

ETFs – investments suitable for everyone

Exchange-traded funds (ETFs) have been around financial markets since 2000, but they have gained some decent traction in recent years along with other passive investments as a popular investment in South Africa. For cost-conscious investors, these funds are trending as a result of muted market returns over the past few years.

What exactly is an ETF?

ETFs are similar to unit trusts, but are listed on the stock exchange and they typically track a specific index, although commodity ETFs are also available. Because they are listed on an exchange, the price changes throughout the day (as opposed to a unit trust which has daily pricing) and investors can buy and sell their ETFs throughout the day. If you're new to investing, it may be difficult to select individual shares, so it is always best to get help from a financial adviser.

ETFs in SA

Investors in the US invest much more readily in ETFs than those in SA. For a bunch of reasons, around the efficiencies of share pricing mechanisms, there is a tendency in South Africa to stick with actively-managed funds where managers are able to take advantage of any opportunities presented by the market. So, local investors could be missing out on a cost-effective way to gain overall market exposure.

Six reasons to invest in ETFs

1. ETFs tend to have lower costs than actively-managed unit trust investments (although passive unit trusts are also available).
2. ETFs are highly regulated.
3. Investors gain exposure to a number of shares in the index via a single investment, without having to research and invest in each single share.
4. Depending on the index chosen, investors gain access to offshore markets via the JSE.
5. ETFs are transparent as investors can readily see the underlying companies that make up the index.
6. When investing via the Glacier platform, any dividends received are automatically re-invested

to further enhance the growth of the investment.

Suitable for everyone

Whether you're a newbie or seasoned investor, ETFs have a place in your portfolio, according to Dean De Nysschen, a research and investment analyst at Glacier by Sanlam. Before investing in a particular index – as with any other investment – investors should take into account their time horizon, as well as ability and capacity to take on risk. ETFs, like unit trusts, will experience volatility in line with market movements. Investors should be prepared to invest for at least five years, possibly even seven to ten years, to see and enjoy real growth.

Investors can combine ETFs with actively-managed funds for optimal performance across their overall portfolio.

ETFs available on the Glacier platform

Glacier has partnered with Satrix, the second largest provider of passive investments in SA, to make a limited range of ETFs available directly on the Glacier platform. Speak to your financial adviser about the available options just right for you.

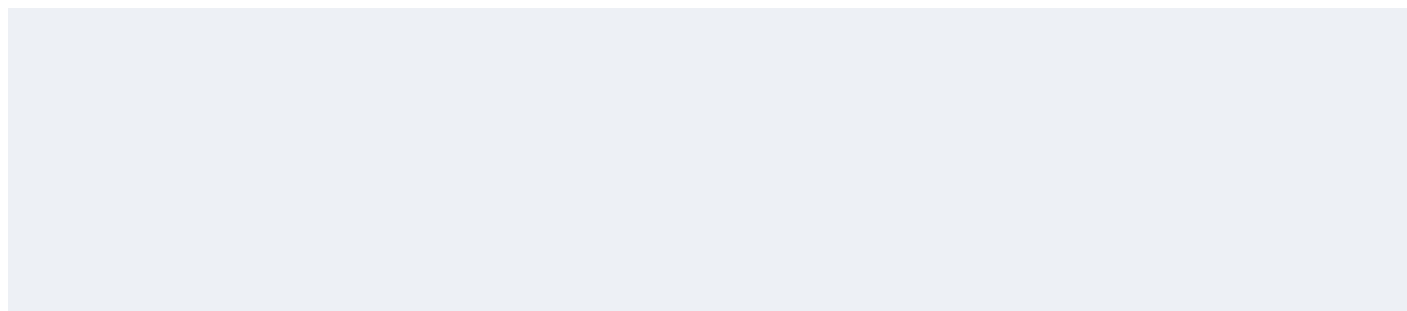
[Download the FAQ document](#)

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ETFs are well regulated

In South Africa ETFs (as well as unit trusts) are governed by the Collective Investment Schemes Control Act (CISCA). Both ETFs and unit trust funds are monitored by independent trustees and are regulated by the Financial Sector Conduct Authority (FSCA).

Satrix Managers (RF) (Pty) Ltd (Satrix) is a registered and approved Manager in Collective Investment Schemes in Securities and an authorised financial services provider in terms of the FAIS.



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Glacier Financial Solutions (Pty) Ltd.

A member of the Sanlam Group

Private Bag X5 | Tyger Valley 7536 | Email client.services@glacier.co.za | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web www.glacier.co.za | Reg No 1999/025360/07

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Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web www.smmi.com *|*Reg No 2002/030939/07

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Sanlam Life Insurance Ltd. | Email life@sanlam.co.za | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440

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