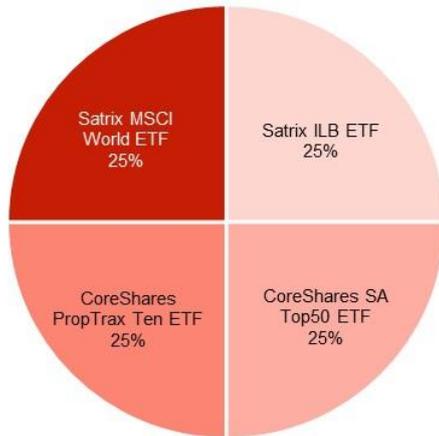


**ETF Allocation****Key Information****Regulation**

Fully compliant with Section 12T of the Income Tax Act

Investment Objective

Balance between income and capital growth

Risk Profile

Low to Medium

Investment LimitsMinimum R1 000 – debit order or lump sum
Maximum R33 000 p.a. (current legislation)**Total Fees**

Portfolio Management Total Expense Ratio (TER)

0.50% incl. VAT p.a.

Administration and Custody

0.50% incl. VAT p.a.

All transaction costs, incl. the reinvestment of distributions, are included in these fees**Contact Us****Computershare – Administrator**
Computershare (Pty) Ltd**etfSA – Portfolio Manager & Advisor**
TaxFree@etfsa.co.za**Mike Brown**
mikeb@etfsa.co.za
+27 10 446 0377**Nerina Visser**
nerinav@etfsa.co.za
+27 10 446 0376**Wendy Hlatshwayo**
wendyh@etfsa.co.za
+27 10 446 0371**Website**www.etfsa.co.za**Market Commentary**

The outlook for the global economy, and with that, investment markets, deteriorated sharply towards the end of 2018, with key risks cited by the IMF, an escalation in the US-China trade war, an uncertain Brexit path, and higher global interest rates. In contrast to the impact of the global financial crisis in 2008 (short and sharp, with a relatively quick recovery), the slow grind lower can result in much more pain, especially if it leads to inappropriate investment decisions – if your time horizon is long term (more than 7-10 years), the recent poor performance should not be the reason why you change your investment strategy. The best course of action is to stay invested (avoid selling-low-and-buying-high), to continue making regular contributions (benefit from rand-cost averaging over time) and increase diversification due to the high levels of volatility and increased uncertainties. The local market offers good value (currently still at 2014 levels), and after a sharp pullback in Q4-18, global markets are much less over-valued than they've been for a while. Stay the course!

Comparative Performance Statistics

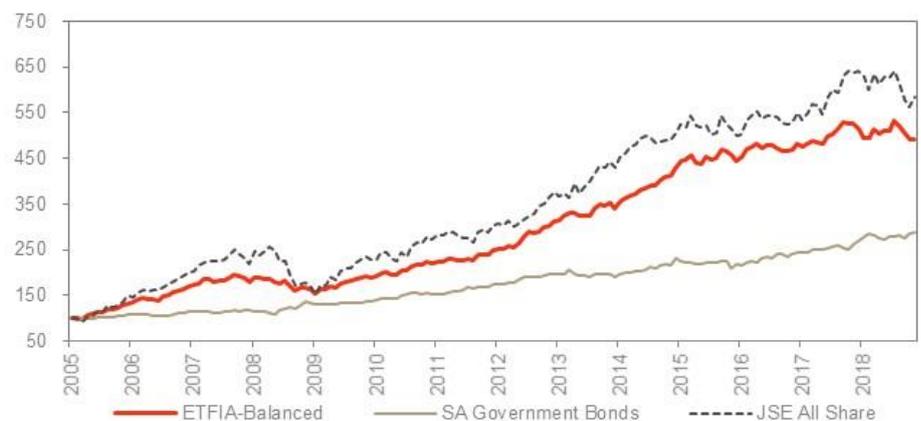
(%)	6m	1 yr	3 yrs (p.a.)	5 yrs (p.a.)
Comparative Benchmark Performance				
Bonds - SA Government Bond Index	5.1	8.8	11.0	7.7
SA Equities - JSE All Share Index	-6.9	-8.5	4.3	5.8
Portfolio ETF Performance				
Satrix ILB ETF (25%)	1.0	0.2	2.3*	3.5*
CoreShares SA Top50 ETF (25%)	-5.3	-5.2	5.8	6.7*
CoreShares PropTrax Ten ETF (25%)	-4.9	-25.3	-2.2	6.9
Satrix MSCI World ETF (25%)	-4.9	5.5	1.7*	9.2*
ETFIA Balanced Account - Model Portfolio**	-4.1	-6.6	2.4	6.7

* Prior to inception, the theoretical historic performance is based on the performance of the respective reference indices of the ETFs selected for this ETFIA Balanced Account.

** Refer to Note 1 on back page. Please note historic performance may not be replicated in future.

Current Portfolio Holdings

Asset class	Description	Weight (%)
SA Interest bearing	Satrix ILB ETF (25%)	25.4
SA Equity	CoreShares SA Top50 ETF	23.9
SA Property	CoreShares Proptrex Ten ETF	23.2
Offshore	Satrix MSCI World ETF (25%)	27.4

Historical Performance

Note: The theoretical historic performance of the Balanced Portfolio is based on the selected ETF allocations and reference index performance of the ETFs chosen for this ETFIA



Tax free accounts offered under Section 12T of the Income Tax Act

In February 2015, the SA Government announced a new tax dispensation whereby SA individuals of all ages can invest up to R33 000 per annum, and a lifetime limit of R500 000, in a special tax incentive account. There is no form of tax payable on these accounts – no capital gains tax, no dividend withholding tax, no interest tax and no securities transfer tax. This allowance has been enabled through Section 12T of the Income Tax Act, 1962 and the investors are advised to familiarise themselves with the regulations applying thereto.

Features of the ETF Tax Free Investment Account (ETFIA)

- ❖ Tax-free accounts using only low cost, transparent and liquid ETFs as components.
- ❖ Low Costs – 1% per annum includes VAT, total administration, portfolio management and advisory fees. All transaction costs, incl. the reinvestment of distributions, are also included in this fee.
- ❖ Modular design allows for contributions from R1000 at any time, up to a maximum of R33 000 per tax year.
- ❖ A selection of four portfolios offered, giving differentiated exposures and risk profiles. You can also invest in individual ETFs for the full R33 000 amount.
- ❖ Tax-free accounts fully compliant with Section 12T of the Income Tax Act.
- ❖ Administrator – Computershare (Pty) Ltd.
- ❖ Portfolio Managers and Financial Advisers – etfSA Portfolio Management Company (Pty) Ltd.

Who should invest in the Balanced Portfolio?

An ETFIA is ideal for investors who want a low cost, transparent investment-linked tax-free account. The Balanced Portfolio is suitable for an investor with an investment horizon of 3-5 years – investors who wish to preserve the value of their near-term tax-free savings and investments.

The portfolio is well-suited for more conservative investors. The intention of this portfolio is to provide a low-to-medium risk balanced fund tax-free account. Any capital gains realised in this account will also be tax-free.

The portfolio does not pay out interest or dividends – any distributions received from underlying investments are automatically reinvested into the portfolio to allow for additional compounded growth on a tax-free basis.

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 **ETF Tax Free Investment Account** provides investors with a managed portfolio of selected Exchange Traded Funds (ETFs) as the underlying investment.

For more information on etfSA, its transaction platform for ETPs and its related products and services:

visit the website www.etfsa.co.za
or contact us on (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 selected ETF allocation without the impact of actual investment cash flows or periodic rebalancing. The performance achieved by an individual investor will depend on the timing and size of specific cash flows.
2. Returns as quoted are net of Portfolio Management and Advisory fees, and Administration and Custody fees – that is, after deduction of all expenses as quoted in the Portfolio Management Total Expense Ratio (TER), transaction costs and administration charges.
3. Returns for periods exceeding one year are annualised. All returns are in Rands.
4. All holdings information is based on latest available data. There may be differences in totals due to rounding.

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