





December 2013

Dear Investor

PREFEX CHANGES NAME TO PREFTRAX AND BECOMES A PORTFOLIO OF A COLLECTIVE INVESTMENT SCHEME (CIS)

Grindrod Bank Limited, and our Gtrax suite of ETFs, is pleased to announce the conversion of PrefEx Securities into the CIS format as well as a change of name from PrefEx to PrefTrax on the 19th December 2013. The change in name is to be consistent with the two existing Gtrax products (Proptrax SAPY and Proptrax TEN).

Investors should note that the financial year end will change to 30 June in order to be aligned with Grindrod Index Tracker Managers RF (Pty) Ltd (formally Property Index Tracker Managers (Pty) Ltd) and the new quarterly distribution cycle will be March, June, September and December.

IMPACT ON INVESTORS

- The investment objective as well as the service providers of PrefTrax will remain unchanged;
- All costs relating to the change will be borne by Grindrod Bank Ltd;
- The fee structure will remain the same (annual management fee of 0.45% excl VAT);
- This conversion will allow investors to enjoy additional regulatory oversight as PrefTrax will be regulated by both the FSB and the JSE. As a CIS, the structure will appeal to a wider set of investor mandates;
- As a CIS, PrefTrax investors will enjoy favourable capital gains tax dispensation not currently enjoyed by PrefEx security holders. CIS's are regulated intermediaries which will also improve dividends withholdings tax administration; and
- A special distribution will be paid to PrefTrax investors who are on the share register on Friday, the 27th of December 2013.

With a current tax efficient yield of circa 7.6% (gross) we believe the product will continue to appeal to investors seeking regular, tax efficient income with a low risk to capital.

We look forward to other exciting developments in the pipeline.

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Preftrax securities are securities originated by Grindrod Bank Limited who is the appointed sponsor of Preftrax on the JSE. Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of the participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commission is available on request from the company/scheme. Commissions and incentives may be paid and if so, would be included in the overall costs. Exchange Traded Funds (ETFs) are Collective Investment Schemes in Securities that trade on stock exchanges. Trading in ETFs will incur the normal costs associated with listed securities including brokerage settlement costs, Uncertified SecuritiesTax (UST), other statutory costs and administrative costs. The price at which ETFs trade on an exchange may differ from the Net Asset Value price published at the close of the trading day, because of intraday price movements in the value of the constituent basket of securities. Grindrod Index Tracker Managers RF (Pty) Ltd is a Member of the Association for Savings & Investment SA.