



SATRIX RAFI 40 BEST PERFORMING LOCAL ETF IN SECOND QUARTER 2009

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Second Quarter 2009

The Satrix RAFI 40 with a price appreciation of 15,0% gave the best performance amongst JSE listed ETFs for the 3 months ended 30 June 2009. The Satrix RAFI was closely followed by the eRAFI Exchange Traded Fund (developed by Absa Capital and Plexus Asset Management) which rose by 14,7% for the three months and by the Satrix DIVI, which grew by 14,6% for this period.

These three funds all rely on the analysis of actual performance data – dividends in the case of Satrix DIVI and growth in dividends, sales, book value and cash flows in the case of the two RAFI funds – rather than changes in market capitalisation for inclusion in the indices. The fact that index tracking ETFs, based on improving fundamentals, rather than market size, are currently offering the best performance, suggests that investors on the JSE could be looking for “value”, which is typically based on historical accounting data, and are re-rating shares that offer good prospects for recovery.

The worst performing ETF security in the second quarter of 2009, was the NewGold ETF which tracks the rand price of gold, which fell by 17,7%. Some of the international index tracking products, offered by Deutsche Bank, namely DBX US (6,6% fall) and DBX World (4,2% decline) also showed a negative price change. The global stockmarket indices offered by Deutsche Bank have been affected by the relatively strong rand appreciation over the past few months, which has offset the recovery in the world’s major stockmarkets.

Percentage Change 31 March – 30 June 2009				
Three Best Performing ETFs			Three Worst Performing ETFs	
Satrix RAFI 40	15,0%		NewGold	(17,7%)
eRAFI	14,7%		DBX US (S&P index)	(6,6%)
Satrix DIVI	14,6%		DBX World index	(4,2%)

Annual Performance (June 2008 to June 2009)

Only two of the ETFs which have been listed on the JSE for more than one year, were able to record a positive growth performance over this one year period. PROPTRAX, which tracks the FTSE/JSE Listed Property index of 23 Property Unit Trusts and Loan Stock securities, rose by 17,3% over the year. Property shares appreciated strongly in the second half of 2008 in response to the decline in local interest rates, but this revival has been tempered more recently by the impact of the weak economy on property leases and rentals.

The only other ETF to record positive price growth over this period was again the Satrix DIVI, which increased by 12,4%. It also offered a 5% dividend yield over this period, which if reinvested, would have given investors a return difficult to match anywhere else in the market. The Satrix DIVI was designed to protect investors in periods of market adversity, on the premise that high dividend paying companies would not be sold off to the same extent as low yielding shares in poor markets. This appears to be working.

The worst performing ETF over the past year has been the Satrix RESI. This tracks the FTSE/JSE Resources 20 index and reflects the significant drop in commodity prices and the sell-off in mining shares, particularly late in 2008. The Satrix RESI has demonstrated better performance in the last three months and this might signal improved prospects ahead.

The Deutsche Bank family of international sharemarket trackers have uniformly shown a weak performance over the past year, reflecting the global stockmarket collapse until recently and then the negative impact of the rand recovery. However, this sector of the market offers good potential for recovery and could receive more attention from investors looking for value.

Percentage Change			
30 June 2008 – 30 June 2009			
Three Best Performing ETFs		Three Worst Performing ETFs	
PROPTRAX	17,3%	Satrix RESI	(46,2%)
Satrix DIVI	12,4%	DBX UK (FTSE100)	(38,2%)
NewGold	(2,0%)	DBX EURO (EURSTOX50)	(37,1%)

The detailed table below indicates that the performance of all ETFs has improved lately, measured by 3 months relative to 12 months data. This could indicate the early signs of market recovery. Typically, the performance of index tracking portfolios, such as ETFs, are a good indication of broad market sentiment. The recent rise, particularly in the ETFs that track the JSE main indices, suggests a steady improvement in market confidence.

Most investors tend to miss the first 15% to 20% of equity market recovery as they wait for confirmation that the financial markets have turned. Investors in index tracking products therefore have the distinct advantage of catching the early phase of a market rise. The sharp increase in the volumes traded of many local ETFs on the JSE and the creation of new units that has occurred in some ETF funds, because of latent market demand, suggests that ETFs could be more eagerly sought in future, particularly in market dips.

PRICE PERFORMANCE DATA – SOUTH AFRICAN LISTED ETFs					
(Price cents per security)					
	June 2008	March 2009	June 2009	% Change	
				Quarter (Mar-Jun 2009)	Year (June 2008 to June 2009)
Satrix 40	2878	1845	1980	7,3	(31,2)
Satrix DIVI	105	103	118	14,6	12,4
Satrix RAFI	-	426	490	15,0	-
Satrix INDI	1916	1520	1725	13,5	(10,0)
Satrix FINI	625	549	612	11,5	(2,1)
Satrix SWIX	573	394	426	8,1	(25,7)
Satrix RESI	7369	3860	3967	2,8	(46,2)
BIPS 40	-	1860	1975	6,2	-
PROPTRAX	2430	2970	2850	(4,0)	17,3
NewGold	7190	8570	7049	(17,7)	(2,0)
NewRand	2056	1595	1677	5,1	(18,4)
NewSA	-	2040	2177	6,7	-
Shari'ah Top 40	-		240	-	-

RAFISA (eRAFI)	-	1797	2061	14,7	-
zGOVI	-	1037	1038	-	-
zRand (Hedge)	2688	1822	2035	11,7	(24,3)
zRand (Play)	2112	1776	1900	7,0	(10,0)
DBX Euro	4166	2576	2620	1,7	(37,1)
DBX Japan	635	450	456	1,3	(28,2)
DBX World	1112	796	762	(4,2)	(31,5)
DBX UK	8795	5339	5440	1,9	(38,2)
DBX US	979	742	693	(6,6)	(29,2)
<i>Source: I-Net Bridge</i>					
<i>Price only data – dividends not included.</i>					