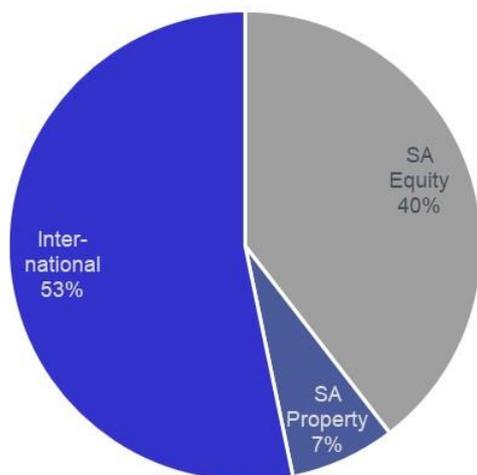


Benchmark Asset Allocation



Key Information

Structure

Prescient Life Policy

Composite Benchmark

0% STeFI + 0% ALBI + 30% Capped SWIX
+ 20% SAPY + 50% MXWR

Return Target

CPI+10% over rolling seven years

Risk Profile

High (H)

Total Fees

Total Expense Ratio (TER) incl. portfolio management fee

0.25% p.a. incl. VAT (maximum)

Reg. 28 Compliant?

No

Inception date

July 2015

AUM

R43.3m

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Market Commentary

It has been a tough first half of the year for local markets as local economic realities and global geopolitical tension weighed on equities and listed property. The JSE declined by 1.7% (including dividends) in the first 6 months of the year, whereas the SA Listed Property Index slumped by more than 21%. Bonds were the best performers of the local market, gaining 4%, but weakness in the Rand towards the end of the first half, also lifted both global investments and physical commodities, with double digit returns recorded in many of these. It is thus not surprising to see Resources counters strongly outperforming both Financial and Industrial stocks. Pressure on the consumer continues to increase, with the full effect of petrol price and VAT increases still to filter through to consumer inflation numbers. It is unlikely that the SARB will be able to consider further interest rate cuts, and the next move is most likely up, although hopefully only in 2019. The positive economic growth outlook globally is currently overshadowed by tough talk on trade tariffs and continued Brexit uncertainty – a cautious approach to investments is advisable in the current context.

Theoretical Model Portfolio Investment Returns vs. Market Performance

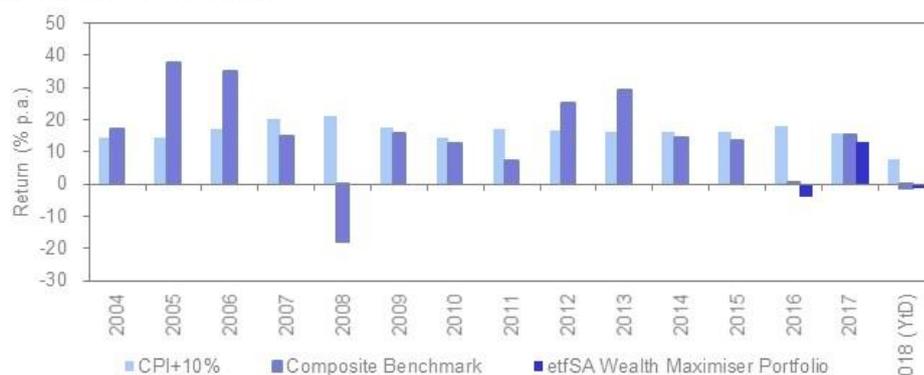
(%)	6m	1yr	3yrs (pa)	5yrs (pa)	10yrs (pa)
Cash - ST Fixed Income Index (STeFI)	3.1	7.0	7.2	6.6	6.9
FTSE/JSE All Bond Index (ALBI)	3.3	9.5	7.5	7.3	9.7
FTSE/JSE Capped SWIX Index (Capped SWIX)	-6.1	7.6	3.2	9.8	10.6
FTSE/JSE SA Listed Property Index (SAPY)	-21.4	-9.9	0.9	6.7	16.0
MSCI World Index in ZAR (MXWR)	10.7	14.6	10.8	15.2	10.1
CPI+10%		14.5	15.3	15.5	16.1
etfSA Wealth Maximiser - Model Portfolio	-4.6	3.4	5.4	12.4	15.8

The performance of the Model Portfolio represents the theoretical performance of the optimised strategic asset allocation without the impact of actual investment cash flows. The performance numbers are simulated and not actual, using a back-testing method.

Model Portfolio Holdings

Asset class	Description	Weight (%)
SA Equity	Coreshares SA Top50 ETF	9.7
	Ashburton Mid Cap ETF	9.9
	Satrix RAFI40 ETF	2.6
	NewFunds Equity Momentum ETF	7.5
	Coreshares Dividend Aristocrats ETF	6.4
SA Property	Stanlib Property ETF	3.5
	Satrix Property ETF	3.6
	Proptrax Ten ETF	3.6
Offshore	Satrix MSCI World ETF	16.1
	CoreShares Global Dividend Aristocrats ETF	6.6
	CoreShares Global Property ETF	9.1
	Satrix MSCI Emerging Market ETF	4.1
	DBX-Trackers MSCI China ETN	6.2
	AMI Africa ex-SA Big50 ETF	4.8
Commodities	StdBank Africa Commodity ETN	3.3
	NewGold Palladium ETN	3.1

Illustrative Performance



Note: This illustrative performance is based on the strategic asset allocation and reference index performance of the ETPs selected for this Portfolio

Portfolio description

The **etfSA Wealth Maximiser Portfolio** aims to preserve the purchasing power of assets over time by achieving targeted returns of 10% in excess of the level of inflation (as measured by the Consumer Price Index, or CPI) over rolling three year periods, while reducing the volatility associated with market-linked investments. The Portfolio is constructed through strategic allocations into a range of exchange traded products, exposed to different asset classes, which optimises the cost efficiency and transparency of the Portfolio.

The Portfolio is ideal for investors who want a low cost, transparent investment-linked living annuity. The portfolio is suitable for an investor with a very long investment horizon, who want to maximise the potential capital growth of his retirement savings through a very high targeted real return. The portfolio is only suitable for investors with both a very high tolerance for risk, and sufficient capital to withstand significant potential drawdowns in the near term. The portfolio does not pay out dividends – any distributions received from underlying investments are automatically reinvested into the portfolio to allow for additional compounded growth.

Portfolio Construction Strategy

The portfolio construction follows a transparent and rules-based passive portfolio management style. Investment objectives are achieved by adhering to strict risk control measures, including appropriate diversification and tolerance-based rebalancing of optimal asset class weights. The portfolio employs a strategic asset allocation strategy into a diversified range of asset classes. These include domestic and international equities, domestic interest-bearing assets, listed property, investments into physical commodities and cash. Although the portfolio aims to add an element of protection to invested capital, it does not offer capital or performance guarantees, therefore and portfolio value fluctuations may occur in the short term. Intra-period (between rebalancing) the effective asset class weights are allowed to drift around the optimised strategic asset allocation levels, within pre-defined tolerance limits. Asset class specific tolerance limits around the strategic asset allocation levels are defined to allow for some momentum drift within individual asset classes. Rebalancing methodologies are continuously evaluated and optimised for cost efficiency. Underlying Portfolio components are held in Exchange Traded Products (ETFs and ETNs) to allow for maximum cost benefit to the investor. Distributions received from underlying investments are re-invested into the portfolio immediately when received to maximise total returns and optimise tax efficiency.

About etfSA

etfSA is the "Home of Exchange Traded Funds" and is an internet based information and transaction website that provides simple and efficient solutions for investors wishing to discover, understand, manage and profit from the world of Exchange Traded Funds (ETFs).

The **etfSA** range of **Wealth** management portfolios provide investors with investment portfolios that exclusively utilise Exchange Traded Products (ETPs) as the underlying investments.

For more information on etfSA, its transaction platform for ETPs and its tax free, retirement and living annuity investment options, visit the website www.etfsa.co.za or call (010) 446-0371

About the Portfolio Manager

Nerina Visser, CFA

for the **etfSA Portfolio Management Company** (Pty) Ltd
a division of

etfSA Investment Services (Pty) Ltd
a Category II Financial Service Provider
(license number 40107)

Notes:

1. The performance of the **Model Portfolio** represents the theoretical performance of the optimised strategic asset allocation without the impact of actual investment cash flows. The performance numbers are simulated and not actual, using a back testing method.
2. All returns quoted are net of fees – that is, after deduction of all expenses as quoted in the Portfolio Management TER. Returns for periods exceeding one year are annualised. All returns are in Rands.
3. The benchmark is a composite benchmark as per the weights and indices as indicated on the first page. The return is an estimate and is displayed as a general guide which is subject to change without notice to investors.
4. All holdings information is based on latest available data. There may be differences in totals due to rounding.

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