

PREFtrax

South Africa's First Preference Share ETF

 **GRINDROD
BANK**

THE POWER OF HUMAN CAPITAL



PREFtrax JSE's First Pref ETF



- ❖ PrefTrax aims to track the Preference Share Index
- ❖ PrefTrax securities listed on JSE
- ❖ Quarterly distributions
- ❖ **Size:** R230.6m⁽¹⁾

Transparency

- ❖ ETF listed on the JSE and regulated by the JSE and FSB
- ❖ Independent Trustees, Auditors and Administrators

Low Cost

- ❖ Management fee 0.45%
- ❖ Monthly service charge calculated from total assets

Liquidity

- ❖ Grindrod ensures a market in PrefTrax on the JSE

PrefTrax is South Africa's first preference share ETF

Preference Shares in a Portfolio



Income

- ❖ 7.3% (will fluctuate with prevailing interest rates)
- ❖ Dividends paid quarterly

Capital Preservation

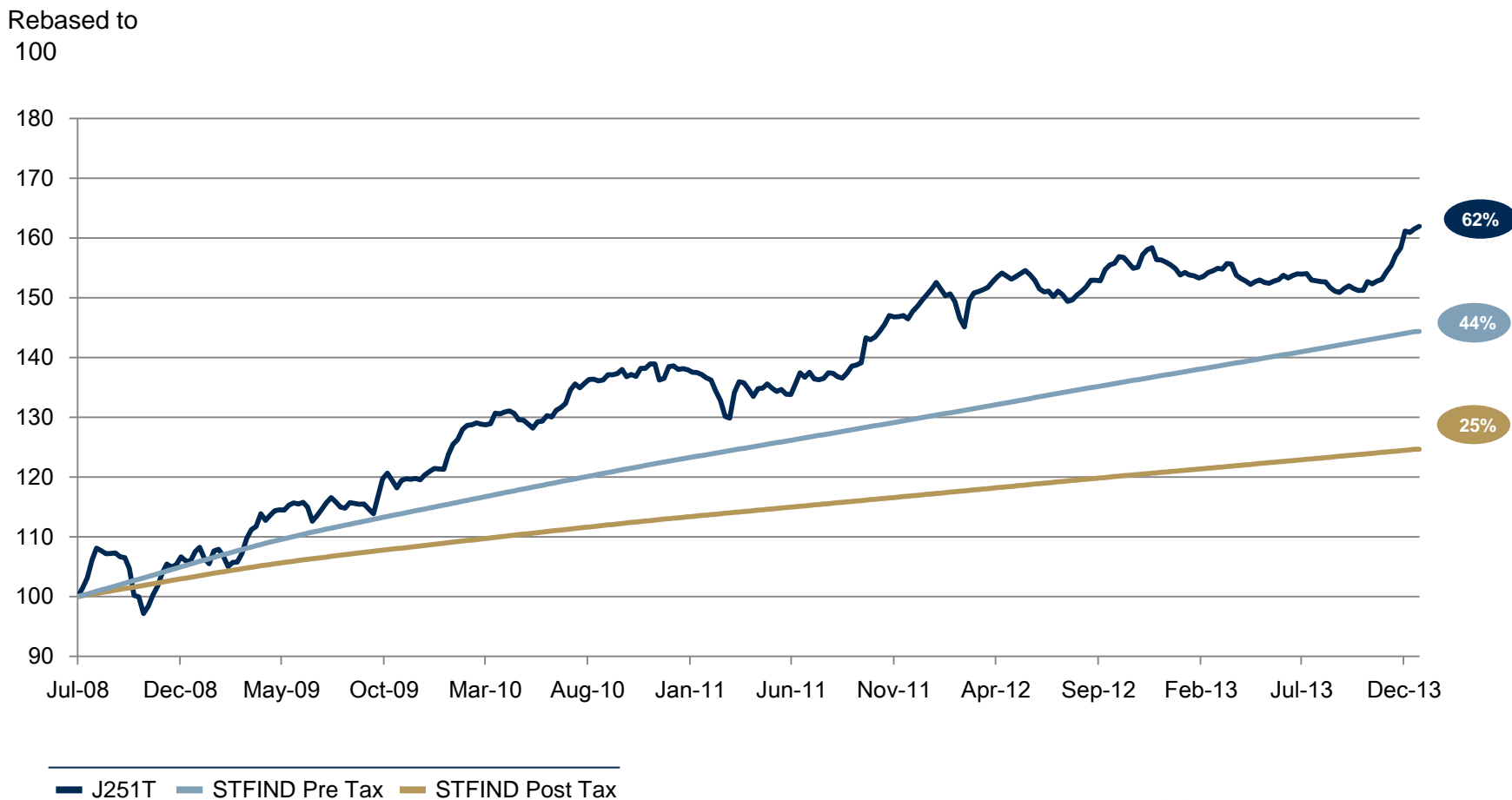
- ❖ Low capital volatility (but expect some negative months)
- ❖ Preferential rights

Tax Efficiency

- ❖ Dividends exempt from PAYE but not Dividends Withholdings Tax
- ❖ High tax payers will benefit

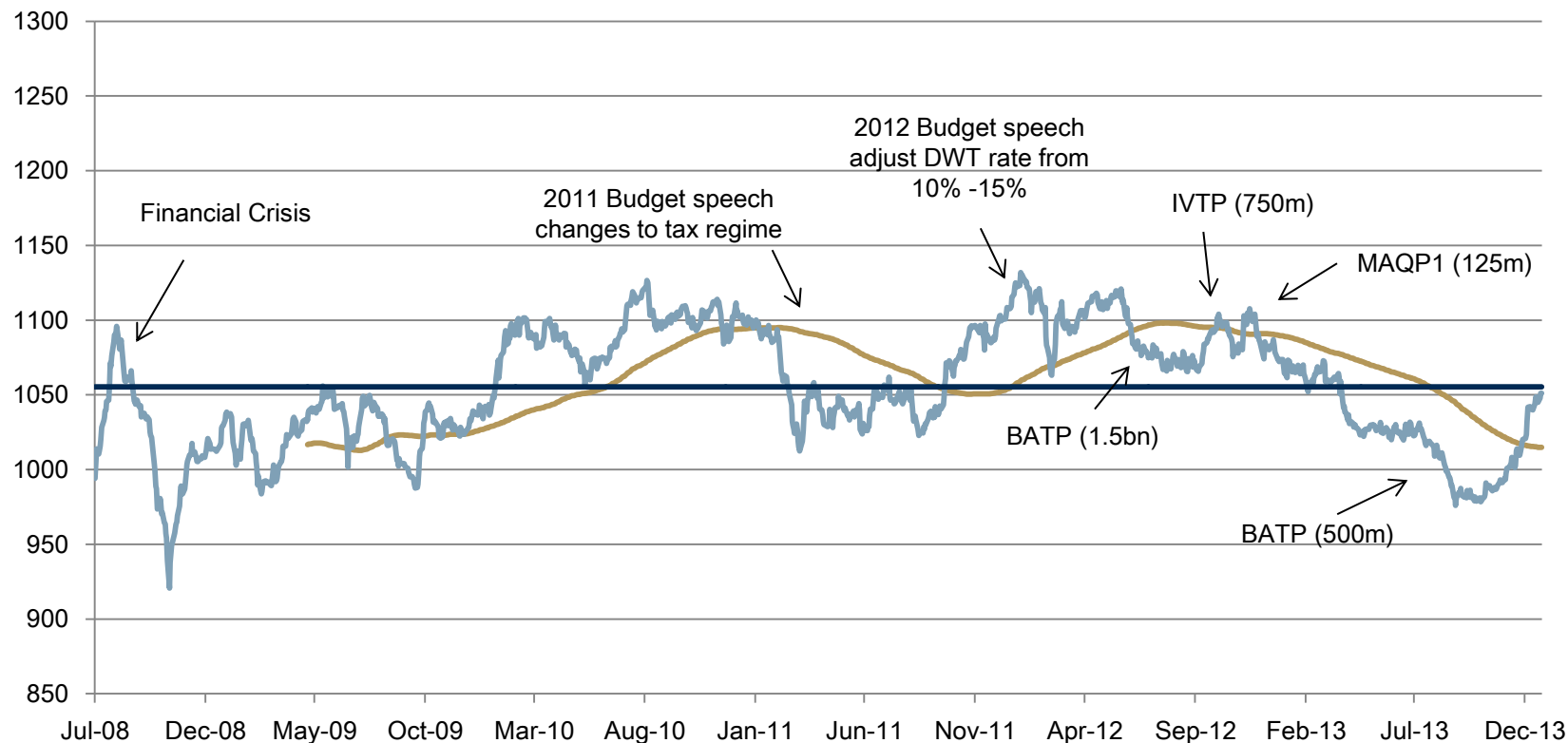
Prefs vs. Cash Since Start of Financial Crisis

On a Pre and after tax basis the J251 has outperformed the Stefi






















Recovery in Preference Share Market

- ❖ The J251 Preference Share Index is currently priced c.0.39% below the average price since inception



— J251[CI] — J251Avg
 — Moving Avg J251, 200 day

Current Issuers and Yield

Issuer	Index Weighting	Effective Rate (NACS)	Issuer	Index Weighting	Effective Rate (NACS)
 Standard Bank	16.24%	7.05%	 Discovery	2.83%	7.98%
 ABSA	14.16%	6.77%	 Invicta HOLDINGS LIMITED	2.51%	8.28%
 FIRSTRAND	13.78%	6.80%	 GRINDROD LIMITED	2.20%	8.40%
 NEDBANK	11.92%	6.99%	 NETCARE	1.72%	8.65%
 Investec	8.88%	7.83%	 FAST MOVING FORWARD THINKING IMPERIAL™	1.16%	9.18%
 BRAIT	6.76%	8.53%	 CAPITEC Bank	0.69%	9.77%
 PSG	4.52%	8.97%	 Investec	0.66%	9.09%
 Investec	4.48%	7.73%	 sasfin	0.48%	9.38%
 Steinhoff	3.87%	9.12%	 ASTRAPAK	0.36%	10.18%
 African Bank	2.83%	9.91%			

Value Proposition of Preference Shares

- ❖ **Tax efficient reliable source of regular income**
- ❖ Offers a hedge to upward shift in global yields
- ❖ Opportunity for pension and retirement funds who are exempt from DWT
- ❖ Given the variable nature of yields, prices are not driven by changes in interest rate
- ❖ Changes to Basel III an unknown factor but should be a moot point

PREFtrax FAQ



Liquidity	▶	<ul style="list-style-type: none">❖ Capital allocated by GBL to basket process and daily trade❖ Large allocation to large cap prefs which are more liquid
Fund type	▶	<ul style="list-style-type: none">❖ Open ended
Sector	▶	<ul style="list-style-type: none">❖ Preference shares
Sector Size	▶	<ul style="list-style-type: none">❖ R31 Billion
Fund Size	▶	<ul style="list-style-type: none">❖ R231mil
Legal Structure	▶	<ul style="list-style-type: none">❖ CISCA fund/ETF security
Share Code	▶	<ul style="list-style-type: none">❖ PREFTX
Distributions	▶	<ul style="list-style-type: none">❖ Mar, Jun, Sep & Dec
Index	▶	<ul style="list-style-type: none">❖ J251
Primary Market Transactions	▶	<ul style="list-style-type: none">❖ Primary market issuances = basket 1 000 000 securities❖ Book overs encouraged
Trustee	▶	<ul style="list-style-type: none">❖ Societe Generale

PrefEx Conversion to *PREFtrax*



- ❖ On the 19th December 2013 PrefEx changed its name to Property Index Tracker Preference Share Fund (PrefTrax) and became a portfolio of a collective investment scheme
- ❖ Subject to approval from regulators the name will change to Grindrod Index Tracker Preference Share Fund (PrefTrax)
- ❖ The investment objective of PrefTrax remains unchanged i.e. it will continue to invest in preference shares

Contacts



Gareth Stobie
Telephone: +27 (0)11 459 1866
Fax: +27 (0)11 388 2341
Email: gareths@grindrodbank.co.za

Chris Rule
Telephone: +27 (0)11 459 1846
Fax: +27 (0)11 388 2341
Email: chrisr@grindrodbank.co.za

Thandeka Mthembu
Telephone: +27 (0)11 459 1865
Fax: +27 (0)11 388 2341
Email: thandekam@grindrodbank.co.za

Egle Adomaitiene
Telephone: +27 (0)11 459 1833
Fax: +27 (0)11 388 2341
Email: eglea@grindrodbank.co.za

Disclaimer

This document and any other information supplied in connection with Grindrod Index Tracker Managers (RF) (Pty) Ltd (“the Manager”) is not “advice” as defined and/or contemplated in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002 (“the FAIS Act”) and investors are encouraged to obtain their own independent advice prior to buying participatory interests in CIS portfolios issued by the Manager. Opinions expressed in this document may be changed without notice at any time after publication. Collective Investment Schemes (CIS) are generally medium to long-term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the Manager. Exchange Traded Funds (ETFs) that are registered as Collective Investment Schemes (CIS) are portfolios that trade on stock exchanges. Trading in ETFs will incur the normal costs associated with listed securities, including brokerage, settlement costs, Securities Transfer Tax, other statutory costs and administrative costs. The price at which ETFs trade on an Exchange may differ from the NAV price published at the close of the trading day, because of intra-day price movements in the value of the constituent basket of securities. The PrefTrax is a security originated by Grindrod Bank Limited. Grindrod Bank Limited is an Authorised Financial Services Provider and a Registered Credit Provider (NCRCP25).