

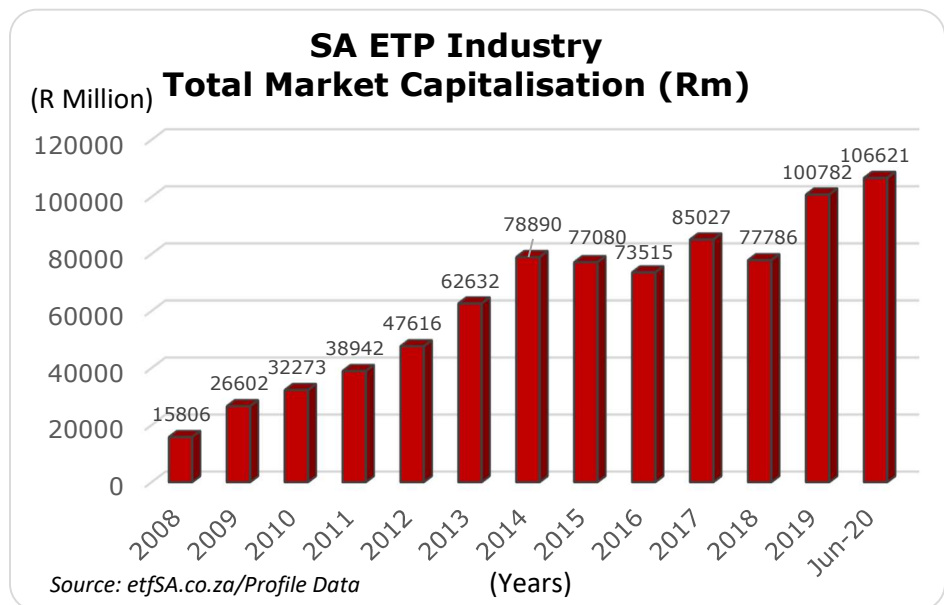
## State of the South African Exchange Traded Product (ETP) Industry – as at 30<sup>th</sup> June 2020

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### Market Capitalisation

The total market capitalisation of all ETFs/ETNs, listed on the JSE, has risen from R100,8 billion at the end of 2019 to R106,8 billion as at 30 June 2020, an increase of 5,8%.

From end March 2020, following the collapse of equity markets during that month due to the COVID-19 virus, the total market capitalisation of the SA ETP industry has increased from R91,7 billion (30 March 2020), to R106,6 billion (30 June 2020), a significant recovery of some 16%.



### New Capital Raised

The growth in the size of the local ETP industry has been due to the recovery in prices of many of the markets and assets tracked, rather than because of new capital raised by the listing of new ETPs, or the issue of new shares or ETP securities already listed on the JSE.

For the first 6 months of 2020, the total capital issued or redeemed, fell by R6 226,8 million. The key contributor was the delisting of the three global ETNs issued by Deutsche Bank, which covered the Chinese, Emerging and African Equity Markets. This delisting, as these ETNs matured, resulted in a net capital redemption of R5 672,2 million.

Table A below shows the net capital issued or redeemed by the issuers of ETPs on the JSE, for the 6 month period, ended 30 June 2020.

**Table A**

<b>Total Capital Issued/(Redeemed) by ETP Issuers</b> <b>31 December 2019 to 30 June 2020</b>		
	<b>Issuing House</b>	<b>Total Capital Issued/(Redeemed) (R million)</b>
1.	Union Bank of Switzerland (ETNs)	902,1
2.	Satrix Managers (ETFs)	691,0
3.	CoreShares (ETFs)	176,5
4.	Standard Bank (ETNs)	173,4
5.	Absa Capital (ETNs)	104,8
6.	FirstRand (ETFs)	57,2
7.	Cloud Atlas (ETFs)	0,6
8.	Ashburton (ETFs)	(87,0)
9.	Sygnia Itrix (ETFs)	(412,2)
10.	Absa Capital (ETFs)	(848,1)
11.	Invest (ETFs)	(1 312,9)
12.	Deutsche Bank (ETNs)	(5 672,2)
<b>Total</b>		<b>(6 226,8)</b>

Apart from the termination of the Deutsche Bank ETN listings on the JSE, the key products that added to the delisting of securities, were the platinum ETFs issued by Absa Capital, NewGold Platinum ETF (minus R4 325,7 million) and the Invest Palladium ETF (minus R4 300,3 million). Steady flows of investor funds into gold ETFs, issued by Absa and Invest, were not sufficient to offset the declines in certain PGM market ETFs.

Top of the table for the raising of new capital was UBS, which continued its programme of providing balance sheet backing for various asset managers to list actively managed ETNs on the JSE.

Satrix Managers continued with its consistent growth of its offshore equity tracking ETFs, raising a total of R691 million in new capital over the first half of 2020.

## Snapshot of the SA ETP Industry as at 30 June 2020

**Table B**

The South African Exchange Traded Product Industry (as at 30 June 2020)						
	Issuer	Number of Products		Value (Market Cap) of Shares in Issue (Rm)		Total Market Capitalisation (Rm)
		ETFs	ETNs	ETFs	ETNs	
1.	Absa Capital	17	5	36 455,4	762,9	37 218,3
2.	Sygnia/Itrix	10	-	22 025,7	-	22 025,7
3.	Satrix Managers	16	-	20 766,5	-	20 766,5
4.	Invest	13	-	11 544,5	-	11 544,5
5.	CoreShares	8	-	4 495,7	-	4 495,7
6.	Ashburton	5	-	2 815,9	-	2 815,9
7.	UBS	-	12	-	2 648,1	2 648,1
8.	Investec	-	2	-	1 891,7	1 891,7
9.	Standard Bank	-	8	-	1 890,8	1 890,8
10.	FirstRand (RMB)	3	-	1 298,7	-	1 298,7
11.	Cloud Atlas	2	-	25,7	-	25,7
<b>Totals</b>		<b>74</b>	<b>27</b>	<b>99 425,1</b>	<b>7 193,5</b>	<b>106 621,6</b>
Source: etfSA.co.za / JSE / Profile Data (30/6/2020).						

**Absa Capital** – remains comfortably the main provider of ETPs in the South African market, both in terms of the number of products (17 ETFs and 5 ETNs), but also in assets under management (AUM), which at R37 218 million, is significantly larger than any competitors.

**Sygnia Itrix** and **Satrix Managers** continue to contest the position for the second largest issuer of ETPs on the local market. Although Satrix closed the gap on Sygnia Itrix, they still remain second and third, respectively.

**Union Bank of Switzerland (UBS)** – continues to be the fastest growing issuer of new ETP products. From its first listing in late-2018, it now has 12 ETNs in issue with a total of R2 256 million in AUM.

Table C below shows the UBS ETN products listed, indicating the asset managers involved and the asset sector that is benchmarked. The portfolios in these ETNs are actively managed, which is in direct contrast to all other ETPs in the South African market, which are passive index or asset trackers. With the popularity of ‘white label’ actively managed unit trusts seemingly waning, because the fund of fund nature of many of these products brings high costs and lack of flexibility, the UBS method might appeal to some active fund managers. Already 8 different asset managers are using the UBS wrappers for the listing of actively managed portfolios on the JSE.

**Table C**

<b>Actively Managed Exchange Traded Notes (ETNs)</b> <b>Issued by Union Bank of Switzerland (UBS)</b> <b>(as at 30 June 2020)</b>			
<b>Share Code</b>	<b>Asset Manager</b>	<b>Sector / Asset</b>	<b>Market Cap. (R million)</b>
UABSPA	Absa	Global Equity	241,8
UMMIEA	Momentum	Global Equity	123,1
UMMIEB	Momentum	Global Equity	247,8
UEFPCA	Efficient Group	Global Equity	395,3
USQCPA	Strategiq Capital	Global Equity	147,6
UEFPCB	Efficient Group	SA Equity	166,4
UMMIES	Momentum	World Islamic	242,7
UEXGEP	Execelsia Capital	World ACWI	102,2
URETGP	Reitway	Global Property	111,8
FNBGSA	FNB	Global Equity	151,4
FNBGSE	FNB	Global Equity	536,7
UABCPA	Anbro Capital	Global Equity	181,3
<b>Total</b>			<b>R2 648,1</b>
<i>Source: etfSA.co.za / Profile Data (30 June 2020).</i>			

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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.

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