



What does portfolio construction mean?

Michelle Noth, CFA
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Quick Recap



Getting the “macro” calls (asset allocation) right?

Key	Rank	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	41%	41%	50%	62%	27%	52%	32%	30%	30%	36%	57%	28%	41%	15%	21%	16%	25%
SA Bonds	2	18%	25%	47%	41%	19%	17%	14%	19%	19%	35%	29%	27%	34%	10%	17%	11%	15%
SA Equity	3	16%	15%	30%	34%	9%	12%	9%	15%	16%	27%	21%	17%	31%	7%	11%	8%	12%
SA Cash	4	12%	15%	24%	28%	7%	-4%	4%	11%	9%	22%	17%	11%	8%	3%	10%	7%	10%
Global Property	5	7%	8%	11%	17%	6%	-19%	4%	7%	9%	16%	8%	10%	6%	-5%	8%	7%	7%
Global Equity	6	4%	-3%	7%	7%	4%	-23%	-1%	1%	6%	6%	5%	10%	5%	-10%	1%	-9%	3%
Global Bonds	7	-12%	-8%	5%	5%	-6%	-25%	-19%	-4%	3%	5%	1%	6%	-4%	-12%	-4%	-25%	2%



Deciding what to buy (or sell)? ⁽¹⁾

YOUR GOALS





Portfolio construction with a goal in mind (example)

Asset Class	<u>High Equity: CPI+5%</u> <u>(pre-retirement)</u>	<u>Low Equity: CPI+3%</u> <u>(post retirement)</u>
	CoreShares Wealth Accumulation	CoreShares Stable Income
Equity*	50,00%	27,50%
Property*	7,50%	7,50%
Bonds	7,00%	15,75%
Inflation linked bonds	3,00%	6,75%
Short Duration Credit	2,50%	13,75%
Cash	2,50%	13,75%
Foreign equity*	22,50%	10,00%
Foreign property*	2,50%	2,50%
Foreign bonds	2,50%	2,50%
<i>*Growth Assets</i>	<i>82.5%</i>	<i>47.5%</i>

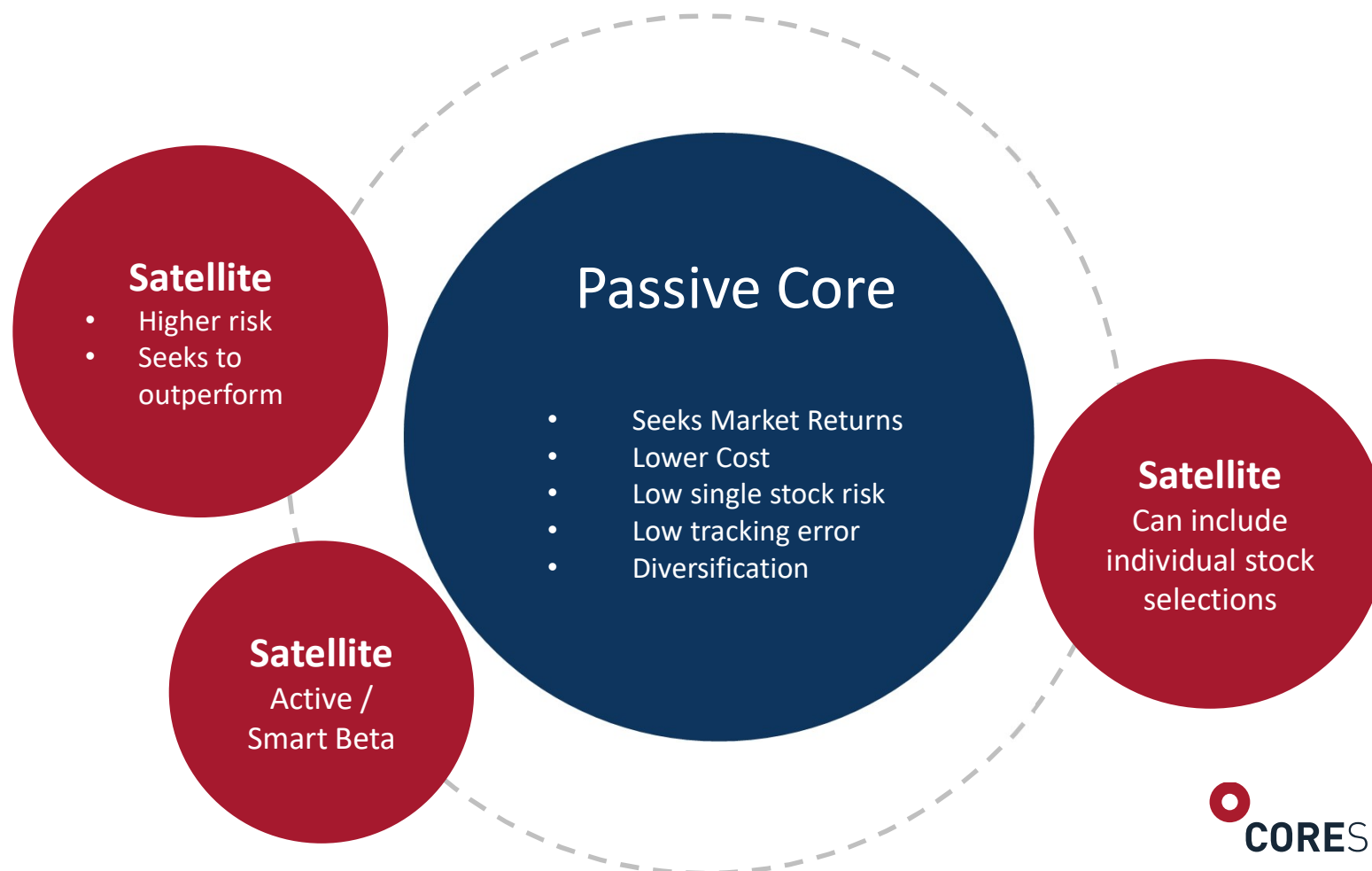
1. Source: CoreShares. This is for illustrative purposes only and does not constitute financial advice.



How Investors Use ETFs

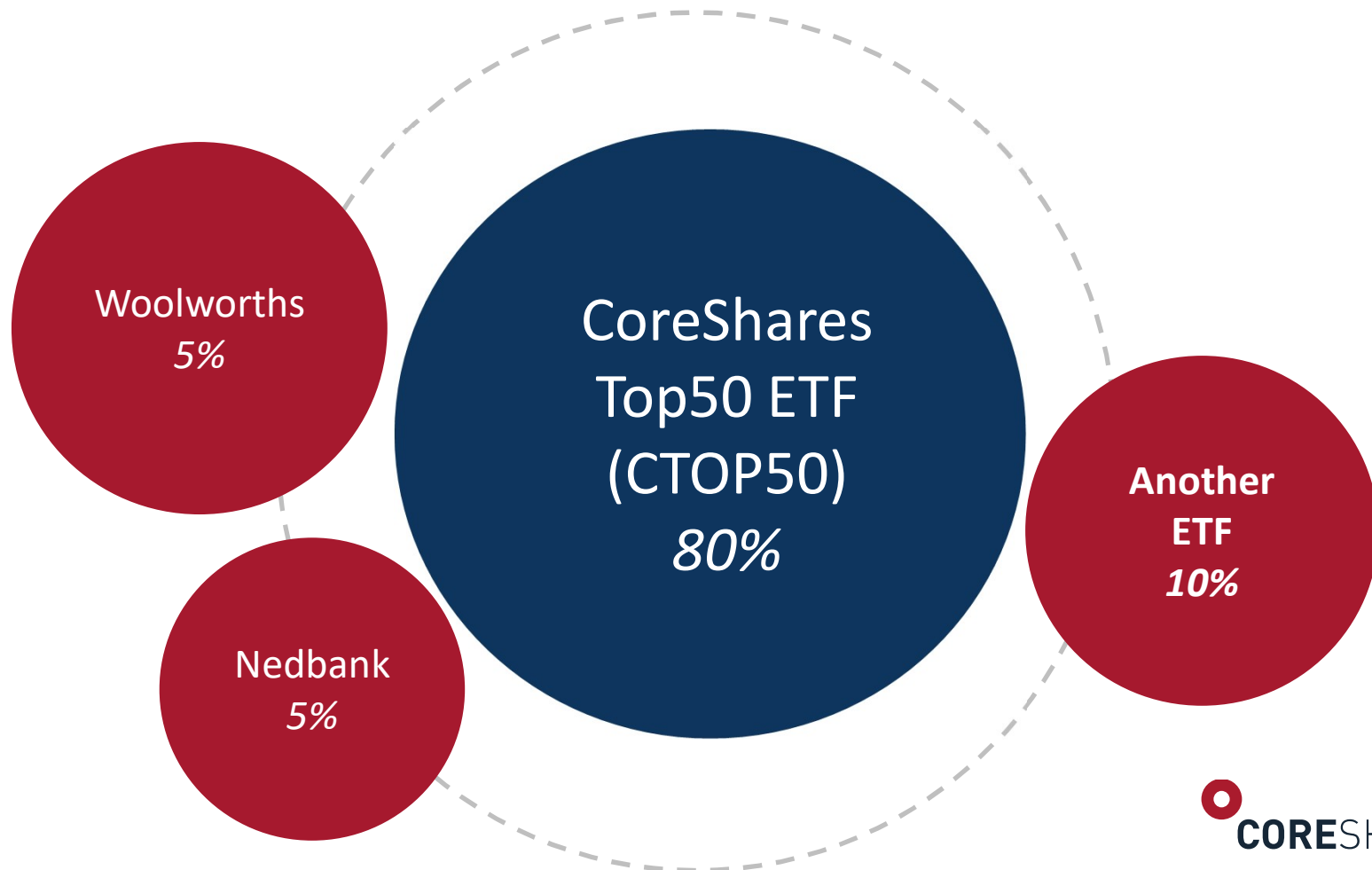


1. Core-Satellite: Passive in the Core & Stock Picking





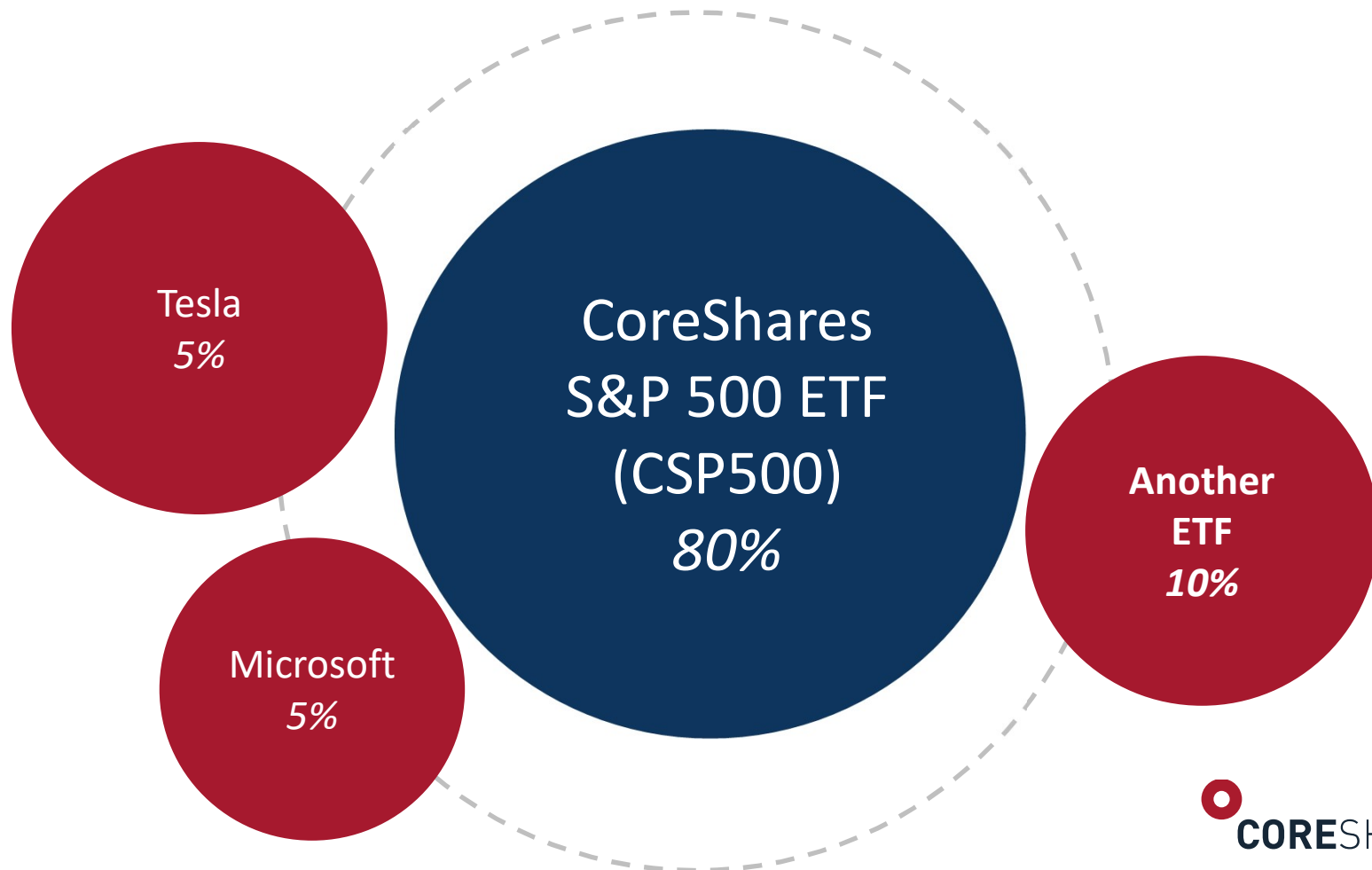
1. Core-Satellite: Passive in the Core & Stock Picking (example SA Equity)



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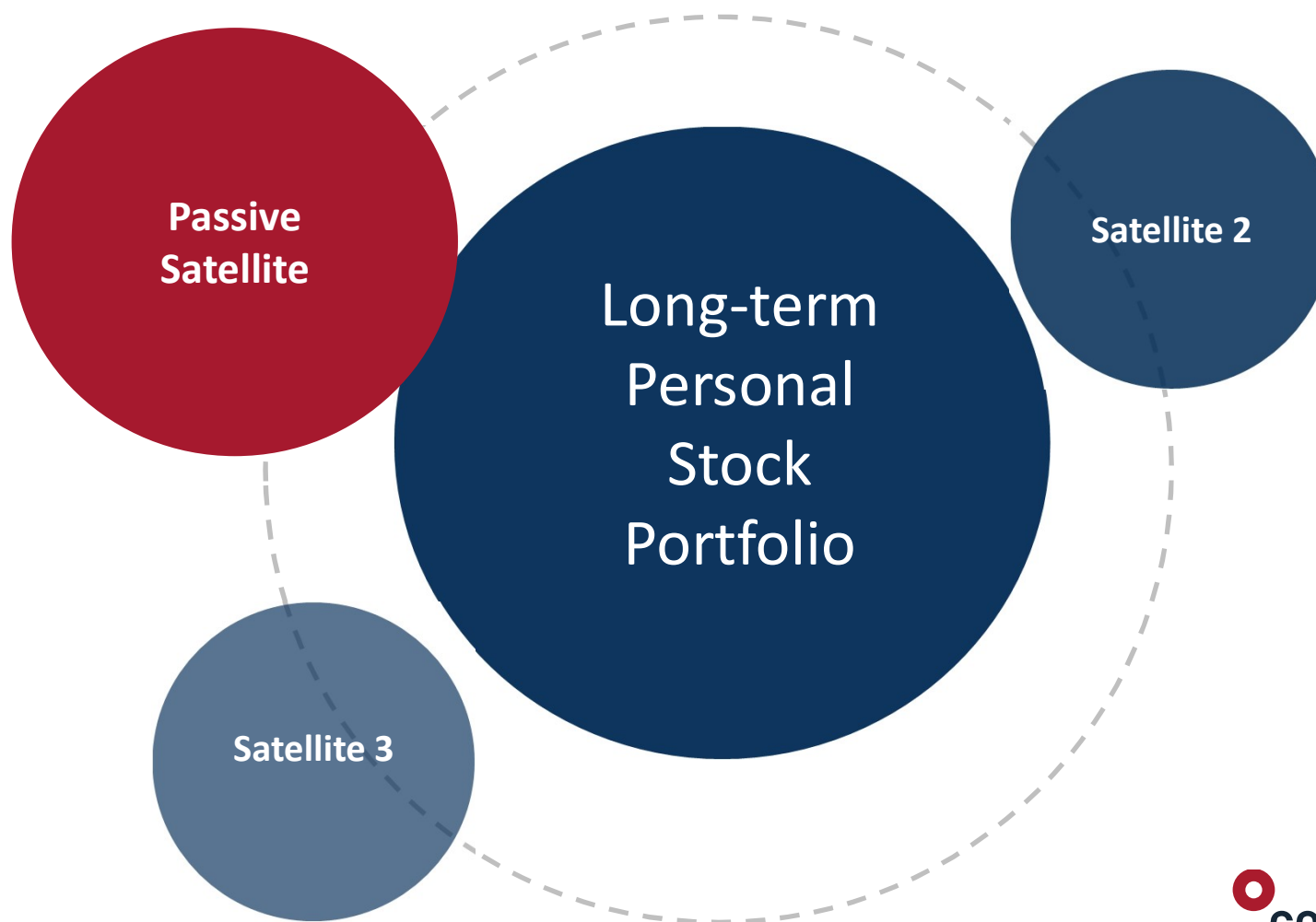
1. Core-Satellite: Passive in the Core & Stock Picking (example US Equity)



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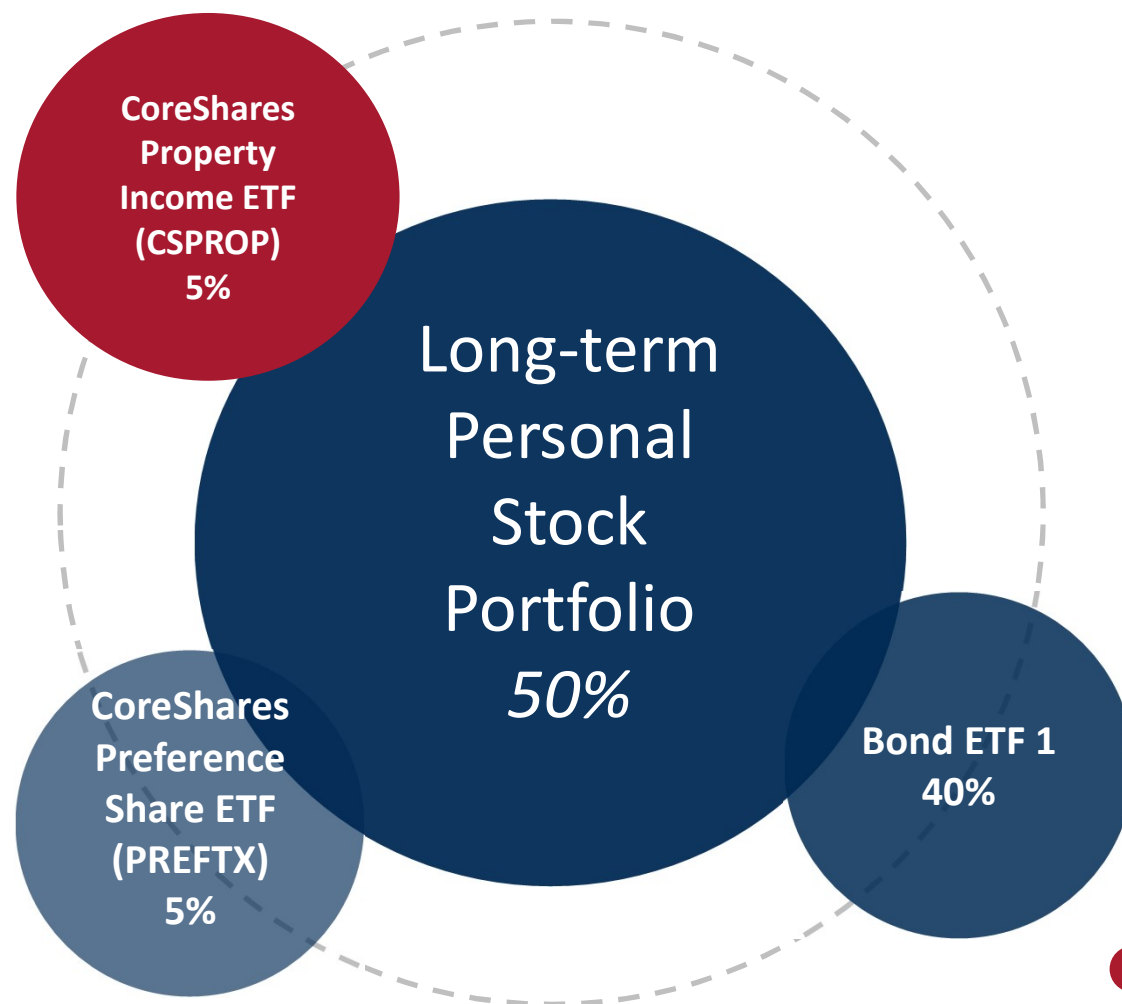


2. Passive in the Satellite





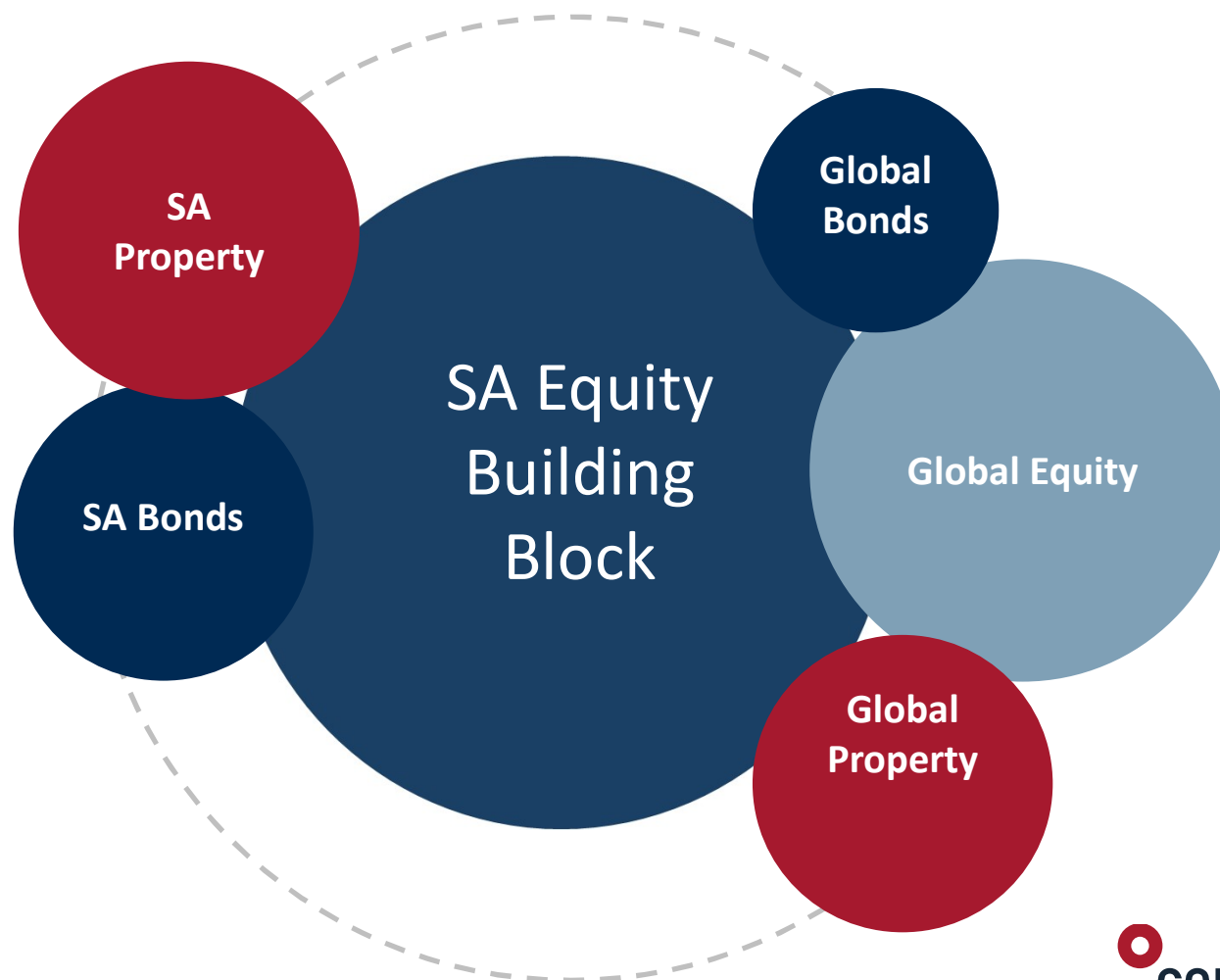
2. Passive in the Satellite (example seeking Income)



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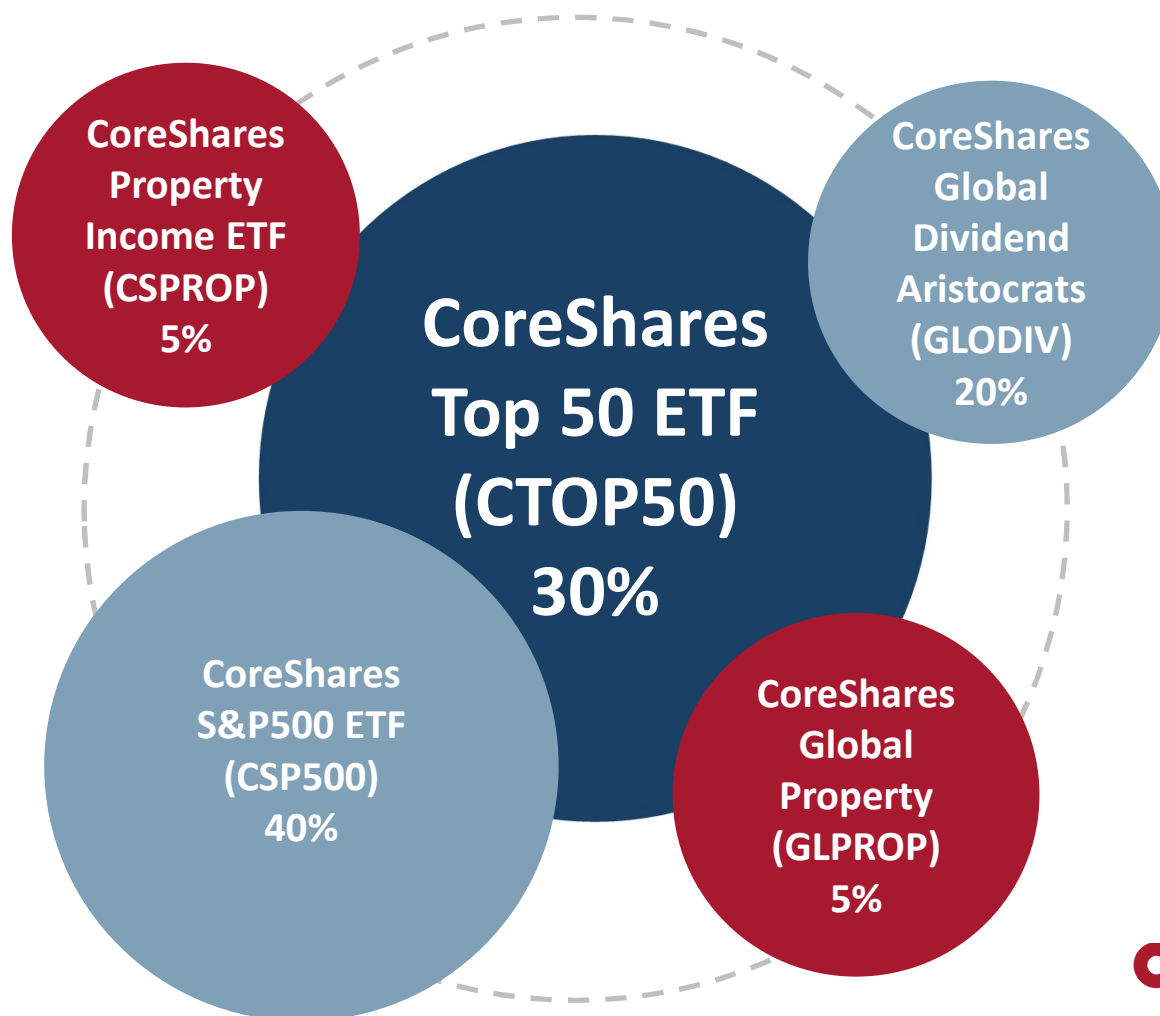


3. The Global Multi-Asset Strategy





3. The Strategist (example Seeking Growth & Diversification)



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More building blocks





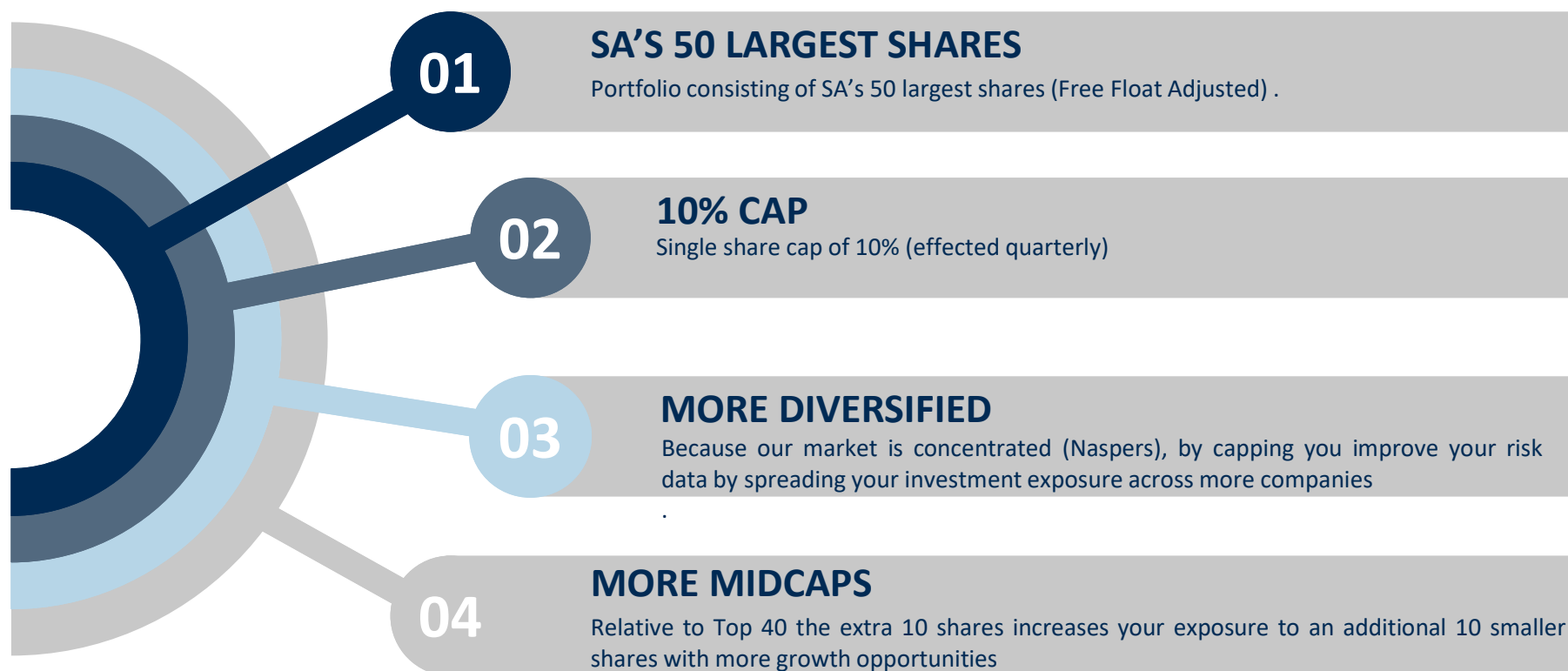
SA EQUITY: CoreShares Top 50 ETF (CTOP50)

KEY FACTS:

TER 0.25%

Yield 3.5%

Quarterly Divs





SA PROPERTY: CoreShares SA Property Income ETF

Share Code	Share Name	Weight (%)	Share Code	Share Name	Weight (%)
GRT	Growthpoint Properties Ltd	7.1%	RPL	RDI Reit Plc	4.1%
NRP	Nepi Rockcastle PLC	6.0%	SRE	Sirius Real Estate Ltd	4.1%
SAC	SA Corporate Real Estate Fund	6.0%	VKE	Vukile Property Fund Ltd	4.0%
FFA	Fortress Reit Limited A	5.9%	IPF	Investec Property Fund Limited	3.8%
EMI	Emira Property Fund Limited	5.3%	SSS	Stor-age Property Reit Ltd	3.5%
HYP	Hyprop Investments Ltd	5.1%	MSP	MAS REAL ESTATE	3.4%
RDF	Redefine Properties Limited	4.8%	EPP	Echo Polska Properties NV	3.3%
EQU	Equites Property Fund Limited	4.7%	FFB	Fortress Reit Limited B	3.2%
RES	Resilient Property Income Fund Ltd	4.6%	ATT	Attacq Limited	3.1%
L2D	Liberty Two Degrees	4.4%	CCO	Capital and Countries Properties Plc	2.7%
IAP	Investec Australia Property Fund	4.3%	HMN	Hammerson Plc	1.6%
LTE	Lighthouse Capital Limited	4.1%	Source: CoreShares end Oct 2020		

Use Case:

- Growth asset
- Attractive Yield
- Diversified Exposure (23 shares)

Key Facts:

- Yield: 13.6%
- TER: 0.51%
- Share Code: CSPROP
- Quarterly Dividends



SA PREF SHARES: CoreShares Preference Share ETF

Share Code	Share Name	Weight (%)
SBPP	Standard Bank Group Ltd Pref	18.6%
FSRP	Firststrand Ltd B Preference Shares	16.4%
ABSP	Absa Bank Ltd Preference Shares	14.6%
NBKP	Nedbank Ltd Preference Shares	13.9%
INPR	Investec Ltd Preference Share	12.4%
PGFP	PSF Financial Services Pref Shares	6.7%

Share Code	Share Name	Weight (%)
INLP	Investec Bank Ltd Preference Share	6.3%
DSBP	Discovery B Preference Shares	3.3%
GNDP	Grindrod Ltd Cum Pref Share	2.8%
NTCP	Netcare Preference Share Ltd	2.5%
IVTP	Invicta Holdings Ltd Pref Shares	2.4%
Source: CoreShares end Oct 2020		

Use Case:

- Tax efficient income
- Reliable dividend
- Diversified Exposure (11 shares)
- <https://coreshares.co.za/news/tax-efficient-income/>

Key Facts:

- Yield: 12.2%
- TER: 0.58%
- Share Code: PREFTX
- Quarterly Dividends



CoreShares JSE-Listed ETF Range

Fund Name	Share Code	Management Fee	ETF TER	Unit Trust TER	Distributions	Category	Benchmark
Equity – South Africa							
CoreShares Top 50	CTOP50	0.20%	0.25%	0.29%	Quarterly	Core, 10% Capped	S&P South Africa 50 Index
CoreShares S&P SA Dividend Aristocrats	DIVTRX	0.40%	0.54%		Quarterly	Income	S&P South Africa Dividend Aristocrats
CoreShares Scientific Beta Multi-Factor Index Fund	SMART	0.40%	0.60%	0.52%	Quarterly	Smart Beta	Scientific Beta CS South Africa 6FEW
Equity – Global							
CoreShares S&P500	CSP500	0.25%	0.33%		Semi-annually	Core	S&P 500 Index
CoreShares S&P Global Dividend Aristocrats	GLODIV	0.35%	0.60%		Semi-annually	Income	S&P Global Dividend Aristocrats Blend
Listed Property – South Africa							
CoreShares SA Property Income ETF	CSPROP	0.35%	0.51%		Quarterly	Income	SA Property Income
Listed Property – Global							
CoreShares S&P Global Property	GLPROP	0.40%	0.63%		Semi-annually	Core	S&P Global Property 40 Index
Fixed Income							
CoreShares Preftrax	PREFTX	0.45%	0.58%		Quarterly	Income	FTSE/JSE Preference Share Index (J251)



Thank you!

Did you miss one of the previous sessions from CoreShares & EasyEquities?

1. What is an ETF?
2. What is an Index?
3. Where can I find help deciding what to buy (or sell)?
4. How can I trade offshore via the JSE?
5. What does Portfolio Construction mean (today's recording)

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