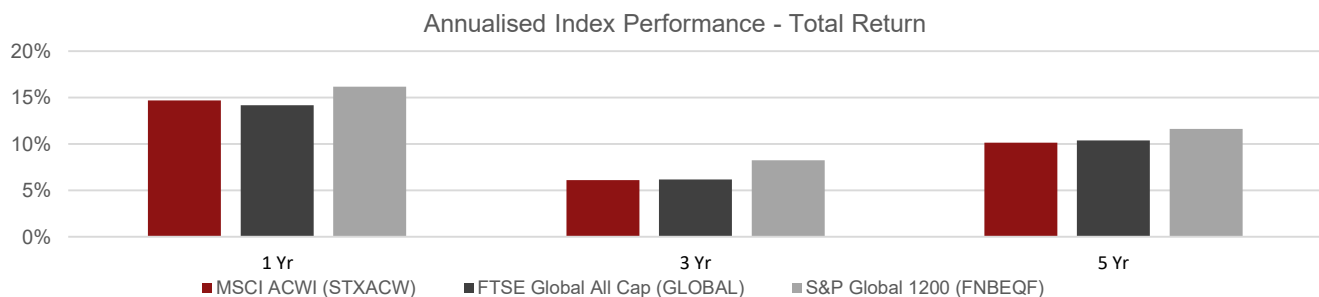
Geographic Exposure	STXACW	GLOBAL	FNBEQF
United States (U.S.)	63%	62%	67%
China	2%	2%	1%
India	2%	2%	0%
Rest of the World	10%	10%	7%

Source: MSCI, FTSE, S&P, etfSA (31 January 2024)

Percentage allocations are rounded up

Please keep in mind that the analysis of the comparisons between the Indices are only a snapshot of the Index exposures, as at 31 January 2024, and may change in accordance with the Index and fund rules.

Looking at the performance below, the total return profile of the MSCI ACWI Index (STXACW) and the GLOBAL ETF are similar, and the FNBEQF ETF differs marginally. Even though the composition of each Index differs, the overall exposures are similar and either of the global equity ETFs would be good inclusion to a portfolio as a building block.



Source: MSCI, FTSE, S&P, etfSA (31 January 2024)

Past performance is not indicative of future performance

METHODOLOGY

Understanding the investment strategy is vital to know what you will be investing in. The STXACW ETF tracks the MSCI ACWI Index, by feeding from the iShares MSCI ACWI ETF. As highlighted in the fund analysis, underlying companies are considered for inclusion in the Index, based on their free-float market cap, and are categorised within the large-and mid-market segment. The MSCI ACWI Index makes use of a rules-based, consistent, and transparent building block approach in the Index methodology and is constructed using MSCI's Global Investable Market Index (GIMI) methodology; which takes various factors such as, conditions across regions, market cap sizes, sectors, styles, segments and combinations into account.

MSCI classifies countries based on factors such as, economic development, size, liquidity, and market accessibility. The following countries are considered for inclusion in the investable universe:

Developed Markets		Emerging Markets	
Americas:	Canada, U.S.	Americas:	Brazil, Chile, Colombia, Mexico, Peru
Europe and Middle East:	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom	Europe, Middle East and Africa:	Czech Republic, Egypt, Greece, Hungary, Kuwait, Poland, Qatar, Saudi Arabia, South Africa, Turkey, UAE
Pacific:	Australia, Hong Kong, Japan, New Zealand, Singapore	Asia:	China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, Thailand

Source: MSCI, Satrix (22 February 2024)

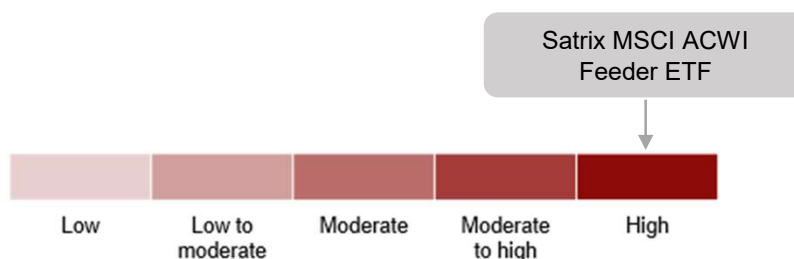
RISK PROFILE

The Satrix MSCI ACWI Feeder ETF (STXACW) offers a diversified exposure to global markets, including Emerging Market countries. As such, investors should be mindful of the potential risks, which could indicate preference for a long-term investment horizon. etfSA classifies the risk profile of the STXACW ETF as high. Investors should be aware of their risk appetite and should be mindful of the risks associated with investing in this ETF. Be sure to obtain the latest information and risk considerations of the ETF from the managing company.

Details on some of the risks to be aware of is as follows:

- **Currency Risk:** The Portfolio is exposed currency risk in relation to the valuation of assets held in other currencies besides the Rand.
- **Market Risk:** Market risk exists because of price changes. As the portfolio will always be exposed to markets, it is effectively exposed to market-related volatility.
- **Concentration Risk:** The increased risk of loss due to overconcentration in securities and/or other assets from a particular issuer, country/countries, market, industry, sector, asset class, or market segment is largely mitigated in this ETF due to the broad-based nature of diversification and the large number of constituents.
- **Liquidity Risk:** A risk that an investment cannot be bought or sold on time to prevent or minimise a loss.
- **Interest Rate Risk:** Interest rate risk is the decline in the value of an asset or instrument resulting from fluctuations in interest rates.

Invest now on the etfSA Investor Hub Portal: <https://invest.etfsa.co.za>



Disclaimer

The Exchange Traded Products (ETPs) contained herein are mainly Collective Investment Schemes in Securities (CIS) and other listed securities which are generally medium to long-term investments that contain elements of risk and can be affected by market values, interest rates, exchange rates, volatility, dividend yields and issuer credit ratings. ETPs are listed on the Johannesburg, or other Stock Exchanges, and trade at ruling prices on such Exchanges.

The price of ETPs can go up as well as down and past performance is not necessarily a guide to the future. The ETP's herein are listed on the Johannesburg Stock Exchange Limited and trading in ETP securities will incur trading and settlement costs. ETF securities are traded at ruling prices and can engage in scrip lending.

The information and opinions provided herein are of a general nature and do not constitute investment advice. Whilst every care has been taken, no representation, warranty or undertaking, expressed or implied, is given as to the accuracy or completeness thereof.

The etfSA Portfolio Management Company (Pty) Ltd (FSP No 52314) provides asset management as well as financial intermediary and advice services. It uses Exchange Traded Products to construct portfolios for use in Retirement Annuity, Tax-Free and Discretionary investments. It holds Professional Indemnity insurance and Fidelity Guarantee insurance as required by FAIS. etfSA.co.za is managed by M F Brown, who is a registered financial services provider (FSP No. 39217). M F Brown has Professional Indemnity Insurance as required by FAIS.

All opinions and information on this report may be changed at any time without notice. Redistribution, reproduction, the resale or transmission to any third party of the contents of this report, whether by email, newsletter, internet or website, is only possible with the written permission of etfSA. etfSA.co.za, its sponsors, administrators, contributors and product providers disclaim any liability for any loss, damage, or expense that might occur from the use of or reliance on the data and services provided through this website. etfSA.co.za® and etfSA The Home of Exchange Traded Funds® are registered trademarks in the Republic of South Africa.