



Exchange-traded products to watch in 2014

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EXCHANGE-traded products to consider this year are Deutsche Bank's DBX China, RMB's Midcap, Absa Capital's Equity Momentum and its soon-to-be-launched palladium debentures, along with the growing range of property sector trackers, etfsa.co.za MD Mike Brown said in his monthly newsletter yesterday.

"Many forecasters predict Chinese economic growth recovering to some 8% per annum in

2014. This should promote some recovery in Chinese equities," Mr Brown said.

RMB is the only exchange-traded product vendor so far to offer the JSE's midcap index in a package. This index spans the JSE's 41st- to 101st-largest companies by market capitalisation.

"There is some evidence that the JSE momentum is switching gradually towards mid- and small-cap companies," Mr Brown said.

Similarly, Absa Capital's Equity Momentum product could ben-

efit if the JSE's recovery moves into a growth phase.

Following the success of its physical gold and platinum exchange-traded funds, Absa Capital is preparing to launch a similar palladium product.

"With palladium scarcer than platinum, this ETF (exchange-traded fund) could be one to invest in if world economic recovery leads to increased commodity demand," Mr Brown said.

"As the total returns on fixed-income bonds decline, this is the

right time to switch to listed property shares, which provide the potential for both income as well as capital gains," Mr Brown said.

He named Deutsche Bank's dbx-tracker US as last year's fund of the year, with its return of 60.83%. The best long-term fund has been the Satrix Indi, which has averaged 28.83% annual growth over the past five years.

Mr Brown's pick of most innovative new fund was Grindrod's PrefTrax, which offers investors a basket of preference shares.