In line with its belief that all South Africans deserve the opportunity to be able to invest in international companies that are leaders in their fields, FNB this week launched three exciting new Exchange Traded Notes (ETNs). Approximately 3 million customers already save and/or invest with FNB and the bank continues to expand its innovative solutions to help more customers.

The new investment instruments augment the highly popular range of ETNs that were previously launched by FNB late in 2020, providing South Africans with investment exposure to some of the best known, high-performance companies and brands in the world.

But rather than offering exposure to single global brands, these latest three ETNs give investors access to a basket of world-leading organisations that are involved in the all-important sustainable development fields of clean energy, water supply and security, and low carbon emissions.

Sizwe Nxedlana, CEO of FNB Wealth and Investments and Ashburton says the expansion of investment products reaffirms their commitment to be an investment destination of choice for all our clients across our group. “Our three newest ETNs not only have a value-adding Environmental, Social and Governance (ESG) overlay, but are also structured in the same way as our existing suite of ETNs – which means they have the same low minimum investment of just R10, and investors can choose to invest in US dollars or SA Rands. Our augmented offering allows us to help customers to seamlessly migrate from savings to investment in line with their money management aspirations across income segments,” he says.

According to Bheki Mkhize, CEO of FNB Wealth and Investments Solutions says, “FNB is passionate about bringing the benefits of investing to as many South Africans as possible,” he explains, “and the very low financial barrier to entry that these ETNs provide, combined with their ease of access via any share trading platform, including FNB’s highly cost effective options, means that any South African can add a global investment component to their personal money management strategy and, thanks to the sustainability focus of these ETNs, do so in a way that is also of benefit to the planet and its people.”

According to Mkhize, the popularity of FNB’s existing ETNs among South Africans from all walks of life was one of the main reasons why the bank chose to add these three ESG options to the suite. ETNs make it easy and uncomplicated to expose the money you want to invest to international shares, without actually investing directly in those shares. When you purchase an ETN from FNB, from as little as R10, you are essentially buying a local investment instrument that directly tracks the movement of a global share (like Amazon, Netflix, Apple, Microsoft, etc.) or a collection of shares, like a basket of global water-focused organisations represented on the iShares Global Water UCITS ETF.

If the share prices of these companies being tracked by your ETN increase, the value of the ETN goes up as well. And depending on the currency you choose to invest in, you could also benefit from further growth due to rand/dollar exchange rate movements*.

*Note: Exchange rate movements should be considered a risk factor.
“Irrespective of the currency choice you make, however, an ETN investment remains a highly affordable way of getting global share investment exposure for your money,” Mkhize says, “which most experienced investors agree is an important part of any successful investment portfolio. And with the world’s focus shifting dramatically towards the importance of sustainable business operations and investments on the back of Covid-19, the new ESG-focused investments from FNB have the potential to deliver competitive performance over time.”

And thanks to the diverse focus areas of the three new ETNs, investors have the opportunity to maximise their investment growth by targeting sustainable development sectors that they believe offer the most value.

The first ETN provides exposure to the iShares Global Water UCITS ETF, which tracks the performance of an index of 50 of the largest global companies engaged in water-related activities and operations. The second ETN has a clean energy focus and give investors exposure to the iShares Global Clean Energy UCITS ETF, which tracks the return of the S&P Global Clean Energy Index. And the third new FNB ETN, tracks the performance of the UBS MSCI World Socially Responsible UCITS ETF, that invests in stocks contained in the MSCI World SRI Low Carbon Select 5% Issuer Capped Total Return Net Index. This is a diverse basket of shares, including several technology giants, like Microsoft, Tesla, and Cisco, as well as, many other leading global brands like Coca Cola and Disney. Many of the shares tracked by this ETN are also available individually through FNB’s other ETN offerings, but an investment in this vehicle provides exposure to a number of these, and other, leading global companies with a low carbon commitment. Which Mkhize explains allows investors to easily achieve important diversification in their share portfolios, without having to buy numerous individual shares or ETNs.

“At FNB, we are committed to providing responsible investment opportunities that not only allow our clients to maximise the positive results of their good money management choices, but also help to protect our planet,” says Mkhize, “and we are confident that the vast majority of South Africans share this commitment, and will appreciate the opportunity these new FNB ETNs present for them to achieve both of these outcomes.”

ENDS//
Notes to the editor:

* When buying an FNB ETN, you have two currency options:

1. **Quanto**: These ETNs track the price of an underlying share (or basket of shares) without taking USD/ZAR exchange rate fluctuations into account. The price of the ETN simply increases or decreases in line with the movement in the underlying share. So, if the share goes up 10% in US dollars, the ETN value will go up 10% in rands.

2. **Compo**: These ETNs track the price of underlying share as well as the USD/ZAR exchange rate. So, if the share goes up 10% in US dollars and the rand weakens by 10%, an investor will enjoy 20% growth. However, if the share goes up 10% in US dollars and the rand strengthens by 10%, the investor will have 0% overall growth.

For more information on FNB ETNS, please see links below:


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