CORESHARES

CORESHARES PREFTRAX MINIMUM DISCLOSURE DOCUMENT (FACTSHEET)

FUND INFORMATION

31 March 2018

Classification	South African - Equity - Unclassified	**Distribution dates**	March, June, September, December
Benchmark	FTSE/JSE Preference Share Index (J251)	**Last 12 month distributions**	78.82 cpu
Launch date	28 March 2012	**Effective yield**[1]	10.35% / 10.95%
Inception (Conversion)	19 December 2013	**Fund size**	R281 036 018
Number of holdings	17	**Shares in issue**	34 078 029
TER	0.56%	**Trustee**	Société Générale Johannesburg Branch
Maximum annual fee (incl in TER)	0.45%	**Market maker**	Bridge Stockbrokers, a division of Bridge Fund Managers
Share code	PREFTX		
Original price	R10.87	**Asset manager**	CoreShares Asset Management
Current price/NAV	R8.25	**Risk profile**	Conservative (2/5) ●●○○○
Tracking error	0.59%		

OBJECTIVE

The investment policy of the portfolio shall be to track the FTSE/JSE Preference Share Index as closely as possible, by buying only constituent securities in the same weightings in which they are included in the Index and selling only securities which are excluded from the Index from time to time as a result of quarterly Index reviews or corporate actions

This index measures performance of non-convertible, floating rate perpetual preference shares

WHY CHOOSE THIS FUND?

PrefTrax is an Exchange Traded Fund (ETF) which tracks the performance of the Preference Share Index.

The benefits of PrefTrax are the following:

- Attractive yield
- Offers quarterly distribution
- Accessible
- Useful asset allocation tool for professional investors
- Tax efficient income for individual tax payers
- Cost-effective
- Transparent

[1] The yield of 10.35% is based on the assumption that Steinhoff Preference shares do not pay a dividend. And the yield of 10.95% is based on the assumption that Steinhoff Preference shares do pay a dividend.

RISKS

As with all investments, there are certain risks of investing in Coreshares PrefTrax:

- Index Tracking Risk – The ETFs returns may not match the index returns due to operating costs.
- An investment in the ETF involves risks similar to those of investing in any fund or ETF such as liquidity risk and capital risk.

CONSTITUENTS

Constituents	Weight (%)	Constituents	Weight (%)
Standard Bk Gr Pref Shs	18.4	Steinhoff Inv Prefs	2.8
Absa Preference Shares	15.1	Invicta Hldgs Ltd Pref	2.7
Firstrand Ltd Pref	14.5	Grindrod Ltd Prefs	2.2
Nedbank Non Cum Pref	13.1	Network Healthcare P	1.9
Investec Non Red Prf	9.3	African Phoenix Inv Ltd	1.4
PSG Preference Share	4.9	Imperial Pref	1.3
Investec Ltd Pref	4.7	Capitec Pref Shares	0.6
Discovery Hldgs Ltd Pref	2.9	Sasfin-Prefs	0.6

DIFFERENCE BETWEEN ETFS AND UNIT TRUSTS

ETFs and Unit Trusts are both CISCA portfolios and therefore they are regulated by the Financial Services Board – however ETFs are listed on the JSE and are therefore also regulated by the JSE. ETFs and Unit Trusts may seem similar in nature as they both hold a basket of shares but there are many differences between the two.

The differences not only lie within the investment approach but also:

- Trading – ETFs are listed on the JSE
- Transparency – You know exactly what shares the ETF holds
- Fees and minimum investment differs between the funds
- ETFs take a passively managed approach whereas active Unit Trusts focus more on an active strategy

HOW TO INVEST (CORESHARES PREFTRAX)

Coreshares PrefTrax is listed on the JSE which means it can be bought or sold just like shares, throughout the day, through any authorised individual or any online platform. i.e Stock Brokers, Online Share Trading platforms and CoreShares Online.

MANAGER INFORMATION

Coreshares Index Tracker Managers (RF) (Pty) Ltd
4th Floor, Grindrod Tower, 8A Protea Place, Sandton.
PO Box 78011, Sandton, 2146.

ANNUALISED PAST PORTFOLIO PERFORMANCE ENDING 31 MARCH 2018

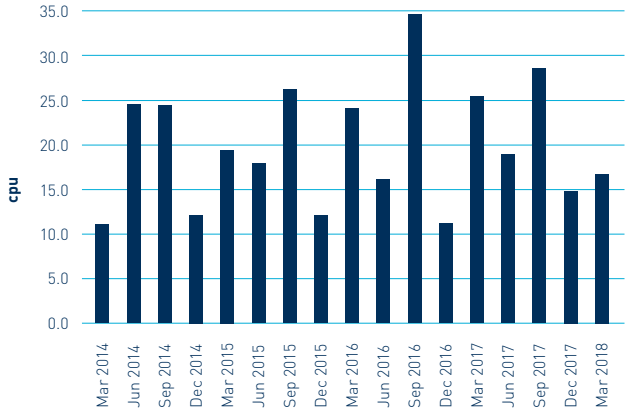
	1 Year	3 Year	Since inception
Coreshares PrefTrax	-2.1%	6.7%	3.2%
Preference Share Index	-2.3%	6.9%	3.4%

Lowest 12 month return	Highest 12 month return
-7.4%	19.5%

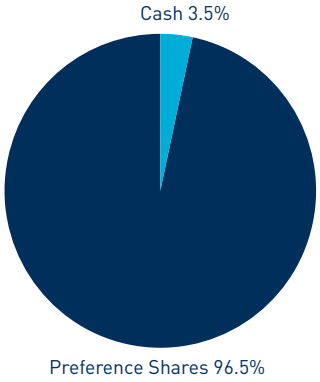
Source: CoreShares Asset Management
The past portfolio performance is calculated on a rolling monthly basis, lump sum, NAV to NAV and distributions reinvested. Annualised return is weighted average compound growth rate over period measured. The investor performance may differ as a result of advisor fees (where applicable), actual investment date, date of reinvestment and dividend withholding tax. Past performance is not necessarily a guide to future perfomance. The lowest and highest returns show the lowest and highest consecutive 12 month return experienced since inception.

DISTRIBUTIONS

Since inception, paid in cents per unit.



ASSET ALLOCATION



WHERE TO VIEW THE INDEX AND ITS PERFORMANCE

Coreshares PrefTrax

Coreshares PrefTrax tracks the price and yield performance of the J251 Index which can be found on the JSE under the ticker code: **J251**

DISCLOSURES

CoreShares Index Tracker Managers (RF) (Pty) Ltd ("the Manager"), Registration number 2006/006498/07, is a company incorporated in South Africa acting as a manager of collective investments schemes in securities in terms of Section 42 of the Collective Investments Schemes Control Act and is supervised by the Financial Services Board. The registered address of the Manager is 5 Arundel Close, Kingsmead Office Park, Durban, 4001. The Trustee and Custodian is Société Générale Johannesburg Branch. **The Investment Management of the portfolios is outsourced to CoreShares Asset Management (Pty) Ltd, an authorised financial services provider, FSP 46695.**

This document and any other information supplied in connection with CoreShares is not "advice" as defined and/or contemplated in terms of the Financial Advisory and Intermediary Services Act and, therefore, investors are encouraged to obtain their own independent advice prior to buying participatory interests in CIS portfolios issued by the Manager. Participatory interests in the portfolios issued by the manager qualify as investment instruments for the purposes of Tax Free Savings and Investment account by virtue of Section 12T of the Income Tax Act. You may access the Tax Free Savings and Investment account from your service provider of choice. The Manager is not a service provider for this purpose.

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges is available on request from the company. Commission and incentives may be paid and if so, would be included in the overall costs. The portfolios track the performance of a particular index and so outperformance of the index is not the objective and, therefore, there are no performance fees at all. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Unlike traditional unit trusts, Exchange Traded Funds (ETFs) are Collective Investment Schemes in Securities (CIS) that trade on stock exchanges. Trading in ETFs will incur the normal costs associated with listed securities, including brokerage, settlement costs, Uncertified Securities Tax (UST), other statutory costs and administrative costs. The price at which ETFs trade on an Exchange may differ from the Net Asset Value price published at the close of the trading day, because of intra-day price movements in the value of the constituent basket of securities. **The portfolio is valued on every business day at 17h00.** The current price means the net asset value, which is the total market value of all assets in the portfolio including any income accruals and less any quantifiable and non-quantifiable deductions from the portfolio divided by the number of participatory interests in issue.

The ETFs trade on the JSE during JSE trading hours. The NAV is published daily and is available on the website www.coreshares.co.za

CoreShares PrefTrax tracks the performance of the FTSE/JSE Preference Share Index. For a tracking error of the portfolio refer to Minimum Disclosure Document. The index and its performance as tracked by the exchange traded fund can be viewed on the website www.coreshares.co.za. The General Investor Report is published on a quarterly basis and is available on request and on our website.

The portfolio may borrow up to 10% of its net assets on a temporary basis. Such borrowings are permitted only to meet the portfolio's obligations in relation to (i) the administration of the Fund relating to purchase or sale transactions; and/or (ii) the redemption or cancellation of participatory interests in the portfolio. Borrowings in relation to (i) above are only permitted for a period of up to 8 calendar days, and 61 calendar days in respect of (ii). Past portfolio performance is measured on a rolling monthly basis. Brochures, prospectuses, Supplemental Trust Deeds, Annual Financial Statements are available on our websites and/or office nearest to you free of charge.

The Manager shall, wherever possible, avoid situations causing a conflict of interest. Where it is not possible to avoid such conflict, The Manager shall advise you of such conflict in writing at the earliest reasonable opportunity and shall mitigate the conflict of interest in accordance with its conflict of interest Management Policy. You may send a blank email with a subject "conflict of interest" to the compliance officer, should you need a copy of this policy. Complaints should be directed to the Compliance Officer. The Complaints Resolution Policy is available on request. The Compliance Officer's email address is compliance@coreshares.co.za.

Total expense ratio (TER) is a measure of a portfolio's assets that have been expended as payment for services rendered in the management of the portfolio or collective investment scheme, expressed as a percentage of the average daily value of the portfolio or collective investment scheme calculated over a period of a financial year by the manager of the portfolio or collective investment scheme. **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.** The financial year of the Manager and the portfolios is 31 December each year. The portfolio currently does not charge any initial fees, performance fees or advisory fees.

Trustee and custodian: Société Générale Johannesburg Branch Telephone 011 448 8427 Address: 160 Jan Smuts Avenue, Rosebank

Issued 02 May 2018

Preftrax: **v.P18_03_35**

CORESHARES

CORESHARES PREFTRAX QUARTERLY GENERAL INVESTOR REPORT

January - March 2018

Number of Units	Net Asset Value per unit	TER
34 078 029	R8.25	0.56%

ADHERENCE TO INVESTMENT POLICY OBJECTIVE

During the period under review, the portfolio adhered to its investment policy objective which is to track the (J251) Preference Share Index.

PORTFOLIO CONSTITUENTS AND CHANGES FOR THE QUARTER

Equity	31 Dec' 17(%)	31 Mar' 18(%)	CHANGE (%)
ABSA PREFERENCE SHARES	14,97	15,11	0,14
AFRICAN PHOENIX INV LTD P	1,65	1,42	(0,23)
CAPITEC PREF SHARES	0,71	0,63	(0,08)
DISCOVERY HLDGS LTD PREF SHARES	3,42	2,93	(0,49)
FIRSTRAND LTD PREF SHARES	14,46	14,54	0,08
GRINDROD LTD PREF SHARES	2,37	2,20	(0,17)
INVESTEC LTD PREF SHARES	5,03	4,71	(0,32)
INVESTEC NON RED PREF SHARES	9,79	9,30	(0,49)
INVESTEC LTD - PFD	0,05	0,06	0,01
IMPERIAL PREF SHARES	1,44	1,28	(0,16)
INVICTA HLDGS LTD PREF SHARES	3,09	2,66	(0,43)
NEDBANK NON CUM PREF SHARES	13,33	13,05	(0,28)
NETWORK HEALTHCARE PREF SHARES	2,09	1,92	(0,17)
PSG PREF SHARES	5,62	4,91	(0,71)
STANDARD BK GR PREF SHS	17,71	18,43	0,72
SASFIN-PREFS SHARES	0,61	0,58	(0,03)
STEINHOFF INV PREF SHARES	1,87	2,82	0,95
Total	98,21	96,55	(1,66)

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