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NewFunds – Risk Premia ETFs

- **NewFunds Value Equity ETF**
- **NewFunds Low Volatility ETF**
- **NewFunds Equity Momentum ETF**

Mike Brown

Managing Director

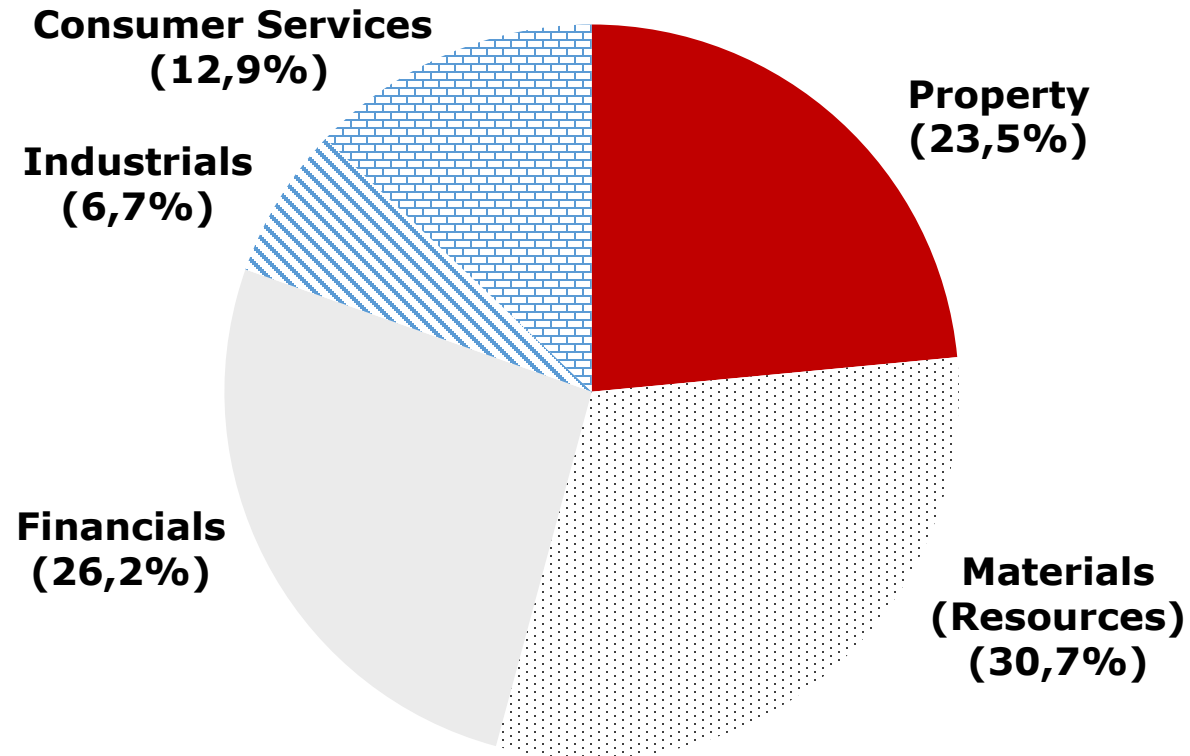
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NewFunds Value Equity Exchange Traded Fund (NF Value)

Share code	NFEVAL
Index	NewFunds WITS Risk-Controlled SA Value Index
Index provider	ABSA/WITS and S&P Dow Jones indices
Distribution	Total return – all dividends reinvested each quarter and not paid to investors. <u>Note</u> : investors are deemed to have received the distribution for tax purposes
Fees	Maximum management fee of 50bps (excluding VAT) per annum
Index rebalancing	Bi-annually (February and August)

NF Value ETF - Portfolio

Sector Allocation



Top Ten Holdings

Share	Weight (%)
INTU Properties	10,7
Sappi	4,6
Investec PLC	4,5
Hyprop Investments	4,4
Growthpoint Properties	4,3
Old Mutual	4,1
Redefine Properties	4,1
Mediclinic International	3,9
Telkom	3,7
Barloworld	3,5
	47,8
Total portfolio = 30 shares	

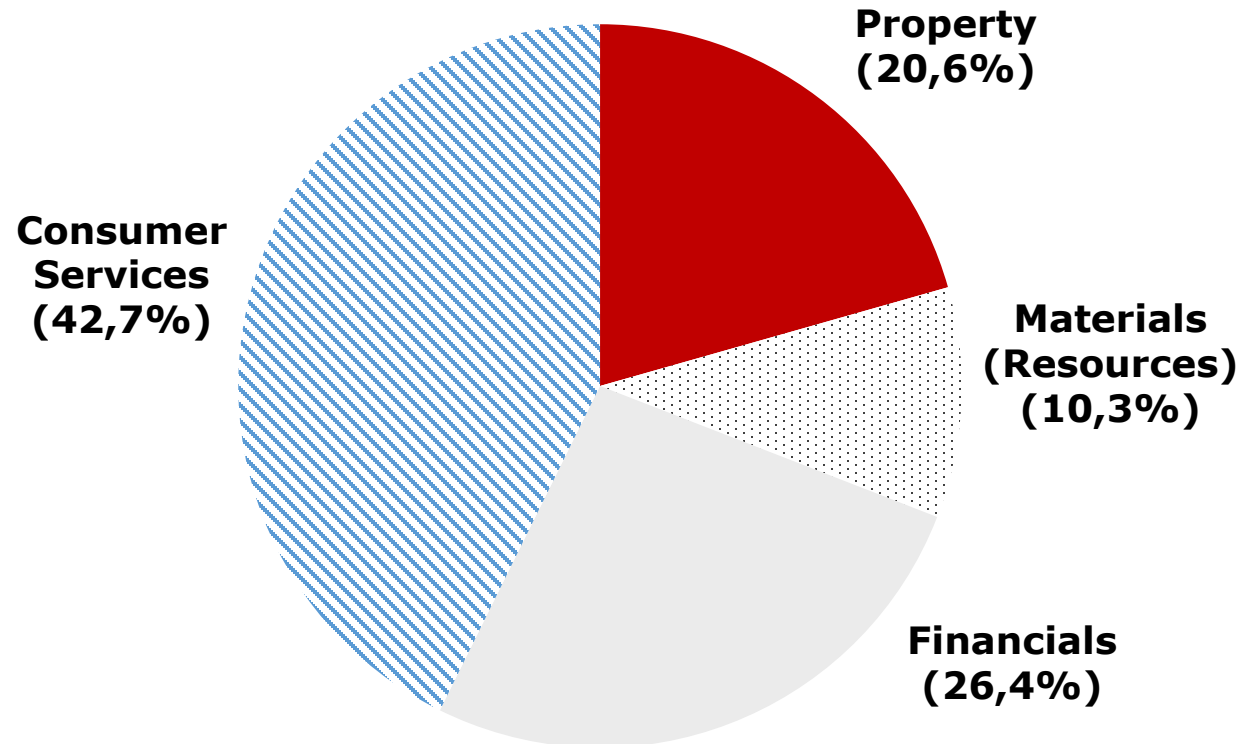
Source: ABSA, as at 31-Jan-18

NewFunds Low Volatility Equity Exchange Traded Fund (NF LowVol)

Share code	NFEVOL
Index	NewFunds WITS Risk-Controlled SA Low Volatility Index
Index provider	ABSA/WITS and S&P Dow Jones indices
Distribution	Total return – all dividends reinvested each quarter and not paid to investors. <u>Note</u> : investors are deemed to have received the distribution for tax purposes
Fees	Maximum management fee of 50bps (excluding VAT) per annum
Index rebalancing	Quarterly (February, May, August and November)

NF LowVol ETF - Portfolio

Sector Allocation



Top Ten Holdings

Share	Weight (%)
AVI Limited	6,8
Anheuser-Busch	6,3
Clicks	6,1
AngloGold Ashanti	5,8
INTU Properties	5,8
Investec PLC	5,7
Growthpoint	5,5
Vodacom	5,4
Richemont	5,0
Fortress REIT	4,8
	57,2
Total portfolio = 20 shares	

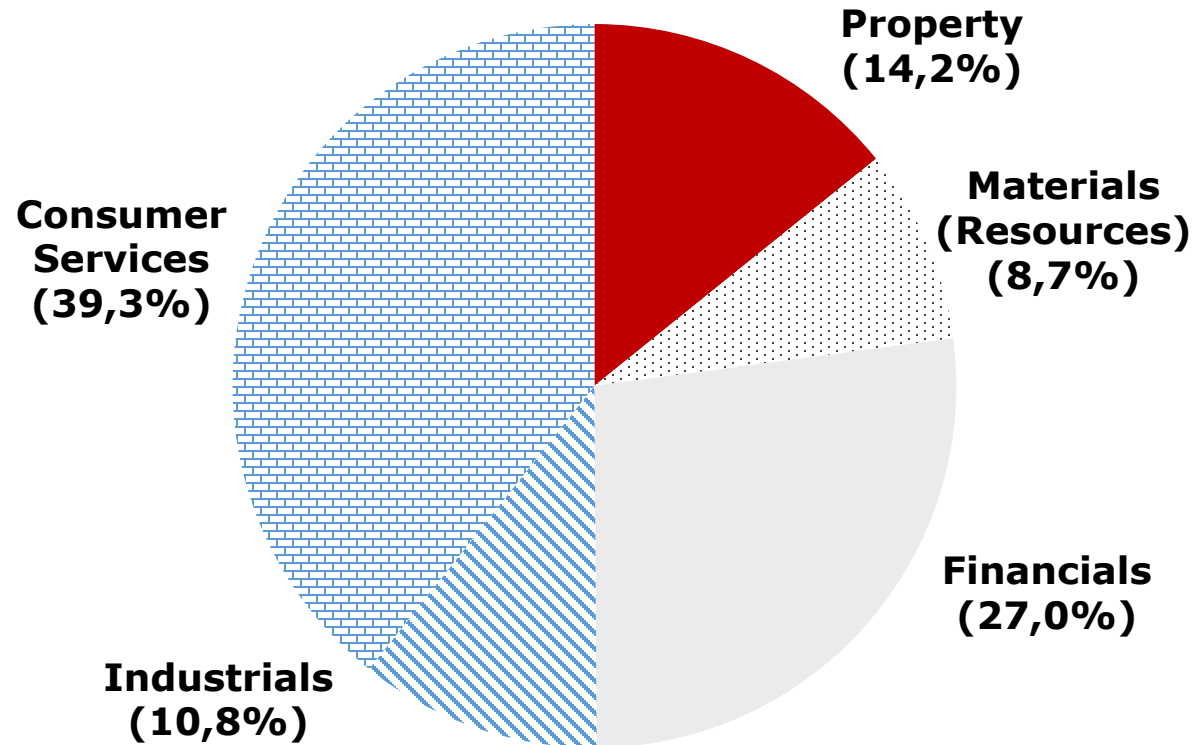
Source: ABSA, as at 31-Jan-18

NewFunds Equity Momentum Exchange Traded Fund (NF Mom)

Share code	NFEMOM	
Index	NewFunds WITS Risk-Controlled SA Momentum Index	
Index provider	ABSA/WITS and S&P Dow Jones indices	
Distribution	Monthly	
Fees	Maximum management fee	0,30% per annum
	Transaction costs	1,62%
	Effective Annual Cost (EAC)	1,80% per annum
Index rebalancing	Monthly	

NF Momentum ETF - Portfolio

Sector Allocation



Top Ten Holdings

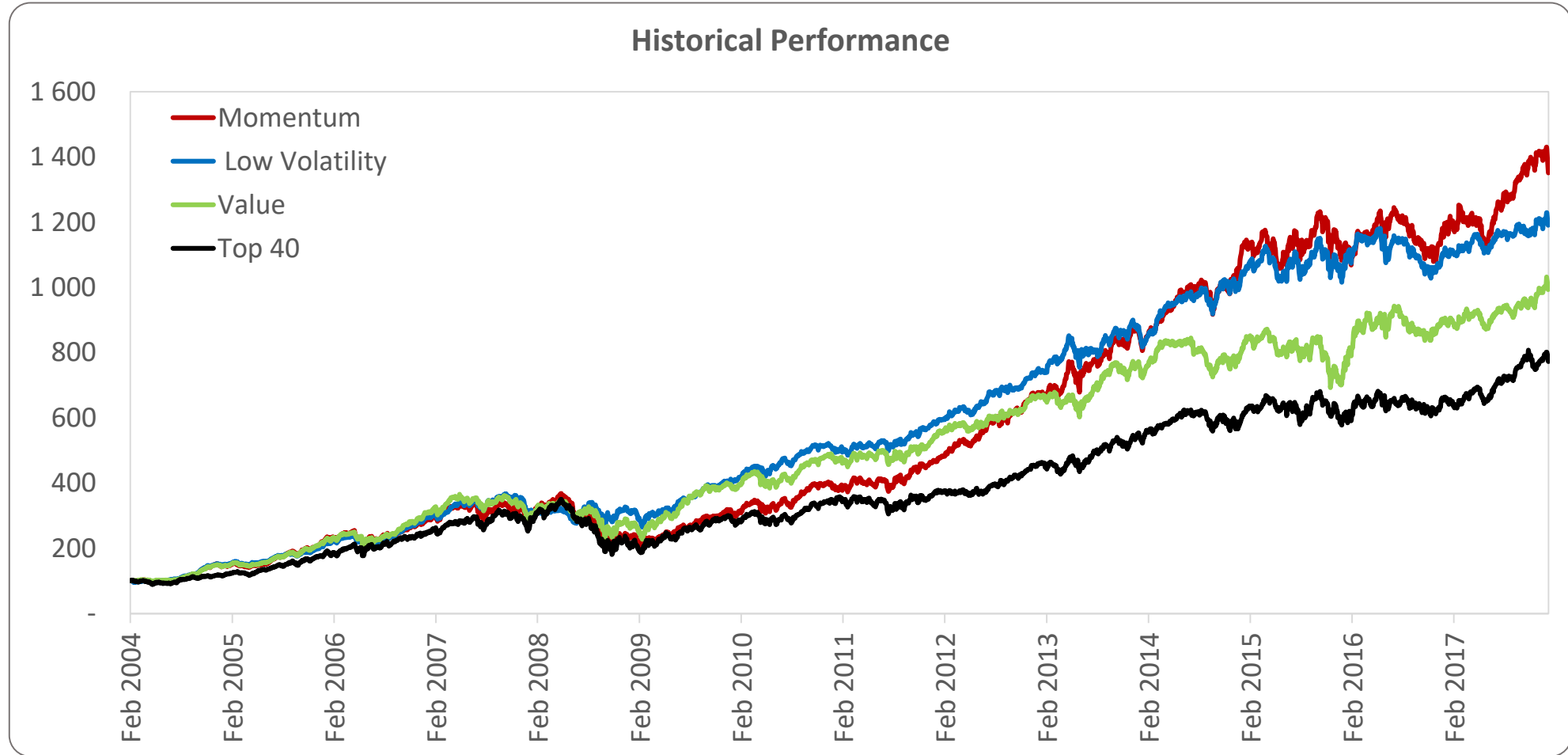
Share	Weight (%)
Naspers	9,8
Resilient REIT	8,2
AVI	7,6
Bidvest Group	6,2
Fortress REIT	6,0
Clicks	5,6
Discovery	4,9
Shoprite	4,7
Exxaro Resources	4,7
Barloworld	4,5
	62,2
Total portfolio = 20 shares	

Source: ABSA, as at 31-Jan-18

NewFunds Risk Premia ETFs – Index Methodology

<p>NewFunds Value Equity ETF</p>	<ul style="list-style-type: none"> • Multi factor value characteristics <ul style="list-style-type: none"> • Low price-to-earnings ratio • Low price-to-book ratio • Weighted using risk parity approach
<p>NewFunds Low Volatility ETF</p>	<ul style="list-style-type: none"> • Multi factor low volatility characteristics <ul style="list-style-type: none"> • Low absolute volatility • Low systemic risk • Weighted using risk parity approach
<p>NewFunds Equity Momentum ETF</p>	<ul style="list-style-type: none"> • Absolute price momentum <ul style="list-style-type: none"> • Weighted by risk contribution • Delivers equal risk contribution per index constituent
<p>All indices use only JSE highly liquid securities</p>	

NewFunds ETFs vs. Top 40 – Historic Performance



Source: ABSA

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NewFunds Risk Premia ETFs – Historic Index Performance

(Total returns with dividends reinvested)

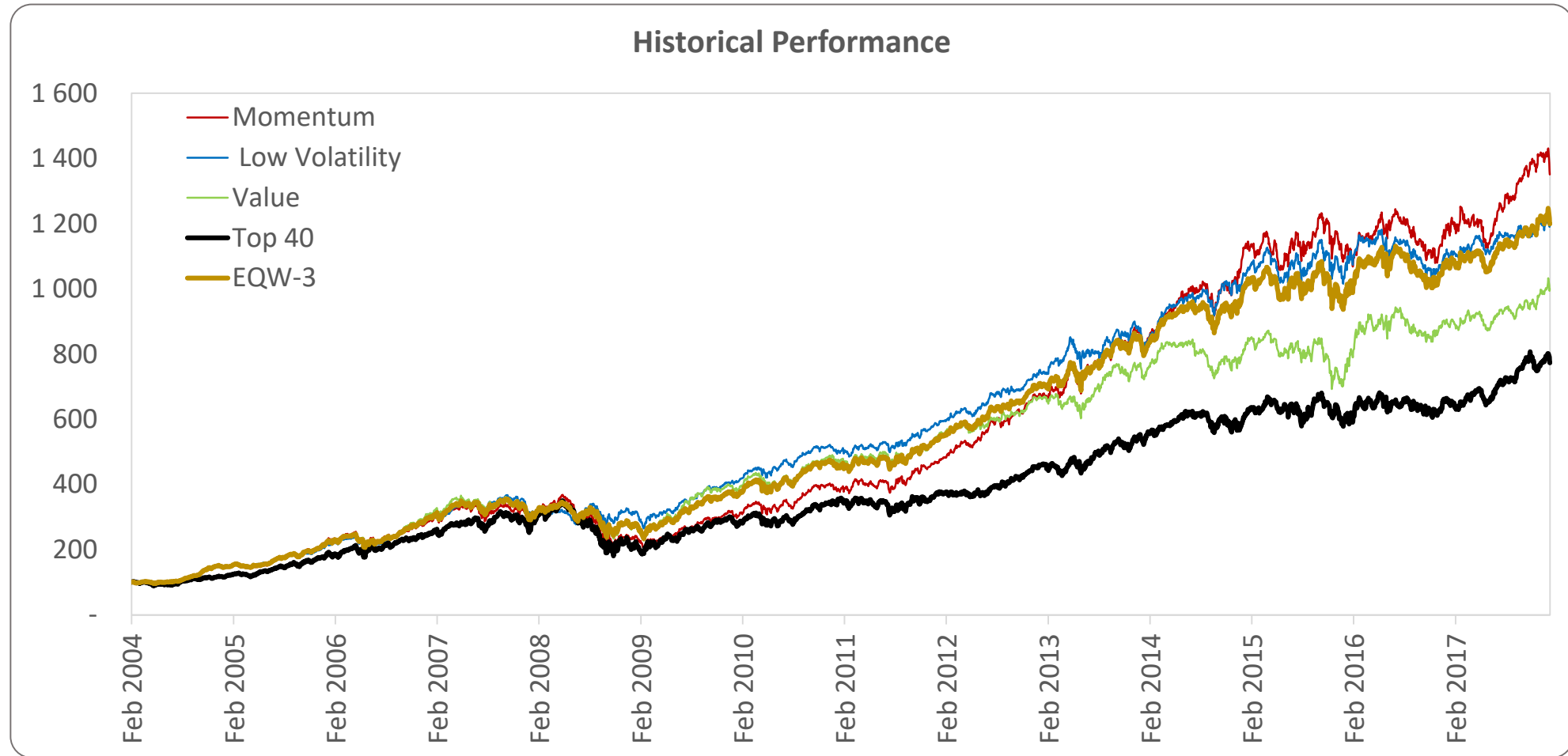
	1 Year	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)
NewFunds Value Equity Index*	12,0%	7,0%	8,5%	12,9%
NewFunds Low Volatility Index*	7,8%	4,6%	10,0%	14,5%
NewFunds Equity Momentum Index*	13,3%	6,3%	15,0%	16,4%
FTSE/JSE All Share Index**	16,1%	8,2%	11,3%	10,8%
* NewFunds ETF Fact Sheets (January 2018)				
** JSE/Profile Data				

Risk premia are long term strategies

Using NewFunds Risk Premia ETFs in Portfolios

Retail investors	Equally weight the three ETFs to provide risk controlled returns over medium- to long-term
Professional investors and asset managers	Consider single factor approach to manage differing risk criteria over investment cycles

Equal Weight the 3 NewFunds ETFs vs. Top 40 – Historic Performance



Source: ABSA

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NewFunds Risk Premia ETFs – Historic Index Performance

(Total returns with dividends reinvested)

	1 Year	3 Years (% p.a.)	5 Years (% p.a.)	10 Years (% p.a.)
Equal Weighted Composite of three NewFunds Risk Premia ETFs*	11,1%	6,1%	11,3%	14,8%
FTSE/JSE All Share Index**	16,1%	8,2%	11,3%	10,8%
* ABSA Calculations (January 2018)				
** JSE/Profile Data				

Demonstrated effectiveness during market crashes

Initial Public Offering (IPO) Salient Details

- Opening date of IPO: **Thursday 1st March 2018**
- Closing Date of Initial Offer: **Thursday 15th March 2018**
- Listing Date: **Monday 26th March 2018**

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