

CoreShares Index Tracker Managers (RF) Proprietary Limited
CoreShares Equal Weight Top 40 ETF
Share code: CSEW40
ISIN: ZAE000217139

A portfolio in the CoreShares Index Tracker Collective Investment Scheme registered as such in terms of the Collective Investment Schemes Control Act, 45 of 2002, managed by CoreShares Index Tracker Managers (RF) Proprietary Limited (“CoreShares”)

BALLOT VOTING PROCEDURE IN RESPECT OF THE AMENDMENT OF THE CORESHARES EQUAL WEIGHT TOP 40 ETF TO THE CORESHARES SCIENTIFIC BETA MULTI FACTOR ETF

1. Background

CoreShares has been managing the CSEW40 portfolio since 2016, following its amalgamation with the BetaBeta Equally Weighted Top 40 Fund previously managed by Nedbank. The CSEW40 is a single factor, or weighting methodology, index ETF which equally weights each of the underlying constituents that make up the FTSE/JSE Equally Weighted Top 40 index.

In the time that has elapsed since taking it over, CoreShares has performed continuous research on its South African equity offerings and, as a result, we assess our indices for robustness, scalability and usability. The work we have carried out has led us to the following conclusions:

1. Multi-factor strategies demonstrate more consistency and less timing risk than single ‘factor’ or ‘style’ strategies. As such, investors are increasingly seeking to use a multi-factor framework instead of allocating to single factors.
2. Multi-factor strategies provide investors with similar benefits to the Top40 Equal Weighted Strategy whilst mitigating other risks.
3. CoreShares is refining and streamlining its product offering with reference to its South African equity strategies whereby this offering will consist of a) beta products b) equity income products and c) multi factor strategies.

A decision has been made, based on the above factors, to seek approval from the underlying investors in the CSEW40 to amend the investment mandate from its current form of tracking the FTSE/JSE Equal Weighted Top 40 Index to change to track the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index. In addition to this change in index, the name of the CoreShares Top 40 Equal Weighted ETF (CSEW40) portfolio will also be amended to the CoreShares Scientific Beta Multi Factor ETF (the “Amendments”).

The impact of the Amendments is that the portfolio will no longer buy and hold constituents of the FTSE/JSE Equal Weighted Top 40 Index but will now buy and hold constituents of the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index. The management fee charged will increase from 0.30% p.a. to 0.40% p.a. which will only become effective once the regulatory approval of the Amendments has been obtained. The management of the portfolio, income distributions, risk profile and ASISA classification will all remain as is and will not be changed.

2. Scientific Beta Background

In 2017, CoreShares partnered with EDHEC Risk Institute Scientific Beta (“ERI Scientific Beta”) to develop a multi-factor index for the South African equity market. In October 2017, CoreShares launched the CoreShares Scientific Beta Multi-Factor Index Fund – a traditional CIS unit trust fund which currently tracks this index.

Taking into consideration the CSEW40 product, CoreShares does not believe the Equal Weighted Top 40 strategy to be as well balanced from a factor perspective as the Scientific Beta index.

ERI Scientific Beta has constructed its index around six main factors, namely, Size, Momentum, Volatility, Value, Low Investment and High Profitability which are rewarded in the long term. CoreShares believes this use of multiple factors will ultimately expose investors to greater diversification benefits, reduction in the levels of risk and increased coverage to the number of constituents held in a portfolio.

The changes to the Portfolio are summarised as follows:

<p style="text-align: center;"><u>EXISTING</u></p>	<p style="text-align: center;"><u>PROPOSED EFFECTIVE DATE</u> <i>8 May 2019</i></p>
<p style="text-align: center;">CORESHARES TOP 40 EQUALLY WEIGHTED ETF</p>	<p style="text-align: center;">CORESHARES SCIENTIFIC BETA MULTI FACTOR INDEX ETF</p>
<p style="text-align: center;">INDEX DEFINITION:</p> <p style="text-align: center;">FTSE/JSE EQUALLY WEIGHTED TOP40 INDEX</p> <p>The “Index” means the Equally Weighted Top40 Index as calculated independently by the FTSE/JSE daily; and “constituent securities” means listed shares on the Johannesburg Stock Exchange or such other listed instruments which constitute the securities included from time to time in the Index.</p>	<p style="text-align: center;">INDEX DEFINITION:</p> <p style="text-align: center;">SCIENTIFIC BETA CS SOUTH-AFRICA MULTI-BETA MULTI-STRATEGY SIX-FACTOR EW INDEX</p> <p>The Index means Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index, which is a price-only return index. The Index is calculated and maintained in accordance with the ERI Scientific Beta Equity Strategy Construction Rules.</p> <p>The “Extended South Africa Regional Universe” are those stocks from the ERI Scientific Beta Global, Extended Developed Europe or Extended USA Universes, that have a listing (primary or otherwise) in Johannesburg. Only the most liquid and highest free-float market capitalisation constituents are selected.</p>
<p style="text-align: center;">INVESTMENT POLICY:</p> <p>a) The investment policy of the portfolio shall be to track the index as closely as reasonably as possible and</p> <p>(i) buying only shares in constituent companies in the weightings in which they have been assigned; and</p> <p>(ii) selling only shares in constituent companies which are excluded from the Index from time to time as a result of the quarterly Index reviews or corporate action, so as to ensure that at all times the portfolio holds shares in the Index in the weightings determined.</p>	<p style="text-align: center;">INVESTMENT POLICY:</p> <p>a) The investment objective of the portfolio is to provide investors with an efficient and easily accessible means by which to achieve a return that tracks the price and yield performance of the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index. The portfolio will attempt to place an investor in substantially the same position, from capital and income perspective, as if they held the underlying constituents of the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index in their correct weightings.</p> <p>b) In order to achieve the abovementioned objective, the portfolio will generally be invested in all of the component securities of the index in proportion to their weighting in the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW</p>

<p>b) The portfolio shall only buy or sell securities for the purpose of tracking the Index.</p> <p>c) As a secondary objective, securities held by the fund may from time to time be scrip lent to generate income for the sole benefit of investors in the fund, provided that such activities do not conflict with the provisions of the Act.</p> <p>d) Investors can obtain participatory interests in the fund on the secondary market or by buying and selling participatory interests in the fund directly from the manager. In order to achieve this object the manager may, subject to the Act and the deed, create and issue, and redeem and cancel an unlimited number of participatory interests in the portfolio.</p> <p>e) The portfolio will not be managed according to the traditional methods of active management, which involves the buying and selling of securities based on economic, financial and market analysis and investing judgment. Instead, the investment objective and style will be full replication of the Index. As a result, the financial or other condition of any company or entity included from time to time in the Index will not result in the elimination of its securities from the portfolio unless such company or entity is removed from the Index itself.</p> <p>f) On receipt of ordinary cash dividends, these will be credited to the Income Account, and held in liquid assets until the quarterly distribution has been declared, after which it will be treated according to the provisions of ETF Principal Deed.</p> <p>g) The composition of the portfolio will be adjusted periodically to conform to changes in the composition and weighting of the securities in the Index so as to ensure that</p>	<p>Index and will under normal circumstances aim to be invested in at least 100% of the component securities comprising the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor Price Index.</p> <p>c) The objective of the index namely the Scientific Beta CS South Africa Multi-Beta Multi-Strategy Six-Factor EW Index is to represent the performance of Johannesburg-listed large and mid-capitalisation companies from the underlying investment universe, the Extended South Africa Regional Universe, while outperforming the capitalisation-weighted reference index for this universe. This outperformance relative to the cap-weighted benchmark is sought by systematic index construction and management processes:</p> <p>d) Sub-indices correspond to investible and diversified (long-only) proxies for six risk factors that have been widely documented in the academic literature and recognized to be remunerated over the long run. These <i>indices</i> are tilted towards companies with the following market and fundamental characteristics:</p> <ul style="list-style-type: none"> • Mid Capitalisations • Value • Low Volatility • High Momentum • High Profitability • Low Investment <p>The weighting scheme used as diversification methodology within each <i>sub-index</i> is the Scientific Beta diversified multi-strategy weighting scheme. Designed to limit model risks in the diversification process, it is defined as the equally weighted combination of five popular diversification schemes:</p> <ul style="list-style-type: none"> • Maximum Deconcentration • Maximum Decorrelation • Efficient Minimum Volatility • Efficient Maximum Sharpe Ratio • Diversified Risk Weighted
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<p>the composition and weighting of the portfolio is representative of the composition and weighting of the securities contained in the Index.</p> <p>h) The portfolio will hold securities purely for the economic rights and benefits attaching thereto, and accordingly if a takeover bid is made for shares of a company included in the Index, the portfolio will not tender shares in respect thereof. Securities held by the portfolio which are subject to a takeover bid will only be surrendered if such surrender is mandatory (and then only to the extent of such mandatory surrender) in terms of applicable law or under the rules of a regulatory authority or body having jurisdiction. If a takeover bid results in a company no longer qualifying for inclusion in the index, any shares of the company held by the portfolio after the takeover bid will be disposed of by the portfolio, and the proceeds will be applied in effecting the appropriate adjustments to the portfolio.</p> <p>i) To the extent necessary for the purposes of achieving its investment policies, the fund may hold liquid assets.</p> <p>j) The portfolio's ability to replicate the performance of the Index will be dependent on the composition and weighting of the portfolio and the net expenses incurred by the portfolio.</p> <p>k) The Trustee shall ensure that the investment policy set out in this supplemental deed is carried out.</p>	<p>These diversification techniques may be adjusted from time to time. New techniques may be introduced or existing techniques taken out of the methodology.</p> <p>e) The Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index may be adjusted from time to time according to the rules of the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index. The adjustments may require the removal of a constituent security from the index and the replacement thereof with a new constituent security. Adjustments to the portfolio will at all times remain substantially aligned with the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index.</p> <p>The portfolio's ability to replicate the performance of the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index will be affected by the costs and expenses incurred. Costs and expenses incurred may result in the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index not being replicated perfectly by the portfolio.</p> <p>f) Under normal market conditions the tracking error should not exceed 1% (one percent) on an annual basis.</p> <p>g) The Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index is calculated by ERI Scientific Beta in accordance with ERI Scientific Beta Equity Strategy Construction Rules. The index construction and calculation rules and the appointment of calculation agent are subject to change from time to time.</p> <p>h) The portfolio shall hold securities purely for the economic rights and benefits attaching thereto and, accordingly, if there is any take-over bid or other corporate action occurs in relation to any entity or company whose securities are included in the</p>
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	<p>portfolio, the Manager shall not surrender any securities held by the portfolio which may be subject to such take-over bid or other corporate action, unless such surrender is mandatory (and then only to the extent of such mandatory surrender) in terms of any applicable law or under the rules of a regulatory authority or body having jurisdiction over the portfolio and/or the applicable securities. However, if any such take-over bid or corporate action results in an entity or company whose securities were previously included in the Index no longer qualifying for inclusion in the Index, any such securities held by the portfolio, shall be disposed of and the proceeds derived from such disposal shall be applied in effecting the appropriate adjustments to the portfolio so as to ensure same tracks the Index.</p> <p>i) The portfolio will be passively managed in that the manager will not buy and sell securities based on economic, financial and /or market analysis but rather, will buy and sell securities solely for the purpose of ensuring that the portfolio tracks the Index. As such the investment objective and style of the portfolio will be full replication of the Index. Accordingly, the financial or other condition of any company or entity included from time to time in the Index will not result in the elimination of its securities from the portfolio, unless the securities of such company or entity are removed from the Index itself.</p> <p>j) Assets in liquid form will form a minor part of the portfolio's assets.</p> <p>k) The Trustee shall ensure that the investment policy set out in this supplemental deed is carried out.</p>
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3. Ballot voting procedure and Implementation of the Amendments

CoreShares is regulated by the Financial Sector Conduct Authority (formerly the Financial Services Board). In terms of Section 98(2) of Collective Investment Schemes Control Act of 2002 and clause 67 of the Main Deed of the Scheme, investor consent is required to effect the Amendments, which allow:

- Regulations state that investors holding no less than 25% in value of the total number of participatory investors in the Portfolio, excluding CoreShares, must respond to the ballot request, for it to be successful.

- If the majority of those who have responded to the ballot, have voted in favour, then the amendment will be successful.
- Where less than 25% of investors respond, a second ballot will be conducted.

4. Action required by investors

- 4.1 Existing unit holders are requested to notify their JSE Brokers/ CSDPs by no later than Monday, 1 April 2019, as to whether they approve the Amendments as set out in this announcement or not;
- 4.2 The various Brokers/CSDPs will then submit the ballot responses via ballot form to CoreShares' registered Auditors, Deloitte and Touché, before close of business on Tuesday, 2 April 2019;
- 4.3 If you have disposed of your participatory interests in the portfolio, no action is required.

5. Approval and Commencements

Approval for the Amendments was granted by the JSE on Monday, 18 February 2019.

Subject to the ballot voting procedure being successful, the Amendments will be with effective from commencement of business on Wednesday, 8 May 2019. Copies of the CoreShares Scientific Beta Multi Factor Index ETF Pricing Supplement, in English, may be obtained during normal business hours from the office of the local manager, CoreShares Index Tracker Managers (RF) Proprietary Limited, located at Grindrod Tower, 4th Floor, 8a Protea Place, Sandton, 2096 and is available on the website: www.coreshares.co.za.

Salient dates in respect of the Amendments are set out below:

Expected timeline for the implementation of the Amendments	2019
Declaration and Finalisation Data SENS announcement of approval of the Amendments	Monday, 18 February
Last day for investors to respond to their JSE brokers/ CSDPs on whether they approve the Amendments as set out in this announcement or not	Monday, 1 April
Last Day to Trade in the CoreShares EWTop40 ETF	Tuesday, 7 May
Suspension of trading of CoreShares EWTop40 ETF on the JSE	Wednesday, 8 May
Commencement of trading in the CoreShares Scientific Beta Multi-Factor Index ETF on the JSE	Wednesday, 8 May
Record date	Friday, 10 May
Accounts of dematerialised securities holders updated at their CSDPs or brokers	Monday, 13 May
Termination of trading of CoreShares EWTop40 ETF on the JSE	Tuesday, 14 May

6. Notices

CoreShares Scientific Beta Multi Factor Index participatory interests are not in any way sponsored, endorsed, sold or promoted by the JSE and it does not make any warranty or representation whatsoever, expressly or implied, either as to the basis of calculation of, or as to the results to be obtained from the use of the Scientific Beta CS South-Africa Multi-Beta Multi-Strategy Six-Factor EW Index ("the Index") and/or the value at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated on behalf of and on the instructions of CITM by EDHEC Risk Institute Asia Ltd ("ERIA"). The JSE shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the JSE shall not be under any obligation to advise any person of any error therein.

The securities being issued pursuant to this supplement are not eligible for sale in the United States or in any other jurisdiction in which trading in the securities would be illegal. The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act has not approved trading in the securities. The securities may not be offered, sold or delivered within the United States or to U.S. persons, nor may any U.S. person at any time trade or maintain a position in the securities

18 February 2019

Corporate advisor and sponsor: Grindrod Bank Limited
Trustee: Société Générale