

# State of the South African Exchange Traded Product (ETP) Industry

As at 28 June 2024

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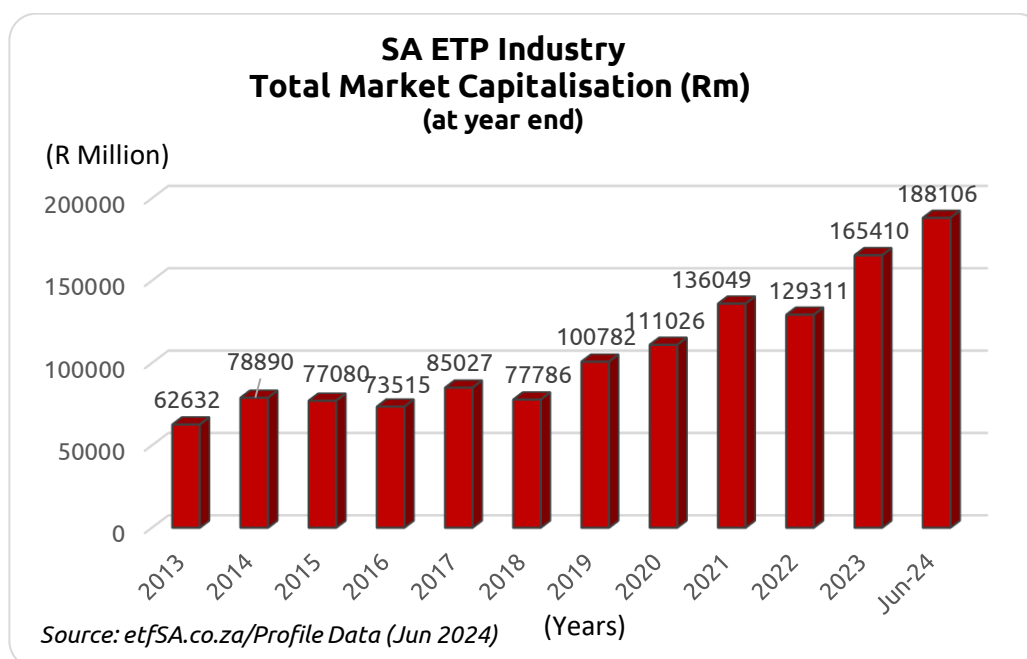
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## 1. Industry Overview

The market capitalisation of the entire ETP industry, at the end of the second quarter of 2024, amounted to R188,1 billion. This signifies a rise of 13,6% in the market cap since December 2023.

The overall assets under management (AUM) increase of some R22,6 million, stems from:

- Fresh capital raised by the total ETP industry of R10,4 billion for new listings or the issue of additional securities for ETP securities already listed on the JSE.
- The improvement in general equity markets, for the first 6 months of this year. For instance, the MSCI World Equity index (in rands) grew by 8,3% and the JSE All Shares index by 6,3% over this period.



## 2. Number of ETPs in Issue

The number of Exchange Traded Products in issue on the JSE has risen from 211 at the end of 2023 to 229 at mid-year 2024.

Some delistings and consolidation of ETFs by Satrrix and Sygnia Itrix took place during the first half of the year and further consolidations have been announced in July 2024, including by 10X.

However, the growth in choice of products continues to remain robust, from just over 100 products at the end of 2019, to more than double that total, at present.

**Table A**

Number of Exchange Traded Products in Issue (end of period)						
	2019	2020	2021	2022	2023	June 2024
Exchange Traded Funds (ETFs)	73	78	86	95	92	94
Exchange Traded Notes (ETNs)	29	59	82	66	69	77
Actively Managed Certificates (AMCs)	-	-	-	22	44	49
Actively Managed ETFs (AMETFs)	-	-	-	-	6	9
<b>Totals</b>	<b>102</b>	<b>137</b>	<b>168</b>	<b>183</b>	<b>211</b>	<b>229</b>
<i>Source: etfSA.co.za (Jun 2024).</i>						

### 3. New Capital Raised

A total of R10,4 billion in new capital was raised by the industry in the first two quarters of 2024.

Breaking this down into the four categories of ETPs now available shows that all sectors of the industry contributed.

**Table B**

New Capital Raised – December 2023 to June 2024 (Rm)	
Exchange Traded Funds (ETFs)	6 904,6
Actively Managed Exchange Traded Funds (AMETFs)	1 440,9
Exchange Traded Notes (ETNs)	895,3
Actively Managed Certificates (AMCs)	1 200,0
<b>Total</b>	<b>10 440,8</b>

*Source: Profile Data/ETFSA*

**Satrix Managers** took the lead by raising R3 445 million in new capital to date this year. Two new ETFs were listed by Satrix, the **JSE Global Equity ETF** (R71,1 billion new capital) and the **Satrix ACWI ETF** (R250,2 billion).

**1invest (Standard Bank)** was the next biggest generator of new capital raised, with just over R2 billion received, particularly for the 1invest Gold and SA Property ETFs.

Table C below shows the individual ETFs that were the major issuers of new capital for the first 6 months of this year.

**Table C**

Net New Capital Raised / (Redeemed) - South African ETP Issuing Houses – Individual ETPs					
First Six Months of 2024					
Issuing House - Raised		(R million)	Issuing House - Redeemed		(R million)
1.	Satrix MSCI World ETF	1 302,3	11.	Sygnia Itrix 4 <sup>th</sup> Ind. Revolution ETF	(241,5)
2.	NewGold ETF	1 064,9	12.	Sygnia Itrix FTSE 100 ETF	(271,3)
3.	Satrix S&P 500 ETF	1 031,8	13.	Absa NewGold Platinum ETF	(288,1)
4.	Sygnia Itrix FANG.AI AMETF	882,9	14.	Satrix Capped JSE All Share ETF	(330,1)
5.	1invest SA Property ETF	654,5	15.	Sygnia Itrix MSCI World ETF	(382,3)
6.	Satrix Nasdaq 100 ETF	519,7			
7.	1invest Gold ETF	495,1			
8.	Sygnia Itrix S&P 500 ETF	431,2			
9.	Satrix MSCI India ETF	340,3			

*Source: etfSA.co.za Quarterly Securities in Issue and New Capital Raised Survey (Jun 2024).*

The individual ETP figures above in Table C show that ETFs tracking the price of gold bullion and broad-based ETFs tracking the S&P 500, or MSCI World indices, were amongst the major capital raisers.

## 4. Snapshot of the SA ETP Industry as at 28 June 2024

Table D

**The South African Exchange Traded Product Industry**  
(as at 28 June 2024)

	Issuer	Number of Products				Value (Market Cap) of Shares in Issue (Rm)				Total Market Capitalisation (Rm)
		ETFs	ETNs	AMCs	AMETFs	ETFs	ETNs	AMCs	AMETFs	
1.	Satrix Managers	36	-	-	-	59 534,0		-	-	59 534,0
2.	Sygnia Itrix	12	-	-	2	42 193,5		-	3 024,0	45 217,5
3.	Absa Capital	3	5	-	-	27 666,4	1 658,1	-	-	29 324,5
4.	10X (CoreShares)	12	-	-	2	12 395,5	-	-	1 721,6	14 117,1
5.	FNB/FirstRand	11	48	-	-	8 808,1	5 144,4	-	-	13 952,5
6.	UBS	-	22	36	-	-	705,2	10 184,0	-	10 889,2
7.	1invest	16	-	-	-	10 632,4	-	-	-	10 632,4
8.	Standard Bank	-	2	13	-	-	1 522,2	1 984,7	-	3 506,9
9.	Prescient Management	3		-	4	182,5	-	-	744,9	927,4
10.	Easy Equities	1	-	-	-	3,1	-	-	-	3,1
11.	27Four				1				1,0	1,0
<b>Totals</b>		<b>94</b>	<b>77</b>	<b>49</b>	<b>9</b>	<b>161 415,5</b>	<b>9 129,9</b>	<b>12 068,7</b>	<b>5 491,5</b>	<b>188 105,6</b>

Source: *etfsa.co.za – Market Capitalisation – SA Industry Report (June 2024).*

The above table consolidates the extent of the local ETP business, ranked by issuer house for the end of June 2024.

Table D provides a coherent view of the entire South African ETP industry at the end of June 2024. Eleven companies are registered as issuers of Exchange Traded Products and a total of 229 product are in issue.

**Satrix Managers** remains the dominant force in the local industry, with 36 ETFs in issue accounting for a total AUM of R59 534 million.

At one stage, **Sygnia Itrix** was vying closely with Satrix as the top issuer of ETFs, measured by size, but has fallen away a little in recent quarters. Its smaller offering of only 12 ETFs and 2 AMETFs, has counted against it. In fact, there has been a net decrease in capital raised by Sygnia over the first half of 2024, with a total R376,2 million capital redeemed for its ETFs in issue.

**Easy Equities**, which purchased the Cloud Atlas collective investment scheme license, only to have to suspend the two ETFs issued by Cloud Atlas, has since succeeded in getting the AMI Big 50 ETF, which tracks a basket of African nation securities (excluding South Africa), relisted on the JSE. However, it is understood that Easy Equities (Easy ETFs) is busy with a number of new listings.

A new entrant to the industry in the second quarter of 2024, has been **27four Collective Investments**, which has been granted a license to issue Exchange Traded Products. Its first product was launched on 28 June 2024, the 27four Large Cap Equity AMETF, which will invest in the top 80 shares on the JSE, in terms of market capitalisation.

Much of the activity in the ETP business has centralised on the issue of **Actively Managed Certificates (AMCs)** and **Actively Managed ETFs (AMETFs)** in recent periods. The change in the JSE Listings Regulations in late-2022, to allow actively managed portfolios of securities to list as Exchange Traded Products on the stock exchange has ensured a flurry of new listings – 48 AMCs and 9 AMETFs to date.

The key difference in the product structures is that AMCs are notes, underwritten by a creditworthy bank or institution, that allows active portfolios rather than purely passive index trackers to be listed. In the case of an AMETF, the underlying basket of securities must be physically held, so they qualify as Collective Investment Schemes, which is not the case with AMCs. It is likely that the number of AMETFs in issue will rise as more asset managers take the opportunity to “white label” their portfolios for listing on the JSE in this format. Many institutional and retail investors prefer the Collective Investment Scheme structures and regulations for their investment exposure.

## 5. Individual Issuing Houses

**Satrix Managers** – the consolidation of its stable of ETFs to integrate the 13 ETFs inherited from Absa Capital in 2022, appears to be progressing. The Momentum, Inflation-linked bond and GIVI Top 50 have been delisted, with these funds incorporated into other ETFs operating within the same mandate. However, there are still some ETFs in issue in the Satrix stable that account for double exposure on the same index, or very small market cap ETFs that have not found favour in the market. The Satrix clean up many still have further to go.

Despite the attention Satrix has given to the consolidation process and obtaining investor approval for any changes through the ballot process required by the CIS Act, which can be both time consuming and complex, Satrix Managers has continued to build on its lead in the ETP industry, with just below R60 billion AUM. Satrix, accordingly, accounts for some one-third of the total market capitalisation of the ETP business in South Africa.

**Sygnia Itrix** – this issuer experienced an overall small net (R376 million) redemptions over the first 6 months of 2024.

The most successful product for Sygnia over the first half of this year has been the Sygnia Itrix FANG.AI AMETF, which focusses on high-tech stocks in the US, with a high weighting to the “magnificent seven” counters.

A strategy change to tracking the high-tech sectors (GEN Z) appears to be in process and some of the Sygnia products are being switched to the actively managed ETF category, rather than being pure index trackers. The 4<sup>th</sup> Industrial Revolution and Solactive Healthcare ETFs, will follow this route alongside the FANG.AI ETF.

This switch from beta to an alpha focus, for some of the Sygnia Itrix products will be watched with interest.

**Invest** – this issuer has grown its total market capitalisation from R8,1 billion at the end of 2023, to R10,6 billion at present, which is an increase of over 31% in its total size.

**FNB** – First National Bank, including the currency and Krugerrand ETFs issued by First Rand, also continues to grow in size and now accounts for a market capitalisation of R13 952 million. This brings this issuing house to fifth place in the ranking tables, based on total AUM.

FNB issued three new ETFs during the second quarter, which track global equity market indices, namely MSCI World Index Feeder ETF, S&P 500 Feeder ETF and MSCI Emerging Markets Feeder ETF. These new ETFs appear to have been introduced to provide global benchmark coverage and their progress will be interesting to observe.

The single stock ETNs issued by FNB saw the addition of Eli Lilly, Nvidia, Booking Holdings and Palo Alto, in both compo (rand denominated) and quanto (US dollar denominated) form for each company.

**Standard Bank** – is focussing on the Actively Managed Certificate space, offering its balance sheet to third party asset managers, who wish to list their portfolios for trade on the JSE. There are now 13 Standard Bank AMCs, covering both global and local equity markets.

**Union Bank of Switzerland (UBS)** – also focuses on the AMC market and has 36 such products listed on the JSE. The overall market capitalisation of all of these AMC products now exceeds R10 billion, so this issuer is becoming an integral part of the South African market. Its status as the only global bank or asset manager that issues ETPs in South Africa, is unique.

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**Note:** full details for each Exchange Traded Product is available on the quarterly reports available on the etfSA website: [www.etfsa.co.za](http://www.etfsa.co.za):

- All South African ETFs, ETNs & AMCs – Market Capitalisation Totals – December 2013 to June 2024.
  - ETP survey – Securities in Issue and New Capital Raised/Redeemed (for period ended 28 June 2024).
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