

The Gateway to the World of ETFs & ETNs

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etfSA.co.za

Presentation to:
“Making ETFs the Core of
Your Investment Plans”
Seminars - March 2012

The Home of Exchange Traded Funds[®]



Agenda

- **What are ETFs?**
- **Where to get information.**
- **How to use and access them.**
- **Why you should be using ETFs.**

What Are Exchange Traded Funds (ETFs)?

- **Securities listed and traded like normal shares on the JSE.**
- **But give access to a portfolio of shares rather than a single company.**
- **The ETF share portfolio matches exactly the components and weightings of an index or asset.**

How Do ETFs Work?

Index Weights – Basket of Constituents (as at February 2012) FTSE/JSE Top 40 Index

	Market Cap Weighted (%)	Equally Weighted (%)		Market Cap Weighted (%)	Equally Weighted (%)
Absa Group Limited	1,3	2,5	British American Tobacco	1,98	2,5
African Bank Investments	0,74	2,5	Capital Shop Centres Grp	0,64	2,5
African Rainbow Minerals	0,41	2,5	Compagnie Fin Richemont	5,82	2,5
Anglo Platinum Ltd	1,08	2,5	Exxaro Resources Ltd	0,53	2,5
Anglo American Plc	11,18	2,5	Firststrand Ltd	2,37	2,5
Anglo Gold Ashanti Ltd	3,32	2,5	Gold Fields Ltd	2,25	2,5
Aspen Pharmacare Hldgs	0,8	2,5	Growthpoint Properties Ltd	0,83	2,5
Assore Ltd	0,26	2,5	Harmony Gold Mining Co	1,0	2,5
BHP Billiton Plc	13,89	2,5	Impala Platinum Holdings	2,63	2,5
Bidvest Group Ltd	1,38	2,5	Investec Ltd	0,34	2,5

How Do ETFs Work? (continued)

Index Weights – Basket of Constituents (as at February 2012) FTSE/JSE Top 40 Index

	Market Cap Weighted (%)	Equally Weighted (%)		Market Cap Weighted (%)	Equally Weighted (%)
Investec Plc	0,65	2,5	RMB Holdings Ltd	0,78	2,5
Kumba Iron Ore Ltd	1,28	2,5	SABMiller Plc	8,99	2,5
Lonmin Plc	0,19	2,5	Sanlam Ltd	1,59	2,5
Massmart	0,47	2,5	Sasol Ltd	6,40	2,5
Mondi Ltd	0,18	2,5	Shoprite Holdings Ltd	1,76	2,5
Mondi Plc	0,58	2,5	Standard Bank Group Ltd	4,20	2,5
MTN Group	6,36	2,5	Steinhoff International Hldg	1,09	2,5
Naspers Ltd -N-	3,94	2,5	Tiger Brands Ltd	0,88	2,5
Nedbank Group Ltd	0,99	2,5	Truworths	0,89	2,5
Old Mutual Plc	2,59	2,5	Vodacom Group	1,09	2,5
Remgro Ltd	1,51	2,5	Woolworths Holdings Ltd	0,85	2,5

What Are The Advantages of ETFs?

Complete Transparency

- **Listed on the JSE, pricing is done on the market and is know to every investor.**
- **Underlying portfolio is published daily.**
- **Settlement, trading, registration, transfer done through JSE/STRATE – fully centralised electronic, failsafe and cost effective.**

Instant Liquidity & Tradeability

- **ETFs are like normal shares. Can be bought or sold at any time through the JSE**
- **Market makers and open-ended structures cater for large trades.**

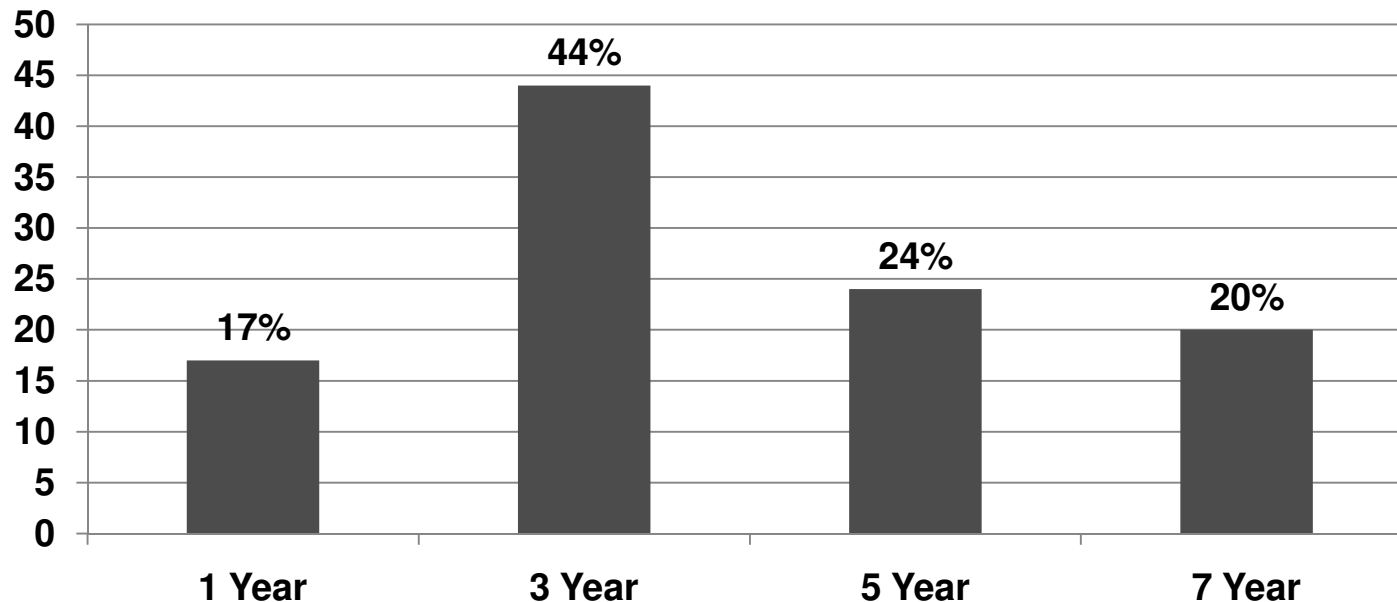
Passive Investments

- **An index always contains the premium shares/assets in the market.**
- **Index measures the average performance (BETA) of the market.**

Continued/...

Active Funds Struggle to Outperform Their Benchmarks

Percentage of Active Unit Trusts that Outperform the FTSE/JSE SWIX Index



Source: DRW - "The Quest for Alpha" (September 2011)

What Are The Advantages of ETFs?

(Continued)

Diversification

Diversified portfolio.

- Provides full exposure to blue chip shares/ assets.
- Reduces risk/volatility.
- Ensures benchmark performance.
- Can be easily hedged.

Regulation

- ETFs are Collective Investment Schemes, regulated by the FSB.
- They are also public companies listed on the JSE – so are JSE regulated.

Very Cost Efficient

- Average costs one-third of unit trusts.

What Are The Advantages of ETFs to the Average Investor?

AVERAGE MANAGEMENT COSTS		
ETFs	Basis Points	(%)
RMB Top 40	20	0,20%
Stanlib Top 40	24	0,24%
Satrix 40	45	0,45%
Average of all local ETFs	57	0,57%
Unit Trusts		
Average General Equity Funds	160	1,60%
Average Value Funds	159	1,59%
Average Growth Funds	165	1,65%

▪ *Total Expense Ratios (TERs) measures the cost (annualised) of providing the product.*

▪ *TER is included in the price of the product.*

Source: ProfileData.

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For More Information on ETFs/ETNs

Click on the **"LEARN MORE"** button



The screenshot shows the etfSA website interface. At the top is a dark navigation bar with buttons for Home, About etfSA, ETFs, ETNs, Financial Advisor, Learn More, and My Profile. Below this is a secondary navigation bar with buttons for About etfSA, ETFs, ETNs, Financial Advisor, Learn More, My Profile, and Performance Data. The main content area displays market data for various ETFs and ETNs, including BetaBeta Equally Weighted Top 40 Portfolio and Deutsche Bank AG. A search bar and a breadcrumb trail 'You are here > Home | Education' are visible. The 'Education' page is highlighted, featuring a sub-header 'Education' and introductory text: 'On this page you will find easy to understand general information about ETF's.' Below this, there are links for presentations and a description of ETF types. A red box highlights the section 'What are ETF's?' with the text: 'An Exchange Traded Fund (ETF) is an investment vehicle which provides an investor with direct access to a basket of shares traded on stock exchanges such as the Johannesburg Stock Exchange (JSE) with the convenience of trading in a single security. Most ETFs track an index, such as the FTSE/JSE Top 40. ETFs are attractive as investments because of their low costs (Total Expense Ratio TER) and the ability to purchase them like a normal exchange listed security. An ETF combines the diversified portfolio of a unit trust investment with the tradability features of a listed security allowing it to be bought or sold at the end of each trading day at the market ruling price.' Below this, another red box highlights the text: 'Buying a basket of shares (an ETF) is less risky than buying a single listed company as the diversification and spread of investments reduces the risk exposure. ETFs typically'.

ETF
Education
page:

Continued/...

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For More Information on ETFs/ETNs (continued)

March 2012 15:21 ETF BetaBeta Equally Weighted Top 40 Portfolio: 3749 = 0.00 (0.00%) | ETF BetaBeta Green: 1489 = 0.00 (0.00%)

March 2012 15:21 ETN - Deutsche Bank AG: 1 = 0.00 (0.00%) | ETN - Deutsche Bank MSCI Africa Capped 50 TRI: 6032 = 0.00 (0.00%)

Presentations
page:

Search

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Capital announces a drop in management fees for its ETFs

Global Lists New Exchange Funds

ETFs in "Making ETFs the Core Investment Plans" – March

Retail Bonds in South Africa

3A.co.za SA ETF, ETN & Structured Product Survey (Jan)

Investor clubs / stokvels

Presentations

On this page you are able to view easy to understand presentations about ETF's.

To view additional information about ETF's click [here](#)

2011

- [JSE MyShare Investment Day presentation - "ETFs 101" ▶ 22 October 2011](#) [190kb]
- [What are ETFs?](#) [50kb]
- [What are the Advantages of ETFs?](#) [49kb]
- [What can ETFs do for my Investment Portfolio?](#) [101kb]
- [Using ETFs in Portfolio Management](#) [42kb]
- [Global Development of the ETF Market](#) [88kb]

2010

The New World of ETFs - November 2010 presentations:

- [Nedbank Capital – BetaBeta Retail presentation – Nernia Visser](#) [494kb]
- [etfSA - Exchange Traded Funds presentation – Mike Brown](#) [220kb]
- [RMB Exchange Traded Notes](#)



Types of ETFs Available in the South African Market

Exposure	Provides	Product
Overall Market Performance	Access to average JSE market performance	<ul style="list-style-type: none"> • RMB 40 • Satrix 40 • Satrix SWIX Top 40 • BettaBeta EWT 40 • Stanlib Top 40 • Stanlib SWIX Top 40 • NewFunds SWIX 40
Sectoral Performance	Access to different sectors of the JSE	<ul style="list-style-type: none"> • Satrix INDI 25 • Satrix FINI 15 • Satrix RESI 10
Bonds or High Income	Access to Government bonds Access to the listed preference shares	<ul style="list-style-type: none"> • Investec zGOVI • RMB Inflation-X • Prefex • NewFunds GOVI • NewFunds ILBI
Property	Exposure to the commercial property sector of the JSE	<ul style="list-style-type: none"> • Proptrax SAPY • Proptrax TEN
"Style" ETFs	Based on an investment strategy	<ul style="list-style-type: none"> • NewFunds Shariah Top 40 • NewFunds NewSA • NewFunds NewRand • Satrix DIVI • NewFunds Equity Momentum
"Balanced" ETFs	Mix of bonds, equities and cash to provide exposure to a basket of asset classes	<ul style="list-style-type: none"> • NewFunds MAPPS Protect • NewFunds MAPPS Growth

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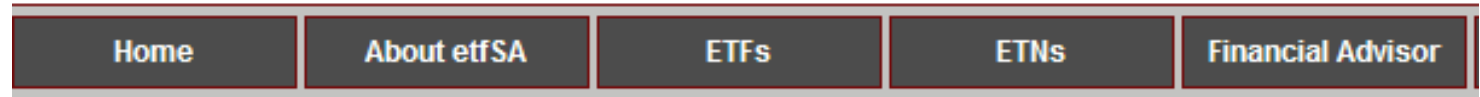


Types of ETFs Available in the South African Market (continued)

Exposure	Provides	Product
Offshore (Foreign) markets	Investment in overseas indices in both developed and emerging markets	<ul style="list-style-type: none"> • DBX Tracker EuroStoxx50 ETF • DBX Tracker FTSE 100 ETF • DBX Tracker Japan MSCI ETF • DBX Tracker USA MSCI ETF • DBX Tracker World MSCI ETF • DBX China ETN • DBX Africa Top 50 ETN • DBX Emerging Markets ETN • Standard Bank Africa Equity ETN
"Value" Strategies	Looks to outperform the market average using fundamental analysis and technology	<ul style="list-style-type: none"> • Satrix RAFI 40 • NewFunds eRAFI Overall • NewFunds eRAFI INDI • NewFunds eRAFI FINI • NewFunds eRAFI RESI
Commodity Markets	Invests in physical commodity markets	<ul style="list-style-type: none"> • NewGold ETF – gold bullion • Standard Bank Gold-Linker ETN • Standard Bank Silver-Linker ETN • Standard Bank Platinum-Linker ETN • Standard Bank Palladium-Linker ETN • Standard Bank Commodity Basket ETN • Standard Bank Copper ETN • Standard Bank Corn ETN • Standard Bank Oil ETN • Standard Bank Wheat ETN
Money Market	Provides 3 month money market total return	<ul style="list-style-type: none"> • NewFunds TRACI ETF

For More Information on ETFs/ETNs

Click on the "ETF or ETN" button



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Nedbank BetaBeta Equally Weighted Top40 ETF

Domestic--Equity--Large Cap

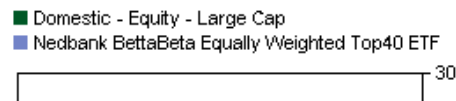
Focus and Objective

The Nedbank BetaBeta Equally Weighted Top40 Exchange Traded Fund ("BBEQWT40 ETF") tracks the BetaBeta Equally Weighted Top40 Index, calculated independently by the FTSE/JSE. This index is comprised of the same companies as the FTSE/JSE Top40 index, but they are held in equal proportions of 2.5% each (as at the quarterly rebalancing date). The index is rebalanced in line with the quarterly review of the FTSE/JSE Africa Index Series and underlying constituents mirror the changes in the FTSE/JSE Top40 Index.

Management

Dibanisa Fund Managers

Comparative Performance



Technical Overview

FORMATION DATE:	25 Mar 2010
BENCHMARK:	FTSE/JSE AFRICA TOP40 INDEX
HOLDINGS:	42
UNIT HOLDERS:	413
ORIGINAL PRICE:	n/a
PRICING SYSTEM:	Forward
INCOME DECL:	31/03,30/06,30/09,31/12
INCOME PAY:	30/04,31/07,31/10,31/01
MINIMUM LUMP SUM:	R1 000
MINIMUM MONTHLY:	R300
RISK RATING:	Medium High

Dividend Yield

Vertical lines represent dividends.



Profile page:

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For More Information on ETFs/ETNs

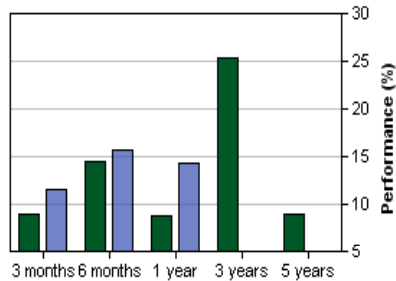
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Management

Dibanisa Fund Managers

Comparative Performance

- Domestic - Equity - Large Cap
- Nedbank BetaBeta Equally Weighted Top40 ETF



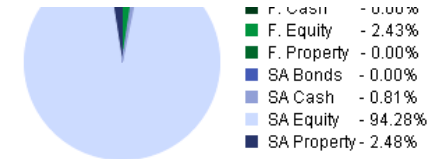
Dividend Yield

Vertical lines represent dividends.

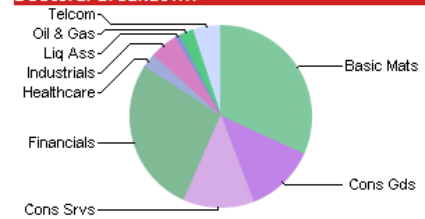


Dividend History (last 3 years)

31 DEC 2011	10.82c
30 SEP 2011	28.82c
30 JUN 2011	26.68c
31 MAR 2011	14.96c
31 DEC 2010	7.88c
30 SEP 2010	24.34c
31 JUL 2010	0.00c
30 JUN 2010	0.00c
14 JUN 2010	17.60c



Sectoral Breakdown



Nedbank BetaBeta Equally Weighted Top40 ETF

PRICE

- TRI - Domestic - Equity - Large Cap
- TRI - Nedbank BetaBeta Equally Weighted Top40 ETF



PERFORMANCE TO 29 FEB 2012

R1 000 LUMP SUM (NAV-NAV INCL. DIVIDENDS)			
PERIOD	Return	Value(R)	Inflation(R)
3 MONTHS	11.57%	1 115.70	1 010.00
6 MONTHS	15.77%	1 157.70	1 021.90
1 YEAR	14.30%	1 143.00	1 057.60

R100 PER MONTH (NAV-NAV INCL. DIVIDENDS)

PERIOD	Return	Value(R)	Inflation(R)
3 MONTHS	9.47%	319.33	405.17
6 MONTHS	16.09%	658.90	722.61
1 YEAR	2.87%	1 218.84	1 284.89

* VALUES FOR PERIODS GREATER THAN ONE YEAR ARE ANNUALISED

Continued/...

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For More Information on ETFs/ETNs

(continued)

 SATRIX <small>Own the market</small>	Satrix FINI Fact Sheet December 2011
<p>INVESTMENT MANDATE: The mandate of the Satrix Fini portfolio is to track as closely as possible the value of the FTSE/JSE Financial 15 index. Satrix Fini is an index tracking fund, registered as a Collective Investment Scheme and is also listed on the JSE Securities Exchange as an Exchange Traded Fund. The Satrix Fini provides investors with the price performance of the FTSE/JSE Financial 15 index and also pays investors all dividends received from companies in the index, net of costs, on a quarterly basis. The Satrix Fini Portfolio engages in scrip lending with the sole purpose of reducing the costs of running the portfolio thereby enhancing tracking performance. Manufactured (taxable) dividends could arise from such transactions.</p>	

FOR RETAIL INVESTORS IN THE SATRIX INVESTMENT PLAN*

PRODUCT		MARKET DATA	
Instrument Type	Collective Investment Scheme & Exchange Traded Fund	As at 31 December 2011	Satrix FINI
Instrument Code	STXFIN	Volume (securities traded for quarter ended 31/12/2011)	7 574 706
Size of Fund (as at 31/12/2011)	R712,6m	Value (traded for quarter ended 31/12/2011)	61 787 239
Market Cap		Securities in Issue	84 736 990
Minimum Monthly Investment	R300	Price	R8,41
Minimum Lump Sum Investment	R1 000	Dividend yield per security	3,39%
Distribution Dates (Quarterly)	March, June, September and December	Number of investors	7 117

PERFORMANCE DATA		
** (December to December) (per annum)	STXFIN Fund**	FINI15 Index Performance (total return)
1 year	3,89%	6,63%
2 year	9,83%	10,62%
3 year	13,47%	15,99%
4 year	3,37%	3,76%
5 year	2,73%	3,10%
** Fund established February 2002. Returns calculated for lump sum investments. All dividends reinvested.		
CATEGORY	Exchange Traded Funds	
Benchmark	FTSE/JSE FINI15	

INVESTMENT PLAN COSTS*		
Satrix Investment Plan Fees	Lump Sum	Debit Order
Buying		
Stock brokerage	0,10%	0,10%
Debit order fee	N/A	R3,50
Total upfront fee payable to the Fund	0,10%	0,10% + R3,50
Annual Investment Plan Administration Fee	0,43%	0,43%
Selling	0,80%	0,80%
Stock brokerage	0,10%	0,10%

SATRIX FINI DISTRIBUTED AMOUNT (cents per security - cps)					
Period	Distributed Amount	Period	Distributed Amount	Period	Distributed Amount
June 2002	6,0cps	December 2003	5,01cps	June 2009	8,67cps
September 2002	0,7cps	March 2006	2,46cps	September 2009	5,37cps
December 2002	2,5cps	June 2006	8,96cps	December 2009	3,41cps
March 2003	2,3cps	September 2006	7,28cps	March 2010	1,93cps
June 2003	8,3cps	December 2006	5,82cps	June 2010	12,27cps
September 2003	0,7cps	March 2007	4,83cps	September 2010	5,75cps
December 2003	3,3cps	June 2007	13,00cps	December 2010	5,43cps
March 2004	1,53cps	September 2007	6,40cps	March 2011	1,98cps
June 2004	6,25cps	December 2007	7,54cps	June 2011	14,31cps

Fact Sheet page:

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How to Invest

Click on the "Learn More button, then **"How to Invest"**

You are here ▶ Home | How to invest

etf How to invest

Invest now in the etfSA Investor Scheme™ from as little as R300 per month or from R1000 for once-off lump sum amounts in all the ETFs in South Africa.

Low annual costs cover all administration, registration, custodianship, reinvestment of dividends, statements, etc. Only 0,45% to 0,8% per annum (depending on size of investment).

All transactions (buy, sell, transfers and switches) can be done online, or by downloading the application form.

Please select an option by clicking on a link below:

- ➔ [Apply Online](#)
- ➔ [Download Application Form](#)

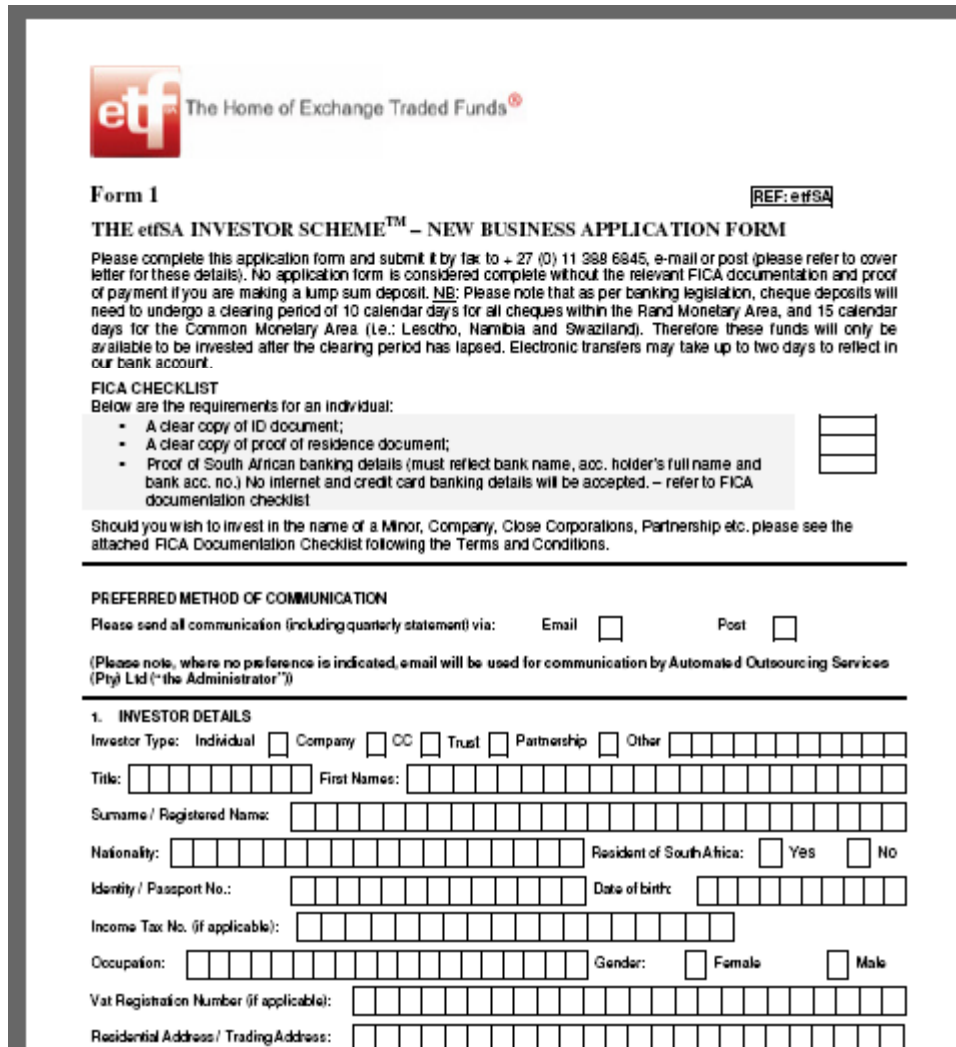
Investors can transact (buy, sell, switch, transfer, etc.) on any of the ETF products listed on this website through the "etfSA Investor Scheme™". Investors who utilize the etfSA Investor Scheme™ for transaction in ETFs are and remain the clients of etfSA.co.za. etfSA.co.za will protect the privacy and respect the confidentiality rights of its clients at all times. etfSA.co.za is owned and managed by Mike Brown Consulting Services (a registered Financial Services Provider FSP No. 39217). etfSA.co.za, its logo and slogan are registered trademarks.

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How to Invest

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Form 1 REF: etfSA

THE etfSA INVESTOR SCHEME™ – NEW BUSINESS APPLICATION FORM

Please complete this application form and submit it by fax to + 27 (0) 11 988 6845, e-mail or post (please refer to cover letter for these details). No application form is considered complete without the relevant FICA documentation and proof of payment if you are making a lump sum deposit. **NB:** Please note that as per banking legislation, cheque deposits will need to undergo a clearing period of 10 calendar days for all cheques within the Rand Monetary Area, and 15 calendar days for the Common Monetary Area (i.e.: Lesotho, Namibia and Swaziland). Therefore these funds will only be available to be invested after the clearing period has lapsed. Electronic transfers may take up to two days to reflect in our bank account.

FICA CHECKLIST
Below are the requirements for an individual:

- A clear copy of ID document;
- A clear copy of proof of residence document;
- Proof of South African banking details (must reflect bank name, acc. holder's full name and bank acc. no.) No internet and credit card banking details will be accepted. – refer to FICA documentation checklist

Should you wish to invest in the name of a Minor, Company, Close Corporations, Partnership etc. please see the attached FICA Documentation Checklist following the Terms and Conditions.

PREFERRED METHOD OF COMMUNICATION
Please send all communication (including quarterly statement) via: Email Post

(Please note, where no preference is indicated, email will be used for communication by Automated Outsourcing Services (Pty) Ltd ("the Administrator"))

1. INVESTOR DETAILS

Investor Type: Individual Company CC Trust Partnership Other

Title: First Name:

Surname / Registered Name:

Nationality: Resident of South Africa: Yes No

Identity / Passport No.: Date of birth:

Income Tax No. (if applicable):

Occupation: Gender: Female Male

Vat Registration Number (if applicable):

Residential Address / Trading Address:

New Business Application form

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Why You should Be Using ETFs/ETNs

Click on the **"Performance"** button

Events & Services

- ▶ Performance Data

- ▶ Application Forms

- ▶ Fees and Charges



MONTHLY PERFORMANCE SURVEY OF INDEX TRACKING ETFS, ETNs AND UNIT TRUSTS							
For Period Ended 31 January 2012							
(Total Returns – dividends reinvested)							
A) EXCHANGE TRADED FUNDS	1 Month	3 Months	6 Months	1 Year	2 years p.a.	3 years p.a.	5 years p.a.
1. TOP 40 ETF PRODUCTS							
FTSE/JSE Top 40 Index	6,54%	7,49%	8,71%	9,49%	15,49%	21,93%	8,72%
BIPS Top 40 Portfolio	5,99%	4,12%	9,93%	10,00%	14,60%	20,30%	-
Nedbank BettaBeta Equally Weighted Top 40	5,53%	3,89%	10,71%	13,39%	-	-	-
Satrix 40 Portfolio	6,01%	4,10%	9,77%	9,78%	14,42%	20,06%	8,02%
Satrix SWIX Top 40 Portfolio A	4,62%	4,14%	9,61%	11,62%	14,76%	20,14%	7,79%
Stanlib Top 40	5,32%	3,52%	10,36%	9,95%	-	-	-
Stanlib Swix Top 40	3,67%	3,26%	9,97%	11,50%	-	-	-
2. JSE Sector Exposure ETFs							
FTSE/JSE Industrial 25 Index	3,71%	4,80%	8,34%	16,46%	23,64%	27,02%	13,05%
NewFunds eRAFI INDI 25	3,76%	2,49%	7,88%	13,95%	19,90%	-	-

Latest performance Survey

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Contact details

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etfSA Management	Tel: 011 561 6653 Fax: 011 388 4674 info@etfsa.co.za

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