

Launch of Two New ETFs on the JSE

Two exciting products will be listed in early August on the Johannesburg Stock Exchange. Both of these fall into the category of “thematic ETFs” which seek to track indices that provide exposure to mega-trends or themes that are likely to dominate the global economy for some years to come.

The two new product's details are as follows:

ETF Name	JSE Code	Issuer	JSE Listing Date	Theme
Sygnia Itrix Solactive Healthcare 150 ETF	SYGH	Sygnia Itrix	6 August 2021	Global Healthcare companies
Satrix Inclusion and Diversity ETF	STXID	Satrix	11 August 2021	Sustainable ESG SA companies listed on the JSE

These ETFs will be available post-listings on all the etfSA.co.za platforms (Investor Hub, Tax Free accounts) for discretionary investment and will be carefully considered for inclusion in the retirement funds portfolios and wealth management portfolio services offered by etfSA.co.za.

Further details on the two new important ETF additions to the suite of ETPs available on the JSE are attached in the research reports by Melissa Shale, Research Analyst at etfSA.co.za.

Sygnia Itrix Solactive Healthcare 150 ETF

July 2021

OVERVIEW

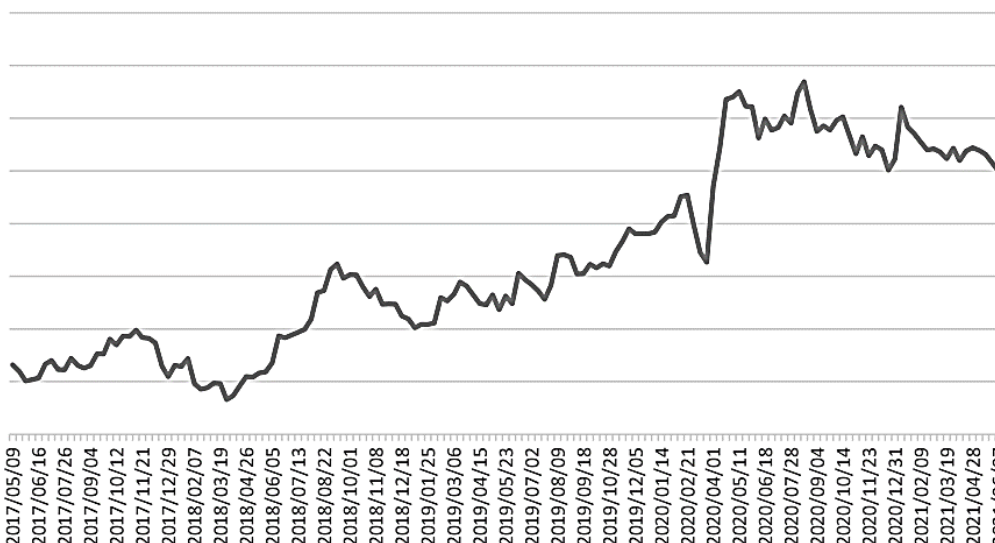
The **Sygnia Itrix Solactive Healthcare 150 ETF** (JSE Code: **SYGH**) is the first ETF to be listing on the JSE on Friday, **6 August 2021**, that provides exposure to the **Global Healthcare sector**. This ETF will track the Solactive Developed Markets Healthcare 150 Price Return Index which consists of the **largest 150 companies** from the **Developed Market** Healthcare Industry, mainly the **US (68%), Switzerland (9%), Japan (5%) and the UK (4%)**. It will follow a **physical replication** strategy whereby securities that substantially make up the Index are purchased at a similar weighting to the Index. The constituents are weighted based on their free float market capitalization and the portfolio will be **rebalanced quarterly**. The ETF **management fee is 0.50%**. Investments into this ETF are made in **South African Rands**; however, the underlying investments are in offshore currency, meaning the performance is exposed to some currency risk (i.e., exchange rate differential)

WHY INVEST IN GLOBAL HEALTHCARE?

The graph below illustrates the performance of the Developed Market Healthcare sector over the last 4 years in Rand terms.

According to the Sygnia pre-listing statement, the outlook for the sector is attractive due to the following reasons:

- Developed economies are expected to drive the research and development behind the growth of the sector as well as would lead the increase in living expenses from the change in demographics and an aging population.
- Health care expenses have been one of the main drivers of global inflation as well as the general public increasing the percentage spending of their disposable income in this sector.
- The healthcare sector's earnings also provide protection in an unstable and declining economy.

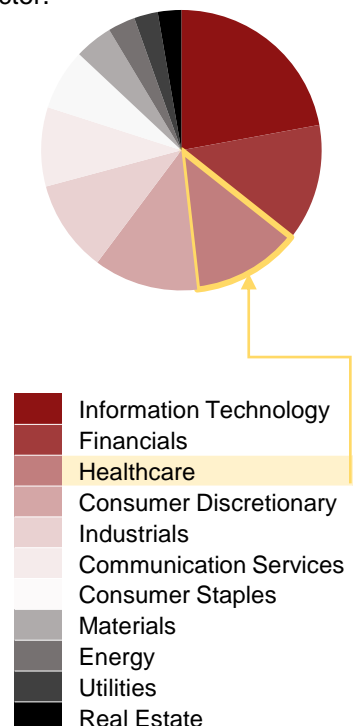


Source: Sygnia (Reuters)

*Past performance is not indicative of future performance

SECTOR FOCUS

The chart below shows the composition of the broad Developed Equity Market, as measured by the MSCI World Index, where the Healthcare sector comprises only 12.5%. The SYGH ETF now provides investors on the JSE the opportunity to gain exposure specifically to the global healthcare sector.



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The table below shows the top 10 companies making up the Solactive Developed Markets Healthcare 150 Index compared to their weighting within the MSCI World Index.











TOP 10 HOLDINGS

COMPANY	DESCRIPTION	HEALTHCARE INDEX	MSCI WORLD INDEX
	Johnson & Johnson manufactures health care products and provides services for the consumer, pharmaceutical, and medical devices and diagnostics markets.	6.1%	0.8%
	UnitedHealth Group Inc. owns and manages organized health systems. They provide employers with products and resources to plan and administer employee benefit programs.	5.3%	0.7%
	Roche Holding AG develops and manufactures pharmaceutical and diagnostic products. They produce prescription drugs in various areas including cardiovascular, infectious, autoimmune, respiratory diseases, dermatology, etc.	3.6%	0.02%
	Pfizer Inc. offers medicines, vaccines, medical devices, and consumer healthcare products for oncology, inflammation, cardiovascular, and other therapeutic areas.	3.1%	0.4%
	Novartis AG manufactures pharmaceutical and consumer healthcare products. They use innovative science and digital technologies to create transformative treatments in areas of great medical need.	2.9%	0.3%
	Abbott Laboratories discovers, develops, manufactures, and sells a broad and diversified line of health care products (pharmaceuticals, nutritional, diagnostics, and vascular products) and services.	2.9%	0.4%
	Abbvie Inc. originated as a spin-off of Abbott Laboratories. They research and develop pharmaceutical products for specialty therapeutic areas and offer treatments for diseases.	2.8%	0.4%
	Thermo Fisher Scientific Inc. manufactures scientific instruments, consumables, and chemicals to pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions, and government agencies.	2.8%	0.4%
	Eli Lilly and Company discovers, develops, manufactures, and sells pharmaceutical products for neuroscience, endocrine, anti-infectives, cardiovascular agents, oncology, and produce animal health products.	2.8%	0.3%
	Merck & Co., Inc. is a global health care company that delivers health solutions through its prescription medicines, vaccines, biologic therapies, animal health, and consumer care products.	2.6%	0.3%
TOTAL		34.9%	3.9%

OVERVIEW

The **Satrix Inclusion and Diversity ETF** (JSE Code: **STXID**) will be listing on the JSE on Wednesday, 11 August 2021. While the launch of this ETF will add to the range of existing 'ESG/ Sustainable' ETF options on the JSE, it is **South Africa's first inclusion & diversity ETF**. This ETF will track the **Refinitiv Satrix South Africa Inclusion & Diversity Index** which is a customized, comprehensive, market-value weighted index designed to track the performance of **30 JSE-listed companies** that best demonstrate and promote the values of **inclusion and diversity in the workplace**, using key metrics that include **gender, race, physical ability and background**. This ETF will distribute quarterly (March, June, September and December). The targeted annual TER is **0.46%**.

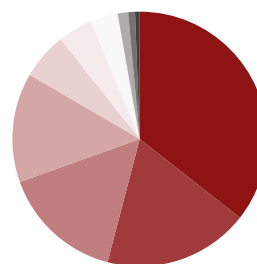
TOP 10 HOLDINGS

COMPANY	SECTOR	WEIGHT
	Financials	10.0%
	Basic Materials	10.0%
	Consumer Staples	8.9%
	Telecommunications	7.2%
	Financials	7.1%
	Financials	6.9%
	Industrials	6.7%
	Consumer Discretionary	5.7%
	Financials	5.7%
	Real Estate	4.9%
TOTAL		73.1%

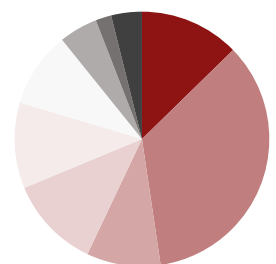
SECTOR BREAKDOWN

The charts below shows the composition of the broad SA Equity Market, as measured by the FTSE/JSE Top 40 Index, as well as the Satrix Inclusion and Diversity ETF. STXID provides diversified exposure to 9 sectors, with the largest overweight being Financials. Compared to the Top 40 Index, STXID has no Technology exposure, and it is underweight Basic Materials and Consumer Discretionary.

Top 40 Index



STXID



STEP	PROCESS
1	<p>JSE Universe</p> <p>Only stocks that are listed on the Johannesburg Stock Exchange are eligible for inclusion in the Index.</p>
2	<p>Refinitiv ESG criteria applied</p> <p>The Index identifies JSE companies that meet a specific set of economic, social and governance criteria.</p> <p>The Index then measures those companies against four pillars:</p> <ul style="list-style-type: none"> • Diversity • Inclusion • People development • News & controversies <p>Together the pillars incorporate 25 factors that each support a diverse and inclusive environment.</p>
3	<p>Index's inclusion and diversity criteria applied</p> <ul style="list-style-type: none"> • Companies are assigned four pillar scores • Companies are ranked on score average • 30 companies with the highest inclusion and diversity scores are selected for the index
4	<p>Index weighting</p> <ul style="list-style-type: none"> • Companies are weighted by free float market capitalisation • Companies are adjusted for liquidity • Company allocation is capped at 10% • Sectoral allocation is capped at 30%

"Invest in Change, because inclusion wins."

As part of owning the market, this is an opportunity to drive further change. By supporting companies that are more inclusive and diverse, we encourage other companies to pursue more inclusive and diverse strategies, policies and practices. Now more than ever, a greater spectrum of strong voices is able to contribute to the greater good, catalysing unprecedented success. By choosing to invest in companies based on a combination of inclusion and diversity we are able to drive the change we wish to see in the world"- Satrux

Source: Satrux, May 2021

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