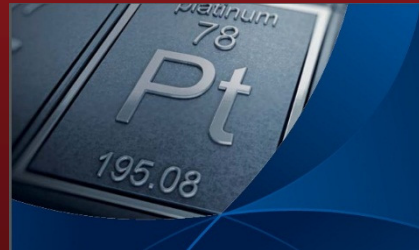


Investing in Commodities with Exchange Traded Funds



ETP Educational Seminar
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What Are Exchange Traded Products (ETPs)?

- They are securities traded on the JSE, like any other listed shares.
- They give access to a portfolio (Fund) of shares.
- The Fund typically tracks an index.

Components of FTSE/JSE Top 40 Index

Index Weights – Basket of Constituents (as at March 2014)
FTSE/JSE Top 40 Index

	Market Cap Weighted (%)		Market Cap Weighted (%)
African Rainbow Minerals	0,38	Capital & Countries Prop	0,23
Anglo Platinum Ltd	0,54	Compagnie Fin Richemont	9,66
Anglo American Plc	6,60	Discovery	0,44
Anglo Gold Ashanti Ltd	1,40	Exxaro Resources Ltd	0,34
Aspen Pharmacare Hldgs	1,59	Firststrand Ltd	2,02
Assore Ltd	0,26	Growthpoint Properties Ltd	0,80
Barclays Africa Group	0,91	Impala Platinum Holdings	1,17
BHP Billiton Plc	13,10	Imperial	0,57
Bidvest Group Ltd	1,63	Investec Ltd	0,39
British American Tobacco	3,28	Investec Plc	0,97

Components of FTSE/JSE Top 40 Index

Index Weights – Basket of Constituents (as at March 2014) FTSE/JSE Top 40 Index			
	Market Cap Weighted (%)		Market Cap Weighted (%)
Intu Properties Plc	0,69	Remgro Ltd	1,83
Kumba Iron Ore Ltd	0,41	RMB Holdings Ltd	0,60
Life Healthcare Grp Hldgs	0,65	SABMiller Plc	9,63
Mediclinic International Ltd	0,58	Sanlam Ltd	2,00
Mondi Ltd	0,43	Sasol Ltd	6,15
Mondi Plc	1,32	Shoprite Holdings Ltd	1,26
MTN Group	7,21	Standard Bank Group Ltd	3,10
Naspers Ltd -N-	8,65	Steinhoff International Hldg	2,01
Nedbank Group Ltd	0,84	Tiger Brands Ltd	0,79
Old Mutual Plc	3,12	Vodacom Group	0,80
Reinet Inv Soc Anon	0,64	Woolworths Holdings Ltd	1,00

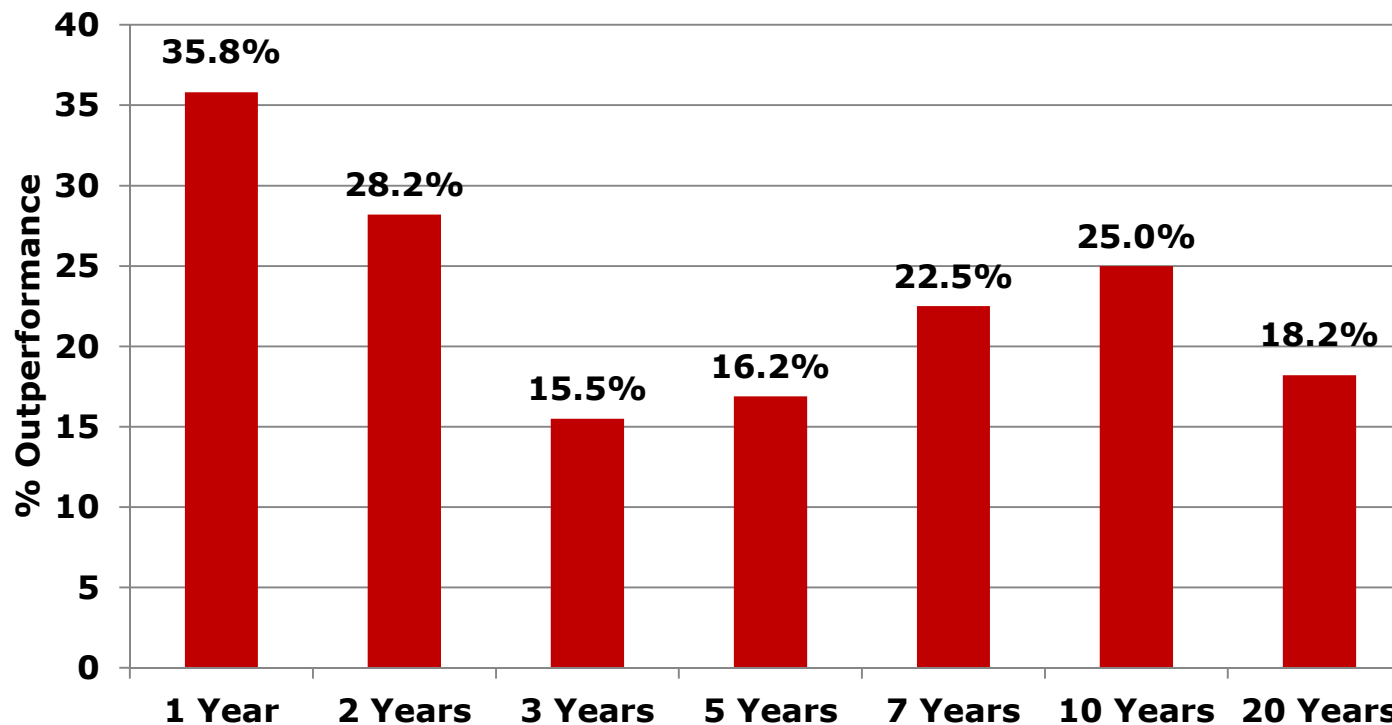
The Case for ETPs

- You buy one ETP, but you own a whole portfolio (fund) of shares.
- Although you own a whole portfolio, you only pay for one share – brokerage and JSE settlement costs are only paid once and not for every share in the portfolio.

**Buy one security and own a whole
“basket” of shares on the JSE.**

Why You Should Be Using ETFs/ETNs

Percentage of Actively Managed General Equity Unit Trusts that Outperformed the FTSE/JSE All Share Index



Source: ASISA Unit Trust Survey (31 December 2013)

What ETFs/ETNs to buy?

Total SA equity market exposure (pure Beta)	Track the FTSE/JSE Top 40 .	<ul style="list-style-type: none"> • Satrix 40 ETF • RMB Top 40 ETF • BettaBeta EWT 40 ETF
Exposure to sectors of the market	Track Industrial, Financial, Resources, MidCap indices, etc.	<ul style="list-style-type: none"> • Satrix INDI 25 ETF • NewFunds eRAFI FINI 15 ETF • RMB MidCap ETF
Bonds	Track portfolios of SA Government bonds.	<ul style="list-style-type: none"> • NewFunds GOVI ETF • RMB Inflation-X ETF
Property	Track listed Property indices.	<ul style="list-style-type: none"> • Proptrax SAPY ETF • Proptrax TEN ETF
Money Market	Invest in cash/near cash instruments	<ul style="list-style-type: none"> • NewFunds TRACI ETF • PrefTrax ETF

Continued/...

What ETFs/ETNs to buy? (continued)

Foreign Equity Markets	Track main offshore indices in rands (rand denominated assets).	<ul style="list-style-type: none"> • DBX Tracker MSCI World ETF • DBX Tracker MSCI USA ETF • DB Emerging Markets ETN
"Smart" ETFs	Track indices with a "Theme" or "Style".	<ul style="list-style-type: none"> • Satrix DIVI ETF • Grindrod DivTrax ETF • Grindrod LowVolTrax ETF • Nedbank BGreen ETF
Other Assets	Track physical commodity prices, currencies, etc.	<ul style="list-style-type: none"> • NewGold ETF, NewPlat ETF • Standard Bank Africa ETFs (Gold, Platinum and Palladium)

Building Up Wealth

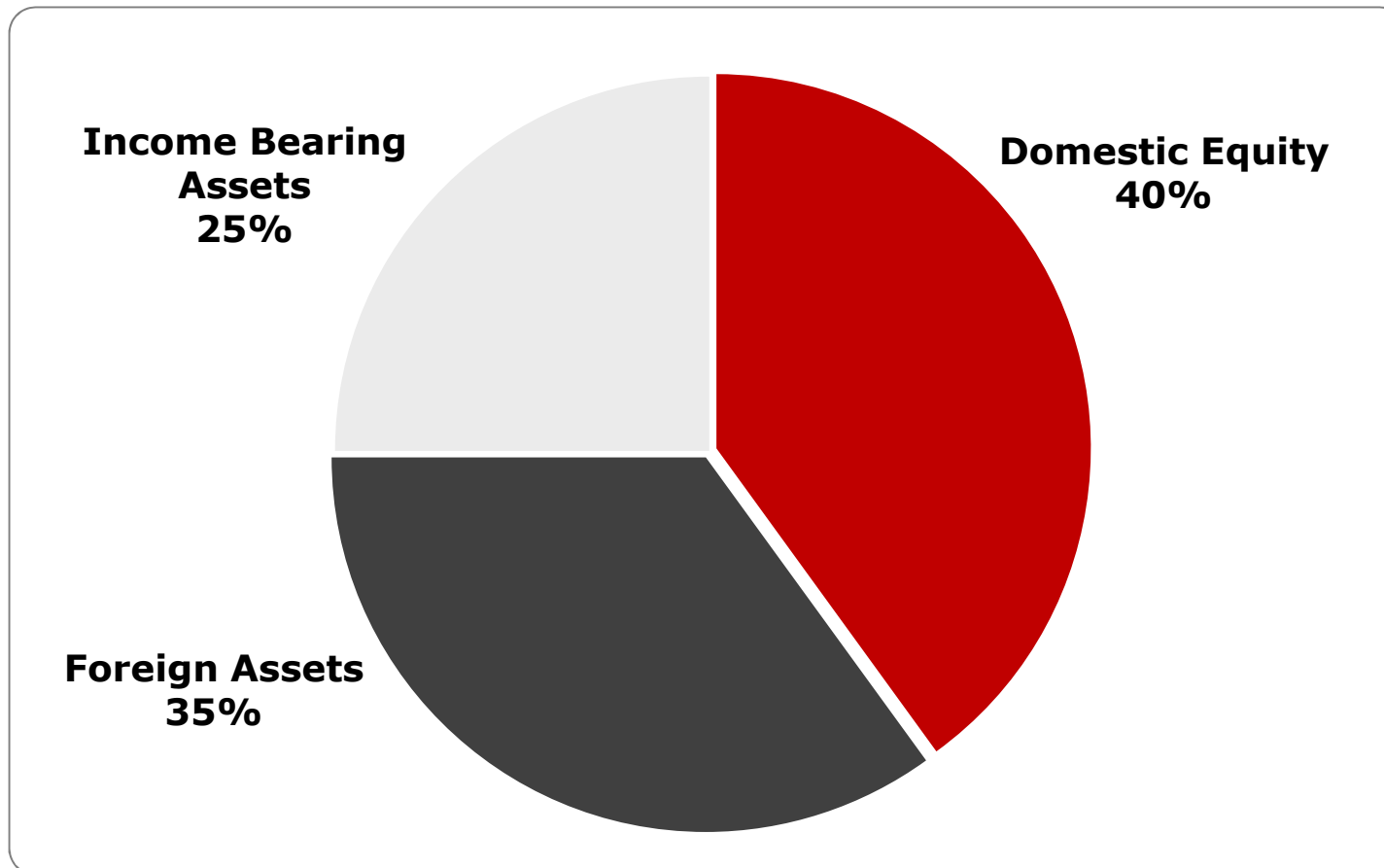
R1000 per month in Satrix INDI 25 ETF

	Current Value*				
	1 Year	3 Year (R)	5 Year (R)	10 Year (R)	20 year** (R)
Satrix INDI 25 ETF	13 700	57 640	125 280	423 400	4 630 000
* Current value of R1000 per month investment over 1-10 years for period ended 19 June 2014					
** Extrapolated return based on 2004-2014 returns.					
Source: etfSA.co.za / Profile Data.					
Note: Historic returns may not be repeated in future.					

Top Performers – All Collective Investment Schemes (to 31 March 2014)

3 Years		5 Years	
Old Mutual Global Equity	34,03%	Satrix INDI 25 ETF	31,71%
Re:CM Global Feeder	31,27%	Coronation Industrial	30,70%
DBX Tracker MSCI USA ETF	31,15%	SIM Industrial	30,24%
Allan Gray Orbis Global Equity	29,79%	Ned Group Invest. Financial	28,69%
Satrix INDI 25 ETF	29,40%		
7 Years		10 Years	
Satrix INDI 25 ETF	18,80%	SIM Industrial	25,17%
Coronation Industrial	17,08%	Satrix INDI 25 ETF	24,71%
SIM Industrial	16,56%	Coronation Industrial	24,46%
Stanlib Industrial	15,46%	Coronation Top 20	23,68%
<i>Source: ASISA Quarterly Unit Trust Survey (March 2014).</i>			

Typical Asset Allocation



Illustrative Portfolio

(R100 000 lump sum investment)

Fund	Amount Allocation		Current Value* After 3 Years (R)	Current Value* After 5 Years (R)
	(%)	(R)		
Domestic Equity				
Satrix INDI 25 ETF	20%	20 000	48 140	75 200
NewFunds eRAFI FINI ETF	10%	10 000	21 900	28 700
Satrix DIVI ETF	10%	10 000	15 330	23 650
<i>Sub-total</i>	<i>40%</i>	<i>40 000</i>		
Foreign Equity				
DBX Tracker MSCI USA ETF	15%	15 000	37 320	43 850
DBX Tracker MSCI World ETF	10%	10 000	22 550	25 650
Standard Bank Africa Palladium ETF	10%	10 000	16 700	**23 550
<i>Sub-total</i>	<i>35%</i>	<i>35 000</i>		
Interest Bearing Assets				
Proptrax SAPY ETF	15%	15 000	24 060	36 350
RMB Inflation-X ETF	10%	10 000	13 700	15 990
<i>Sub-total</i>	<i>25%</i>	<i>25 000</i>		
Totals	100%	100 000	199 700	272 940
% Return			99,7%	172,9%
* Current value of lump sum investment done 3 and 5 years ago.	Source:	etfSA.co.za / Profile Data (19/6/2014).		
** Based on index return.	Note:	Historical returns may not be repeated in future.		

The Home of Exchange Traded Funds®



Comparative Total Returns

(capital growth with all dividends reinvested)

	3 Years (% p.a.)	5 Years (% p.a.)
Illustrative ETF Balanced Portfolio	33,2%	34,6%
Medium Equity Balanced Unit Trusts (average return)	12,5%	13,4%
High Equity Balanced Unit Trusts (average return)	14,05%	15,12%
<i>Source: ASISA – Quarterly Collective Investment Schemes Survey (March 2014).</i>		

Debit Order Investment

(R1000 per month in each ETF)

Fund	Amount Invested (per month)	Current Value* After 3 Years (R)	Current Value* After 5 Years (R)
Satrix INDI 25 ETF	1 000	58 540	127 240
DBX Tracker MSCI USA ETF	1 000	59 730	122 100
Standard Bank Africa Palladium ETF	1 000	51 590	84 270
Proptrax SAPY ETF	1 000	44 030	89 570
Totals	4 000	213 890	423 180
* Current value of R4000 per month debit order investment over 3 and 5 years.			
Total returns with dividends reinvested.			
Source: Profile Data/etfSA.co.za (19/6/2014).			
Note: Historic performance will not necessarily be repeated in future.			

Passive Investment Strategy

- Look at indices not individual stocks - *allows top down macro views.*
- Use strategic asset allocation strategy and stick to it – *generates consistency of performance.*
- No tactical asset allocation – *reduces portfolio churn.*
- Asset allocation generates 90% of long-term investment returns – *be in the right asset class at the right time.*
- Passive methods have long-term benefits:
 - Low costs don't erode investment returns
 - Indices are fully scalable unlike stock picking methods
 - Risk and variability are reduced by only investing in the benchmark (the index).

The etfSA Investor Plan

- Will accept investments from R1000.
- Will process debit orders from R300 per month.
- Automatically reinvests dividends four times a year.
- Administration fee (0,4% - 0,7% p.a.) is administered over 12 months and covers all transactions over that period.
- Will facilitate third party investments
- Ideal for Investor Clubs/Stokvels.
- Specialise in ETPs only.
- Financial advice can be provided for portfolio investments.

Visit www.etfsa.co.za

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