

Africa Equity Index Exchange Traded Note (ETN)

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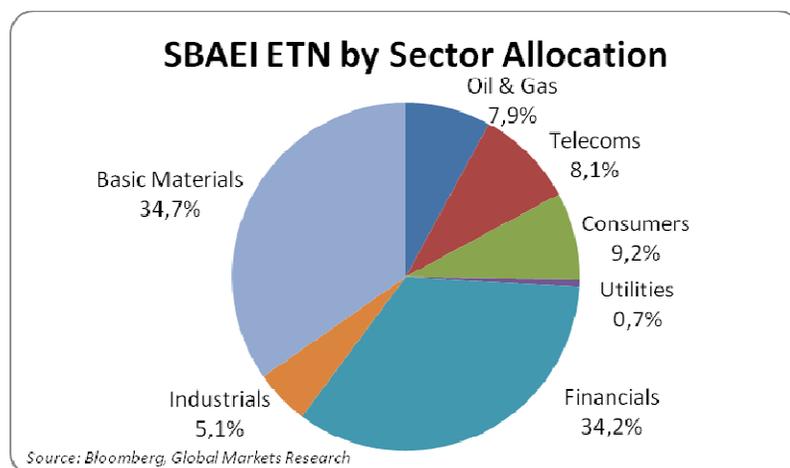
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On 16th May 2011, Standard Bank listed its unique Africa Equity ETN (SBAEI). This product provides exposure to a portfolio of listed companies across Africa (excludes South Africa, Lesotho and Swaziland), but with the convenience of a single purchase of a rand denominated security listed on the JSE.

For the first time, local Stock Exchange investors can get exposure to a diversified portfolio of African investments. The Africa ETN tracks an index (SBAFRITR), independently calculated in London, which selects shares either listed on African stock exchanges or with a primary listing on international exchanges but with significant African business exposure. Such international shares can only contribute a maximum 40% of the SBAFRITR. Shares selected must have a daily trading liquidity of at least US\$10 000; a market cap of US\$20 million; 80% of the SBAFRITR portfolio constituent companies must have at least 85% exposure to Africa and the remainder at least 40% exposure to Africa in their businesses; there is a limit of 5% of the index weighting that can be allocated to any individual share.

The Africa Equity Index tracked by the AEI ETN currently covers 179 listed African shares in 29 African countries. The allocation of shares per region and the sector allocation is shown below. As would be expected, the financial sector (banks) and resources (mining) contribute 69% of the index.

Number of Stocks Represented by the Africa ETN by Region		
Exchanges	Region	Number of Stocks
Local	Sub-Saharan	58
	North Africa	45
International		76
Total		179



The Africa Equity ETN is listed in the Exchange Traded Notes (ETN) sub-sector of the JSE. It is classified as an inward listed security, so does not constitute part of the foreign exchange allowances for individual investors. As an ETN, the product is a senior unsecured debt obligation, issued by Standard Bank, so the credit rating of AA-, quantifies the credit risk exposure of the investor in the SBAEI.

Standard Bank will make a market in the ETN, at the fair value of the SBAFRITR index, less an annual management fee of 1% and at market related spreads. The market maker has to trade at the index value of the underlying portfolio at all times, so the investor risk is limited to market fluctuations and the credit risk of the issuer.

Dividends are automatically reinvested, when the portfolio is rebalanced semi-annually (April, October), so the Africa ETN is a total return product.

Why Invest in the Africa ETN?

- IMF forecast indicate that Sub-Saharan Africa GDP growth has averaged over 5% per annum in recent years and is expected to continue at this rate or better for the next few years. This is significantly higher than the average GDP growth of 1,7% in developed countries. Africa has gained credibility as a **Frontier Investment Opportunity**.
- The Africa ETN is the first dedicated Exchange Traded product available to South African investors, giving liquid and tradable access, transparency and relatively low cost exposure to the **African Continent**.
- For institutional investors, the additional 5% of foreign exchange allocations available to investors for African exposure, is accommodated by the Africa ETN.
- Over the past year, to April 2011, the Standard Bank Africa Equity ETN has shown a total return of 19%, comfortably above the MSCI Africa index and comparable with returns in the local market.

The Africa ETN will be available on the etfSA Investor Scheme™ platform. Financial Service Providers require a 1:8 license to provide clients with financial services on this product.

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