



The Home of Exchange Traded Funds®

Market Capitalisation of Exchange Traded Products Increases by 19 Percent for First 7 Months of 2011

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A Survey of the Market Capitalisation (click here for full Survey Table) of all Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs) listed on the JSE, shows that combined market cap. grew from R33,3 billion at the end of 2010 to R39,6 billion at the end of July 2011.

The following features are identified:

- With most of the market moving sideways, at best, in 2011, the increased size of the ETF/ETN industry stems largely from new listings (12 new products were listed in the first 7 months of the year), or from additional listings of securities in existing ETFs, rather than market performance.
- There are now 44 Exchange Traded Products, listed on the JSE, and, with a number of other products apparently in the pipeline, this should grow to around 50 products listed by the end of this year.
- The increase in the number of listed ETF/ETN products and the new capital attracted for investment in these products, contrasts with other sectors of the market, where capital flows into equity based products have been much less significant.
- **Deutsche Bank** has been the main beneficiary of new capital flows into its exchange listed products in 2011. Its existing ETFs, tracking the main indices in developed markets have attracted some new capital, but the main capital creations have been in the recent issue of its 3 new ETNs, which cover Africa, Emerging Markets and China respectively. The market capitalisation of Deutsche Bank exchange listed products has increased from R1,3 billion at the end of 2010 to R3,6 billion by end July 2011.
- **Absa Capital's** NewFunds ETF brand have also attracted new capital, mainly into NewGold, which tracks the physical gold bullion price. Two entirely new products that provide balanced investment portfolios, through investment in equities, bonds and cash, the MAPPS ETFs, have been recently launched by Absa Capital. These products will be of interest, as they break new ground for the ETF industry, by following in the footsteps of the balanced or asset allocation funds, which have proved very popular in the unit trust industry.
- **Standard Bank**, have been very busy in the past 12 months, listing nine new ETN products, providing exposure to global physical commodity markets. As this asset class cannot be accessed through other local products, these ETNs, together with the **RMB Oil** and **RMB Coal ETNs**, provide a unique investment exposure on the JSE.

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