

Exchange Traded Fund - Minimum Disclosure Document. Report date - 31 January 2018

# NewFunds Low Volatility ETF

## Charting a new path to growth

## Portfolio objectives

The NewFunds Low Volatility Equity ETF ("the Portfolio") is aimed at providing an Investor with diversified exposure to 20 highly liquid constituent securities in the South African equity market that exhibit the lowest volatility as well as a low beta to the market in their performance by tracking the Absa Wits Risk-Controlled SA Low Volatility Index ("the Low Volatility Index"), where the constituent security's weights in the Low Volatility Index is determined by applying an equal risk contribution weighting scheme.

The Low Volatility Index was created by Absa Bank Limited ("Absa") in collaboration with Wits University using their Findata@Wits® database. The ETF is total return in nature therefore all dividends and income received in the Portfolio is reinvested at each income distribution date.

## Performance and statistics

### Index net asset value chart



Source: Absa CIB. \* The index started on 31 December 2012. Index returns and risk statistics is the result of backtested simulated performance.

### Returns table

| Period               | ETF | Index | Diff. | Statistic           | Index  |
|----------------------|-----|-------|-------|---------------------|--------|
| 3 Months             | -   | 0.1%  | -     | Risk (Ann.)         | 12.2%  |
| YTD                  | -   | -1.8% | -     | Max. Drawdown       | -13.2% |
| 1 Year (Ann.)        | -   | 6.8%  | -     | Best Month          | 5.7%   |
| 3 Years (Ann.)       | -   | 3.9%  | -     | Worst Month         | -7.0%  |
| 5 Years (Ann.)       | -   | 9.3%  | -     | Best Annual Return  | 25.0%  |
| Since Listing (Ann.) | -   | 9.7%  | -     | Worst Annual Return | -6.3%  |

### Risk statistics

| Statistic           | Index  |
|---------------------|--------|
| Risk (Ann.)         | 12.2%  |
| Max. Drawdown       | -13.2% |
| Best Month          | 5.7%   |
| Worst Month         | -7.0%  |
| Best Annual Return  | 25.0%  |
| Worst Annual Return | -6.3%  |

### Distributions last 12 months

| Month          | Net Distribution | Dividend Yield |
|----------------|------------------|----------------|
| December 2017  | -                | NA             |
| September 2017 | -                | NA             |
| June 2017      | -                | NA             |
| March 2017     | -                | NA             |

Annualised return is the weighted average compound growth rate over the period measured. Performance is calculated using the NAV of the Portfolio and represents only past performance. An individual's performance may differ to that of the portfolio as a result of initial fees, brokerage, actual investment date, dividend withholding tax and income reinvestment date. The reinvestment of income is assumed to be effected on actual distributed amount net of withholding taxes; and on distribution payment date.

## Risk profile

 Aggressive ●●●●●

## Portfolio details

|                                       |   |
|---------------------------------------|---|
| Manager                               | NewFunds (RF)(Pty) Ltd                            |
| Asset Manager                         | Absa Alternative Asset Management (Pty) Ltd       |
| Asset Administrator and Pricing House | Maitland Fund Services (Pty) Ltd                  |
| Market Maker                          | Absa Capital Securities (Pty) Ltd                 |
| Trustees                              | Standard Bank (SA) Ltd                            |
| Benchmark Index                       | Absa Wits Risk-Controlled SA Low Volatility Index |
| Benchmark Index Start Date            | 31 December 2012*                                 |
| Index Calculation Agent               | S&P Dow Jones Indices                             |
| Fund Category                         | South African – Equity – General                  |
| JSE Code                              | NFEVOL  |
| ISIN                                  | ZAE000252458                                      |
| Base Currency                         | ZAR   |
| Portfolio Listing Date                | 26 March 2018                                     |
| Net Asset Value                       | -   |
| Securities Issued                     | -   |
| Dividend Frequency                    | Mar, Jun, Sep & Dec                               |
| Fund Valuation                        | 17h00   |
| Rebalance Frequency                   | Feb, May, Aug & Nov                               |
| Tracking Error                        | -   |
| Price Information                     | etfcib.absa.co.za                                 |

## Investor benefits

**Diversification:** Investors can obtain diversified exposure to a basket of SA equity securities selected via an equity risk premium methodology.

**Liquidity:** Absa act as market maker and provide daily liquidity.

**Transparency:** The Portfolio holdings, investment methodology, constituent details and net asset value information is available to investors daily.

**Lower cost:** ETFs have a lower fee structure.

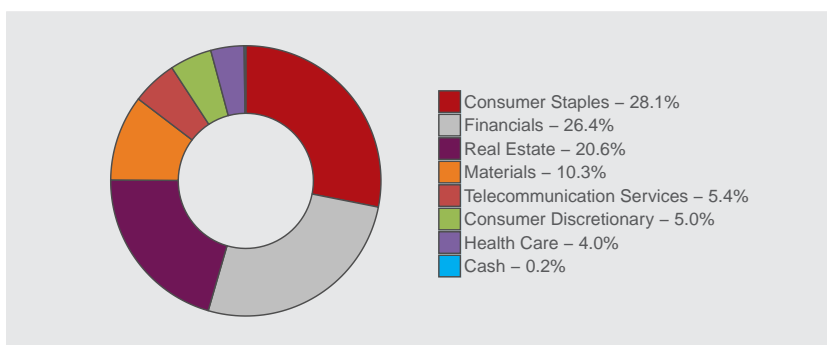
**Investor protection:** ETFs are fully backed by the underlying securities held by the Portfolio.

**Traded like a share:** ETFs are Unit Trust Portfolios which trade on the JSE like ordinary shares.

**Regulation:** NewFunds ETFs are registered as Collective Investment Schemes and regulated by the Financial Services Board.

## Exposure

### Index sector allocation



Source: Absa CIB. Data as at 30 November 2017.

### Index top 10 holdings

| Instrument                        | Industry                   | Weight |
|-----------------------------------|----------------------------|--------|
| AVI Ltd.                          | Consumer Staples           | 6.8%   |
| Anheuser-Busch InBev SA NV        | Consumer Staples           | 6.3%   |
| Clicks Group Ltd                  | Consumer Staples           | 6.1%   |
| AngloGold Ashanti Limited         | Materials                  | 5.8%   |
| Intu Properties PLC               | Real Estate                | 5.8%   |
| Investec plc                      | Financials                 | 5.7%   |
| Growthpoint Properties Limited    | Real Estate                | 5.5%   |
| Vodacom Group Ltd                 | Telecommunication Services | 5.4%   |
| Compagnie Financiere Richemont SA | Consumer Discretionary     | 5.0%   |
| Fortress REIT Ltd                 | Real Estate                | 4.8%   |
| Total:                            |                            | 57.2%  |

### Contact us

|   |  |
|---|--|
| Absa NewFunds Index & Structured Solutions<br>Tel: 0861 345 223<br>Email: <a href="mailto:etpmanagers@barclays.com">etpmanagers@barclays.com</a><br>Website: <a href="http://etfcib.absa.co.za">etfcib.absa.co.za</a>       | Absa Online & AIMS Investment Plan<br>Tel: 0860 000 005<br>Email: <a href="mailto:aimsenquiries@absa.co.za">aimsenquiries@absa.co.za</a><br>Website: <a href="https://ib.absa.co.za/absa-online">https://ib.absa.co.za/absa-online</a> |
| Absa Stockbrokers & Portfolio Management<br>Tel: 0860 050 403<br>Email: <a href="mailto:equities@absa.co.za">equities@absa.co.za</a><br>Website: <a href="http://www.absastockbrokers.co.za">www.absastockbrokers.co.za</a> |  |

### Legal disclaimer

NewFunds (RF) Proprietary Limited registration number 2005/034899/07 ("NewFunds") is the manager of NewFunds Collective Investment Scheme (NewFunds CIS), a registered Collective Investment Scheme in Securities under the Collective Investment Schemes Control Act 45 of 2002. The information contained in this document does not mean that the financial instruments and/or investment products ("the products") referred to herein are appropriate and/or suitable for any particular investment or investor objectives or financial circumstances nor does it constitute (i) financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002; or (ii) any other financial, investment, trading, tax, legal, accounting, retirement, actuarial or other professional advice or service whatsoever ("advice") or (iii) provide the basis of any credit, financial or other evaluation. This document is for information purposes only and may be amended without notice. It does not purport to be a prospectus for any security, financial product, transaction or service. This document is neither an offer to sell nor a solicitation of an offer to buy any of the products and, while every effort is made to ensure the information contained herein is complete and accurate, any pricing and other information included herein is indicative only and is not binding as such on Absa Bank Limited and NewFunds (collectively "the Promoters"). The products are issued under the NewFunds CIS and managed by NewFunds. The legal relationship between the Investor and NewFunds will arise upon the investment by the Investor in the products and will be governed by the terms and conditions contained NewFunds' prospectus read with the relevant product and pricing supplement. Accordingly, the information contained herein merely contains a description of certain facts as at the date hereof and investors are advised to carry out their own independent investigation and appraisal and seek their own advice prior to making any decision or taking action based on information contained herein. The Promoters disclaim any liability for any direct, indirect or consequential damage or losses that may be suffered as a result from using or relying on the information disclosed. Investors are advised that not all risks and issues related to the products are disclosed and therefore, investors should familiarize themselves with the products and the risks and issues related to or associated with them. Collective Investment Schemes in Securities ("CIS") are generally medium to long term investments. The value of participatory interests may fluctuate as a result of market moves, associated external factors and risks, and past performance is not generally a guide to future performance. Any information on past financial returns, modelling or back-testing cannot be guaranteed nor does NewFunds guarantee with respect to the capital or return of any portfolio of NewFunds CIS. Listed CIS products are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges is available from NewFunds upon request.

NewFunds (RF) Proprietary Limited Reg No 2005/034899/07 and Absa Bank Limited Reg No 1986/004794/06, an Authorised Financial Services Provider (FSP 72), Registered Credit Provider Reg No NCRCP7.

## Portfolio details (cont.)

|                       |                    |
|-----------------------|--------------------|
| Max Management Fee    | 0.50% <sup>1</sup> |
| Annualised TER        | 0.50% <sup>2</sup> |
| Transaction Cost      | 0.00% <sup>3</sup> |
| Effective Annual Cost | 0.50% <sup>4</sup> |

### Notes

1. Maximum management fee is the maximum fee which the manager charges for the portfolio. Where the TER is lower than the management fee, the Manager has subsidized or waived allowable expenses. Such subsidies and waivers are not guaranteed perpetually and a higher TER may incur in the future.
2. The Total Expense Ratio (TER) is expressed as a percentage of the daily NAV calculated over a rolling 12 month period.
3. The Transaction Cost of the Portfolio is expressed as a percentage of the daily NAV and is calculated over a rolling 1 year period.
4. The Effective Annual Cost (EAC) measure is a combined sum of the TER and Transaction costs.
5. Scrip Lending - The fund does not engage in scrip lending at this stage.

## Glossary of terms

**Annualised Return** - The weighted average compound growth rate over the period being measured.

**Annualised Risk** - A measure of how much the investment return varies from its average over time.

**Constituent Security** - A stock which is part of a larger portfolio.

**Exchange Traded Funds (ETF)** - A Unit Trust listed on the JSE whereby the investor essentially owns a proportionate share of the underlying investments held by the Portfolio.

**Liquidity** - The ease of buying and selling a financial instrument for cash.

**Market Maker** - The market maker will attempt to maintain a high degree of liquidity through continuously offering to buy and sell participatory interests at prices around the NAV, thereby ensuring tight buy and sell spreads.

**Net Asset Value (NAV)** - The NAV is the total assets of the portfolio less the liabilities.

**Net Distribution** - Accrued income and dividends less portfolio expenses, which is distributed to investors.

**Portfolio Risk** - A measure of the risk inherent in a portfolio incorporating individual stock volatility as well as the covariance structure of stocks in the portfolio.

**Rebalancing** - Rebalancing is when the asset manager buys and/or sells constituents in a portfolio in order to bring the portfolio in line with the index being tracked.

**Scrip Lending** - The lending of securities from one party (being the holder of the securities) to another party (the borrower). The borrower provides collateral for the securities borrowed.

**Total Expense Ratio (TER)** - This is the total costs associated with managing and operating an investment (excluding financial planning). These costs consists primarily of management fees and other operational expenses such as audit and custody fees. 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.

**Tracking Error** - Measures the extent to which the fund deviates from the index being tracked.

**Volatility** - Measures the dispersion of price returns around the average over a specific period of time.