

About ETFs

Mike Brown
Managing Director
etfSA.co.za

Retail Investment Seminar
Proptrax & etfSA.co.za
JSE
19th July 2012

The Home of Exchange Traded Funds[®]



Agenda

- **What are ETFs?**
- **Where to get information.**
- **How to use and access them.**
- **Why you should be using ETFs.**

What Are Exchange Traded Funds (ETFs)?

- **Securities listed and traded like normal shares on the JSE.**
- **But give access to a portfolio of shares rather than a single company.**
- **The ETF share portfolio matches exactly the components and weightings of an index or asset.**

How Do ETFs Work?

Index Constituents and Weights (31 March 2012) FTSE/JSE SAPY Index / Proptrax SAPY

	Weight (%)		Weight (%)
Growthpoint	23,61	Sycom	3,28
Redefine	14,98	Fortress Income –A-	2,61
Capital	10,26	Rebosis	1,53
Resilient	7,54	Premium	1,22
Hyprop	7,31	New Europe Prop	1,07
Fountainhead	5,92	Octodec	0,78
Acucap	4,87	Hospitality –A-	0,74
SA Corp	4,74	Investec Prop	0,69
Emira	4,39	Redefine Internaitonal	0,46
Vukile	3,74	Hospitality –B-	0,25
		Total 20 shares	100,0

What Are The Advantages of ETFs?

Complete Transparency

- **Listed on the JSE, pricing is done on the market and is know to every investor.**
- **Underlying portfolio is published daily.**
- **Settlement, trading, registration, transfer done through JSE/STRATE – fully centralised electronic, failsafe and cost effective.**

Instant Liquidity & Tradeability

- **ETFs are like normal shares. Can be bought or sold at any time through the JSE**
- **Market makers and open-ended structures cater for large trades.**

Passive Investments

- **An index always contains the premium shares/assets in the market.**
- **Index measures the average performance (BETA) of the market.**

Continued/...

What Are The Advantages of ETFs?

(Continued)

Diversification

Diversified portfolio.

- Provides full exposure to blue chip shares/ assets.
- Reduces risk/volatility.
- Ensures benchmark performance.
- Can be easily hedged.

Regulation

- ETFs are Collective Investment Schemes, regulated by the FSB.
- They are also public companies listed on the JSE – so are JSE regulated.

Very Cost Efficient

- Average costs one-third of unit trusts.

For More Information on ETFs/ETNs

Click on the "LEARN MORE" button



The screenshot shows the website's navigation menu with buttons for Home, About etfSA, ETFs, ETNs, Financial Advisor, Learn More, and My Profile. Below the menu, there are market data links for ETF Property Index Tracker SAPY, ETF Property Index Tracker Top Ten, SW Carbon Credit Note, and SBR003. The Education page is active, showing a search bar, a breadcrumb trail (Home | Education), and a main heading 'Education'. The page content includes a summary of information, links to presentations and descriptions, and two FAQ sections: 'What are ETF's?' and 'How can ETF's benefit me?'. The etfSA logo is visible in the bottom right corner.

ETF
Education
page:

Continued/...

The Home of Exchange Traded Funds®



For More Information on ETFs/ETNs (continued)

March 2012 15:21 ETF BetaBeta Equally Weighted Top 40 Portfolio: 3749 \uparrow 0.00 (0.00%) | ETF BetaBeta Green: 1489 \uparrow 0.00 (

March 2012 15:21 ETN - Deutsche Bank AG: 1 \uparrow 0.00 (0.00%) | ETN - Deutsche Bank MSCI Africa Capped 50 TRI: 6032 \uparrow 0.00 (0

Presentations
page:

Search

You are here ▶ [Home](#) | [Presentations](#)

Presentations

On this page you are able to view easy to understand presentations about ETF's.

To view additional information about ETF's click [here](#)

2011

- [JSE MyShare Investment Day presentation - "ETFs 101" ▶ 22 October 2011](#) [190kb]
- [What are ETFs?](#) [50kb]
- [What are the Advantages of ETFs?](#) [49kb]
- [What can ETFs do for my Investment Portfolio?](#) [101kb]
- [Using ETFs in Portfolio Management](#) [42kb]
- [Global Development of the ETF Market](#) [88kb]

2010

The New World of ETFs - November 2010 presentations:

- [Nedbank Capital – BetaBeta Retail presentation – Nernia Visser](#) [494kb]
- [etfSA - Exchange Traded Funds presentation – Mike Brown](#) [220kb]

RMB Exchange Traded Notes

Capital announces a drop in management fees its ETFs

Global Lists New Exchange Funds

Investment "Making ETFs the Core Investment Plans" – March

Retail Bonds in South Africa

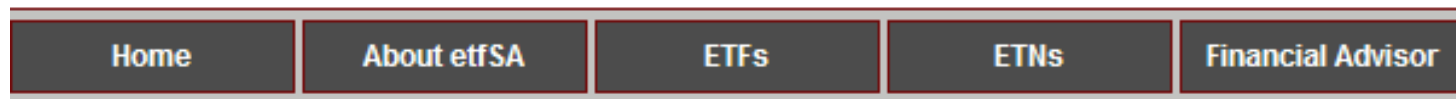
etfSA.co.za SA ETF, ETN & Structured Product Survey (Jan 2011)

Investor clubs / stokvels



For More Information on ETFs/ETNs

Click on the "ETF or ETN" button



The Home of Exchange Traded Funds®

Property Index Tracker SAPY

Domestic--Real Estate--General

Focus and Objective

The investment objective of each of the Property Index Tracker portfolios is to replicate the price and yield performance of the relevant Index by holding a portfolio of securities substantially equivalent to the basket of securities comprising the Index in the same weighting as the Index.

The Property Index Tracker portfolio will be adjusted as determined by the ground rules to conform to changes in the basket of securities comprising the Index so as to ensure that the composition and weighting of the securities comprising the relevant Property Index Tracker portfolio at all times reflects, as closely as reasonably possible, the composition and weighting of the securities comprising the Index.

The initial SAPY portfolio tracks the price and yield performance of the JSE/FTSE Africa Listed Property Index. (the SAPY index) As such, the SAPY portfolio affords both retail and institutional investors an opportunity to access the performance of the top twenty JSE listed real estate securities by investing in a single instrument namely a participatory interest in the proposed SAPY portfolio.

Property Index Tracker or PropTrax is the first property ETF in South Africa. It gives the investor access and good exposure to the high

Continued/...

Technical Overview

FORMATION DATE:	25 Sep 2007
BENCHMARK:	JSE/FTSE AFRICA SA LISTED PROPERTY INDEX
HOLDINGS:	20
UNIT HOLDERS:	1 238
ORIGINAL PRICE:	3554
PRICING SYSTEM:	Forward
INCOME DECL:	31/03,30/06,30/09,31/12
INCOME PAY:	21/04,21/07,21/10,21/01
MINIMUM LUMP SUM:	R1 000
MINIMUM MONTHLY:	R300

Dividend Yield

Vertical lines represent dividends.



Dividend History (last 3 years)

The Home of Exchange Traded Funds®



Profile page:

For More Information on ETFs/ETNs

(continued)

Property Index Tracker or PropTrax is the first property ETF in South Africa. It gives the investor access and good exposure to the high performance real estate sector, without charging huge fees, and maintaining low entrance levels. PropTrax offers the investor ease of professional management to secure the top twenty South African real estate listed securities.

Investors in the SAPY portfolio diversify their risk within the listed real estate sector, (although they are only holding a single instrument) given the exposure of the SAPY portfolio to a broad range of underlying securities. In addition, investors enjoy quarterly distributions, even though certain of the securities included in the SAPY index may only pay distributions on a six-monthly basis.

It is expected that participatory interests in the SAPY portfolio will trade with a higher degree of liquidity than certain of the securities included in the SAPY index, making it a more attractive prospect for investors who may not otherwise have considered the listed real estate sector.

Management

Property Index Tracker Managers (Pty) Ltd

Comparative Performance

Dividend History (last 3 years)

30 JUN 2012	76.21c
31 MAR 2012	76.21c
31 DEC 2011	54.35c
30 SEP 2011	78.46c
30 JUN 2011	35.30c
31 MAR 2011	93.69c
31 DEC 2010	30.92c
30 SEP 2010	93.91c
30 JUN 2010	32.25c
31 MAR 2010	92.28c
31 DEC 2009	29.44c
30 SEP 2009	90.52c
30 JUN 2009	30.67c
31 MAR 2009	95.52c

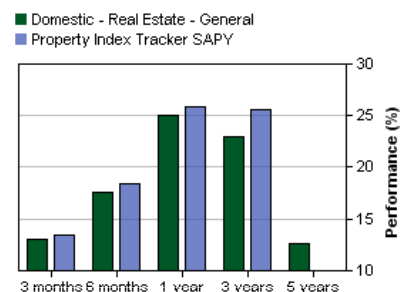
Fees

TER (31 DEC 2011):	1.04%
PERF FEE TER (31 DEC 2011):	0%
ANNUAL:	0.86%
PERFORMANCE:	n/a

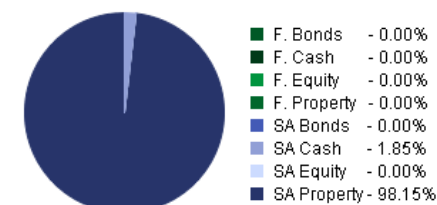
Top Holdings on 31 Mar 2012

SHARE	No Units	Value (Rm)	% of Fund
GROWPNT	4 003 955	80.08	23.17%
REDEFINE	6 366 141	50.80	14.70%
CAPITAL	3 802 842	34.80	10.07%
RESILIENT	663 873	25.59	7.41%
HYPROP	431 485	24.81	7.18%
Totals		216.08	62.52%

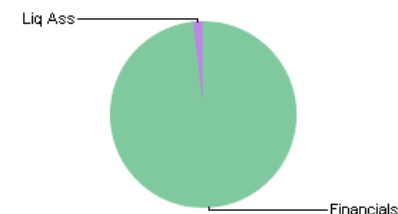
Comparative Performance



Asset Allocation

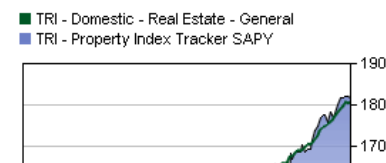


Sectoral Breakdown



Property Index Tracker SAPY

PRICE



PERFORMANCE TO 13 JUL 2012

R1 000 LUMP SUM (NAV-NAV INCL. DIVIDENDS)			
PERIOD	Return	Value(R)	Inflation(R)
3 MONTHS	13.43%	1 134.30	1 006.50
6 MONTHS	18.48%	1 184.70	1 029.90
1 YEAR	25.87%	1 258.70	1 056.20
3 YEARS	25.65%	1 983.50	1 160.00

R100 PER MONTH (NAV-NAV INCL. DIVIDENDS)

Continued/...

The Home of Exchange Traded Funds®



Types of ETFs Available in the South African Market

Exposure	Provides	Product	
Overall Market Performance	Access to average JSE market performance	<ul style="list-style-type: none"> • RMB 40 • Satrix 40 • Satrix SWIX Top 40 • BettaBeta EWT 40 	<ul style="list-style-type: none"> • Stanlib Top 40 • Stanlib SWIX Top 40 • NewFunds SWIX 40
Sectoral Performance	Access to different sectors of the JSE	<ul style="list-style-type: none"> • Satrix INDI 25 • Satrix FINI 15 • Satrix RESI 10 	
Bonds or High Income	Access to Government bonds Access to the listed preference shares	<ul style="list-style-type: none"> • Investec zGOVI • RMB Inflation-X • Prefex 	<ul style="list-style-type: none"> • NewFunds GOVI • NewFunds ILBI
Property	Exposure to the commercial property sector of the JSE	<ul style="list-style-type: none"> • Proptrax SAPY • Proptrax TEN 	
"Style" or "Thematic"	Based on an investment strategy	<ul style="list-style-type: none"> • NewFunds Shariah Top 40 • NewFunds NewSA • NewFunds NewRand 	<ul style="list-style-type: none"> • Satrix DIVI • NewFunds Equity Momentum
"Balanced" ETFs	Mix of bonds, equities and cash to provide exposure to a basket of asset classes	<ul style="list-style-type: none"> • NewFunds MAPPS Protect • NewFunds MAPPS Growth 	

Continued/...

The Home of Exchange Traded Funds[®]



Types of ETFs Available in the South African Market (continued)

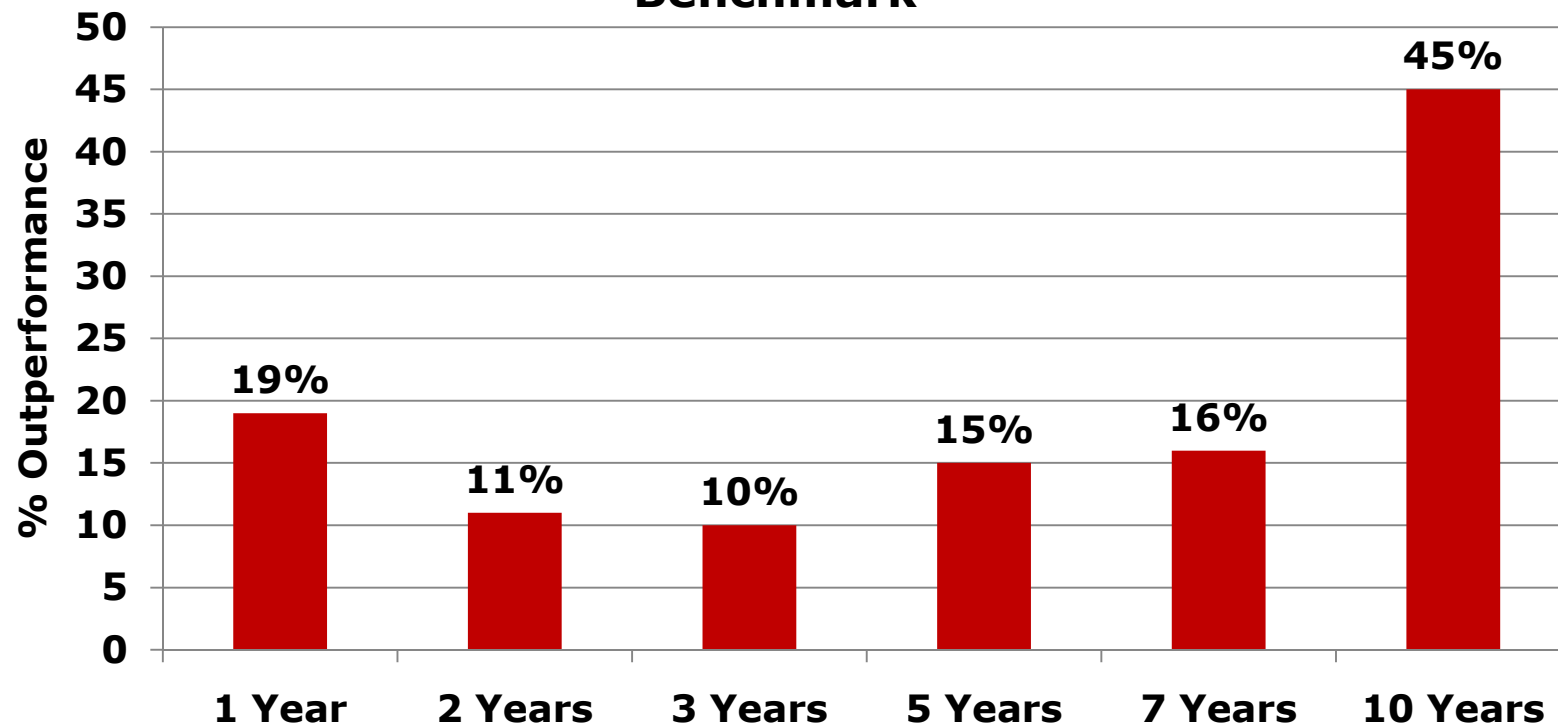
Exposure	Provides	Product
Offshore (Foreign) markets	Investment in overseas indices in both developed and emerging markets	<ul style="list-style-type: none"> • DBX Tracker EuroStoxx50 ETF • DBX Tracker FTSE 100 ETF • DBX Tracker Japan MSCI ETF • DBX Tracker USA MSCI ETF • DBX Tracker World MSCI ETF • DBX China ETN • DBX Africa Top 50 ETN • DBX Emerging Markets ETN • Standard Bank Africa Equity ETN
"Value" Strategies	Looks to outperform the market average using fundamental analysis and technology	<ul style="list-style-type: none"> • Satrix RAFI 40 • NewFunds eRAFI Overall • NewFunds eRAFI INDI • NewFunds eRAFI FINI • NewFunds eRAFI RESI
Commodity Markets	Invests in physical commodity markets	<ul style="list-style-type: none"> • NewGold ETF – gold bullion • Standard Bank Gold-Linker ETN • Standard Bank Silver-Linker ETN • Standard Bank Platinum-Linker ETN • Standard Bank Palladium-Linker ETN • Standard Bank Commodity Basket ETN • Standard Bank Copper ETN • Standard Bank Corn ETN • Standard Bank Oil ETN • Standard Bank Wheat ETN
Money Market	Provides 3 month money market total return	<ul style="list-style-type: none"> • NewFunds TRACI ETF
Currency	Invests in foreign currency deposits, provide pure "rand hedge"	<ul style="list-style-type: none"> • NewWave US Dollar ETN • NewWave UK Pound ETN • NewWave Euro ETN

Using ETFs To Construct Portfolios

	Type of Exposure	ETP Product	Comments
1.	GENERAL EQUITY MARKET RETURNS – Beta products	Satrix 40/RMB Top 40 ETFs	• Exposure to the Top 40 shares on the JSE (market cap weighted).
		BettaBeta EWT 40 ETF	• Top 40 shares on the JSE with allocation of funds equally weighted.
		Satrix INDI 25 ETF	• Top 25 industrial shares on the JSE (no mining or financial shares exposure).
2.	OTHER ASSET CLASSES – diversification strategies	zShares GOVI ETF	• Invests only in SA Government bonds.
		Proptrax SAPY or Proptrax TEN ETFs	• Invests purely in JSE listed property shares.
		DBX Tracker MSCI USA ETF	• Invests in Top 600 USA shares.
		NewGold ETF	• Invests in gold bullion.
3.	CAPITAL PRESERVATION – provide consistent returns with capital preservation	RMB Inflation-X ETF	• Invests in RSA Inflation-linked bonds.
		PrefEx ETF	• Invests in JSE listed preference shares, gives good dividend yields with capital preservation.
		NewFunds TRACI ETF	• Money market ETF.
4.	THEMATIC PRODUCTS – promise of market outperformance	Satrix DIVI Plus ETF	• Invests in portfolio of high dividend yield securities.
		Nedbank BGreen ETF	• Green index has outperformed JSE All Share by some 40% over the past three years.

Why You Should Be Using ETFs/ETNs

Unit Trusts Beating the FTSE/JSE SWIX Index Benchmark



Source: "The Quest for Alpha" - D Wessels - DRW Investment Research (June 2012)

The Home of Exchange Traded Funds[®]



Why You Should Be Using ETFs/ETNs

ETFs/ETNs OUTPERFORMING FTSE/JSE SWIX TOP 40 INDEX

1 Year	% Return	2 Year	% Return	3 Year	% Return
NewGold	31,54	Satrix INDI 25	25,40	Satrix INDI 25	25,39
Standard Bank Gold-Linker	24,95	Proptrax SAPY	21,41	Proptrax SAPY	24,92
DBX Tracker MSCI USA	24,58	NewGold	19,65	NewGold	22,45
Property SAPY	24,36	DBX Tracker MSCI USA	19,98	NewFunds eRAFI INDI 25	22,12
Proptrax TEN	22,57	NewFunds eRAFI INDI 25	18,54	Satrix DIVI Plus	21,73
Satrix FINI 15	21,11	Satrix FINI 15	17,27	Satrix RAFI	19,12
NewFunds eRAFI FINI 15	20,63	BettaBeta EWT 40	16,62	NewFunds eRAFI FINI 15	19,10
Satrix INDI 25	19,55	Satrix DIVI Plus	16,11	NewFunds eRAFI Overall	17,88
Satrix DIVI Plus	17,45	Satrix RAFI	16,08		
zShares GOVI	13,74				
DBX Tracker World	13,04				
NewFunds eRAFI INDI 25	12,91				
BettaBeta EWT 40	12,59				
DBX Tracker FTSE 100	12,19				
RMB Inflation-X	11,54				
NewFunds MAPPS – Growth	11,43				
DBX Tracker MSCI Japan	11,41				
NewFunds MAPPS – Protect	11,33				
NewFunds NewSA	10,90				
FTSE/JSE SWIX Top 40	10,35	FTSE/JSE SWIX Top 40	16,05	FTSE/JSE SWIX Top 40	16,98

How to Invest

Click on the "Learn More" button, then "**How to Invest**"

You are here ▶ Home | How to invest

etf How to invest

Invest now in the **etfSA Investor Scheme™** from as little as **R300 per month** or from **R1000** for once-off lump sum amounts in all the ETFs in South Africa.

Low annual costs cover all administration, registration, custodianship, reinvestment of dividends, statements, etc. **Only 0,45% to 0,8% per annum** (depending on size of investment).

All transactions (buy, sell, transfers and switches) can be done online, or by downloading the application form.

Please select an option by clicking on a link below:

- ➔ [Apply Online](#)
- ➔ [Download Application Form](#)

Investors can transact (buy, sell, switch, transfer, etc.) on any of the ETF products listed on this website through the "etfSA Investor Scheme™". Investors who utilize the etfSA Investor Scheme™ for transaction in ETFs are and remain the clients of etfSA.co.za. etfSA.co.za will protect the privacy and respect the confidentiality rights of its clients at all times. etfSA.co.za is owned and managed by Mike Brown Consulting Services (a registered Financial Services Provider FSP No. 39217). etfSA.co.za, its logo and slogan are registered trademarks.

How to Invest

Click on the "Learn More button, then "How to Invest"

New Business Application form



The Home of Exchange Traded Funds®

etfSA INVESTOR SCHEME™ APPLICATION FORM COVERING LETTER

Investors can transact (buy, sell, switch, transfer, etc.) on any of the Exchange Traded Products (ETPs) listed on this website through the etfSA Investor Scheme™.

About etfSA.co.za

etfSA.co.za is the FSB registered trading name of M F Brown (a registered Financial Services Provider FSP No. 39217). M F Brown is licensed to provide financial services in the following categories: Collective Investment Schemes; Shares & Securities; Retail Pension Benefits; and Short-term Deposits. etfSA.co.za has no conflict of interest with any other financial services provider or financial product supplier. etfSA.co.za, its logo and slogan are registered trademarks. M F Brown maintains Professional Indemnity Insurance as required by the Financial Advisory and Intermediary Services Act (2002) and has successfully completed the Level One Regulatory Examinations.

For advice and information on the ETFs/ETNs available on the etfSA.co.za website, please contact: Mike Brown Tel: 011 561 6653 Fax: 011 388 4674 Email: info@etfSA.co.za. Please ensure if you have used the services of the etfSA.co.za website or the Call Centre 0861 383 721 that you fill in the application form marked etfSA on the right hand side of the first and subsequent pages of the application form. If this is not provided to you by the administrator, please contact etfSA.co.za at info@etfSA.co.za.

Administration of the etfSA Investor Scheme™

Investors who invest in ETFs/ETNs through etfSA.co.za will have their investments administered by Automated Outsourcing Services (Pty) Ltd, an authorized Financial Services Provider (No 650) who will register all ETFs/ETNs owned by etfSA Investor Scheme™ clients under the clients own name on the JSE/STRATE securities register.

The Investor, or where applicable, his authorized signatory, by appending his signature to this application form states and declares that he/she has read and understood the terms and conditions pertaining to this investment product and the investment media selected and warrants that such authorization shall form the basis of the contract, which is to be entered into with Automated Outsourcing Services (Pty) Ltd.

How to invest

- Complete application form – either online or download and print.
- If you are investing a lump sum, a copy of the deposit slip or proof of electronic payment must be submitted together with the application form.
- The following documents must be submitted with the application form:
 - o Clear copy of ID document
 - o A clear copy of proof of residence document
 - o Proof of South African banking details (must reflect bank name, acc. holder's full name and bank acc. no.) No internet and credit card banking details will be accepted. – refer to FICA documentation checklist attached to this application form.
- Application forms may be emailed to queries@etfSA.co.za or faxed to 011 388 6645.

For any queries on the administration of the etfSA Investor Scheme™, please contact:

Tel: 0861 383 721 (0861 ETFSA1) International Tel: +27 11 561 6667
 Email: queries@etfSA.co.za Fax: 011 388 6645

FEE SCHEDULE – applicable to all ETFs/ETNs (ETPs) in the etfSA Investor Scheme™

Annual administration fee (calculated daily and deducted quarterly):

Total Investment Per Fund	Fee
R0 to R100 000	0,80%
R100 000 to R250 000	0,75%
R250 000 to R1 000 000	0,70%
R1 000 000 to R3 000 000	0,50%
R3 000 000 or more	0,45%



►SIP-01

THE SECURITIES INVESTMENT PLAN NEW BUSINESS APPLICATION FORM

IMPORTANT INFORMATION

1 Please send documents to the administrator by either

Fax 011 388 6645
 Email queries@etfSA.co.za

2 Automated Outsourcing Services (Pty) Ltd, an authorised Financial Services Provider, is the administrator of the Securities Investment Plan.

3 The responsibility of transmitting the documents to Automated Outsourcing Services (Pty) Ltd lies with the sender.

4 No application form is considered complete without all required fields being completed and the required documentation being submitted. The Administrator may reject an application due to incomplete or insufficient documentation.

5 Lump sum investments will only be processed upon proof of deposit of funds into the relevant inflow bank account associated with this product.

6 The Terms and Conditions of the Securities Investment Plan, set out in Section 11, form part of this application.

FICA CHECK LIST FOR AN INDIVIDUAL INVESTOR

Should you wish to invest in the name of a Minor, Company, Close Corporation or Partnership, please see FICA Documentation Checklist in Section 10 (Part Three) of this application form.

Clear Copy of Your ID Document

Clear Copy of Your Proof of Residence. (Proof of residence older than 3 months will not be accepted)

Clear Copy of Your Proof of South African Banking Details (Must reflect bank name, account holder's full name and bank account number) No internet and credit card banking details will be accepted.

Clear Copy of the Proof of Deposit if Investing Lump Sum.

This application form consists of three parts.

PART 1 SEND TO THE ADMINISTRATOR

- Sections 1 – 9 of the Securities Investment Plan Application Form
- Fund Selection Table

PART 2 TO REMAIN WITH THE INVESTOR

- Section 10: FICA Documentation Checklist

The Home of Exchange Traded Funds®



Contact details

Website	www.etfsa.co.za – fully internet based
etfSA Call Centre	0861 383 721 (0861 ETFSA1) queries@etfsa.co.za
etfSA Management	Tel: 011 561 6653 Fax: 011 388 4674 info@etfsa.co.za

Terms and conditions: Redistribution, reproduction, the resale or transmission to any third party of the contents of this article and this website, whether by email, newsletter, internet or website, is only possible with the written permission of etfSA. etfSA, its sponsors, administrators, contributors and product providers disclaim any liability for any loss, damage, or expense that might occur from the use of or reliance on the data and services provided through this website. etfSA.co.za is the registered trading name of M F Brown, an authorised Financial Services Provider (FSP No 39217). Professional Indemnity Insurance is maintained.

The Home of Exchange Traded Funds[®]

