

Investing in Exchange Traded Products (ETPs) - Focus on Satrix ETFs

Presentation at:

JSE / etfSA Education Seminar

JSE

10th June 2013

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The Home of Exchange Traded Funds[®]



Agenda

- What are Exchange Traded Products (ETPs)?
- The case for ETPs.
- Why you should be using ETPs.
- Information on ETFs/ETNs.
- How to invest in ETPs.

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 2013) FTSE/JSE Top 40 Index			
	Market Cap Weighted (%)		Market Cap Weighted (%)
Absa Group Limited	1,23	Compagnie Fin Richemont	6,79
African Rainbow Minerals	0,35	Discovery	0,55
Anglo Platinum Ltd	0,55	Exxaro Resources Ltd	0,56
Anglo American Plc	7,64	Firststrand Ltd	2,25
Anglo Gold Ashanti Ltd	1,98	Gold Fields Ltd	1,24
Aspen Pharmacare Hldgs	1,62	Growthpoint Properties Ltd	1,04
Assore Ltd	0,27	Impala Platinum Holdings	1,67
BHP Billiton Plc	13,92	Imperial	0,86
Bidvest Group Ltd	1,56	Investec Ltd	0,31
British American Tobacco	2,63	Investec Plc	0,93

Components of FTSE/JSE Top 40 Index

Index Weights – Basket of Constituents (as at March 2013) FTSE/JSE Top 40 Index

	Market Cap Weighted (%)		Market Cap Weighted (%)
Intu Properties Plc	0,66	RMB Holdings Ltd	0,73
Kumba Iron Ore Ltd	0,83	SABMiller Plc	11,34
Mediclinic International Ltd	0,63	Sanlam Ltd	2,10
Massmart	0,49	Sasol Ltd	5,38
Mondi Ltd	0,35	Shoprite Holdings Ltd	1,87
Mondi Plc	1,09	Standard Bank Group Ltd	3,42
MTN Group	6,56	Steinhoff International Hldg	1,09
Naspers Ltd -N-	5,37	Tiger Brands Ltd	0,93
Nedbank Group Ltd	0,91	Truworths	0,99
Old Mutual Plc	3,15	Vodacom Group	0,87
Remgro Ltd	2,09	Woolworths Holdings Ltd	1,22

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.**

The Case for ETPs

■ Low Costs

- ❑ You buy an entire portfolio, but only pay trading costs once.
- ❑ Average management costs (Total Expense Ratios – TERs) for ETPs one-quarter to one-third those of actively managed unit trusts.
- ❑ No Securities Transfer Tax (STT) payments.
- ❑ Low cost platforms available for ETPs.

The Case for ETPs

- **Tax efficient**

- No STT
- Most pay dividends quarterly – a 15% dividend withholding tax already deducted
- Capital gains (13% for individuals) only applicable when you sell your ETP securities.

- **Tradable**

- Trade all day on the JSE

- **Safety**

- Settlement, transfer, registration, takes place through the electronic JSE/STRATE register, which guarantees individual holdings.
- All ETPs are listed public companies so are regulated and governed by the JSE.
- Most ETPs are also Collective Investment Schemes directly regulated by the Financial Services Board (FSB).

The Case for ETPs

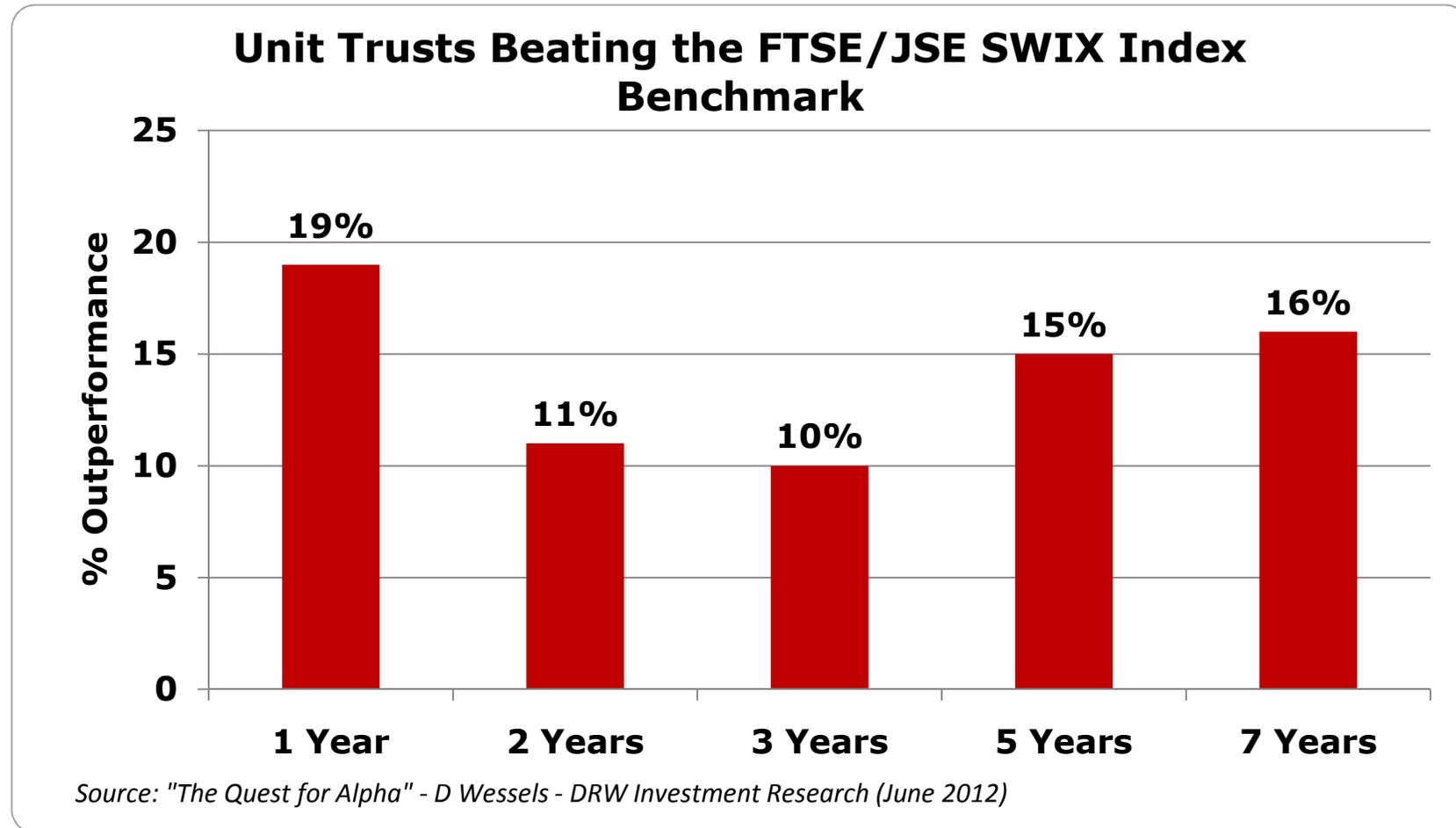
■ **Transparent**

- ❑ Underlying portfolio holdings published daily
- ❑ Open price discovery on the JSE
- ❑ Passive mandates generate greater certainty and clarity for investors.

■ **Diversification**

- ❑ Purchasing a portfolio of top quality index shares:
 - spreads risk
 - reduces volatility
 - enhances performance potential.

Why You Should Be Using ETFs/ETNs



Why Invest In ETFs/ETNs? (continued)

Current value of **R1000 per month** investment in
Satrix INDI 25 ETF

	R
After 3 Years	55 360
After 5 Years	114 669
After 10 Years	413 216
After 20 Years*	4 433 895

*Source: Profile Data/etfSA.co.za (21/2/2013).
Total returns with dividends reinvested.
* Extrapolated on past 10 year's performance.
Note: Historic performance will not necessarily be repeated in future.*

Let Your Capital Work for You!

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 • 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"> • Investec zGOVI 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 • PrefEx 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 • Satrix RAFI 40 ETF • Nedbank BGreen ETF
Other Assets	Track physical commodity prices, currencies, etc.	<ul style="list-style-type: none"> • NewGold ETF, NewPlat ETF • Standard Bank Platinum-Linker or Palladium-Linker ETNs

Sample Portfolio

(R300 per month debit order in each ETP)

	Fund	3 Year Total Return* (% per annum)	Current Value** After 3 Years (R)
Domestic Equity	BettaBeta EWT 40 ETF	14,57%	13 608
JSE Sectors	Satrix INDI 25 ETF	26,14%	16 495
Bonds	RMB Inflation-X ETF	14,62%	13 620
Property	Proptrax SAPY ETF	25,92%	16 435
Foreign Equity	DBX Tracker MSCI USA ETF	24,85%	16 139
Total			76 297
*	<i>Total return with dividends reinvested over past 3 years.</i>		
**	<i>Current value (29 April 2013) for R300 per month invested in each ETF.</i>		
Source:	<i>etfSA.co.za / Profile Data (29/4/2013).</i>		
Note:	<i>Historic returns may not be replicated in future.</i>		

Information on ETFs/ETNs



Home	About etfSA	ETFs	ETNs	How to Invest	ETP Education	Watchlists	Performance Data
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ETFs

06 June 2013 13:31 [ETF BetaBeta Equally Weighted Top 40 Portfolio: 4232](#)

ETNs

06 June 2013 13:31 [ETN - Deutsche Bank AG: 1](#) = 0.00 (0.00%) | [ETN - De](#)

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Latest News

May 2013 - Monthly etfSA.co.za South African ETF, ETN & Unit Trust Index Tracking Performance Survey

The ETP options available for investing directly in platinum

April 2013 - Monthly etfSA.co.za SA ETF, ETN & Index Tracking Product Survey

How and when to use ETPs?

State of the ETP Industry Review: 1st Quarter 2013

March 2013 - Monthly etfSA.co.za SA ETF, ETN & Index Tracking Product Survey

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etf Investing through etfSA

How to invest in ETFs/ETNs

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- ▶ Absa (NewFunds), BIPS (RMB), DBX Trackers, Investec, Nedbank,
- ▶ Proptrax, Satrix, Standard Commodity Linkers
- ▶ Transact online all ETFs/ETNs

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10 June 2013

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Focus on
Satrix ETFs

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EXCHANGE TRADED PRODUCTS
HOW AND WHY TO INVEST?

Pietermaritzburg
18 June 2013

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Continued/...

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Information on ETFs/ETNs (continued)

Survey

- ▶ STANLIB Property ETF now available through the etfSA Investor Scheme®

February 2013 - Monthly etfSA.co.za

- ▶ SA ETF, ETN & Index Tracking Product Survey

- ▶ Can ETFs consistently outperform all unit trusts?

- ▶ Grindrod Financial Services buys the Proprax ETFs

- ▶ [News Archive](#)

Events & Services

- ▶ Seminars
- ▶ Presentations
- ▶ Monthly Performance Data
- ▶ Quarterly Performance Data

Investing in an ETF/ETN

- ▶ Low costs
- ▶ Easy Access & Switching
- ▶ From R300 per month
- ▶ From R1000 for lump sums

[Click here](#) to invest.

ETF and ETN Products

To view the product profile information and price graphs, please select the ETF/ETN product you require.

- ▶ [ETF - Quick Sheets](#)
- ▶ [ETF - Full Fact Sheets](#)
- ▶ [ETN - Quick Sheets](#)
- ▶ [ETN - Full Fact Sheets](#)
- ▶ [Click here](#) to view a brief description of the different types of ETFs/ETNs

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**EVERYTHING
YOU NEED TO
KNOW ABOUT
ETFs & ETNS**

For More Information on ETFs/ETNs

Click on the "ETF or ETN" button



Satrix INDI Portfolio
South African--Equity--Industrial

Focus and Objective

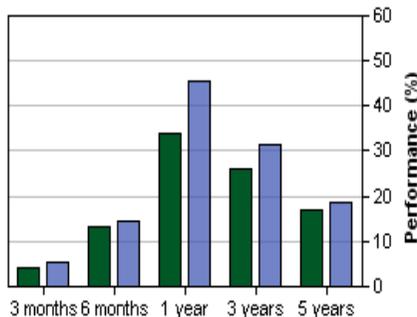
The Satrix INDI is an Exchange Traded Fund (ETF) listed on the JSE. The Satrix INDI aims to give investors the performance of the FTSE/JSE Industrial index. The Satrix INDI provides the opportunity to invest in the top 25 shares, measured by their market capitalisation, in the industrial sector. The Satrix INDI tracks the FTSE/JSE INDI25 index, as closely as possible. Dividends received from these companies are also paid out quarterly - net of costs.

Management

Satrix Securities
This fund is managed by Satrix Managers (Pty) Ltd.

Comparative Performance - A Class

- South African - Equity - Industrial
- Satrix INDI Portfolio A



Technical Overview

FORMATION DATE:	15 Feb 2002
BENCHMARK:	FTSE/JSE INDI25 (J211)
HOLDINGS:	26
UNIT HOLDERS:	1
ORIGINAL PRICE:	705
PRICING SYSTEM:	Forward
INCOME DECL:	31/03,30/06,30/09,31/12
MINIMUM LUMP SUM:	R1 000
MINIMUM MONTHLY:	R300
RISK RATING:	High

Dividend Yield A Class

Vertical lines represent dividends.



Dividend History - A Class (last 3 years)

31 MAR 2013	8.10c
21 MAR 2013	8.63c
31 DEC 2012	8.10c
30 SEP 2012	39.52c

Dividend History - A Class (last 3 years)

31 MAR 2013	8.10c
21 MAR 2013	8.63c
31 DEC 2012	8.10c
30 SEP 2012	39.52c
30 JUN 2012	25.08c
31 MAR 2012	9.07c
31 DEC 2011	8.95c
30 SEP 2011	33.03c
30 JUN 2011	13.18c
31 MAR 2011	9.27c
31 DEC 2010	6.63c
30 SEP 2010	22.87c
30 JUN 2010	6.45c
31 MAR 2010	4.51c

Fees

TER, CLASS-A (30 JUN 2012):	0.46%
PERF FEE TER, CLASS-A (30 JUN 2012):	0%
ANNUAL, CLASS-A:	0.35% - 0.75% (Satrix Investment plan)

PERFORMANCE, CLASS-A: 0.45% - 0.80% PER ANNUM DEPENDING ON THE SIZE OF THE INVESTMENT. ONLY APPLICABLE IF PURCHASED THROUGH THE INVESTMENT PLAN.

Profile page:

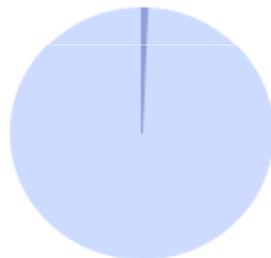
For More Information on ETFs/ETNs

Top Holdings on 31 Mar 2013

SHARE	No Units	Value (Rm)	% of Fund
SABMILLER	397 253	192.87	21.54%
RICHEMONT	1 584 656	114.86	12.83%
MTN GROUP	678 362	109.54	12.24%
NASPERS-N	158 105	90.57	10.12%
BATS	90 204	44.71	4.99%
Totals		552.55	61.72%

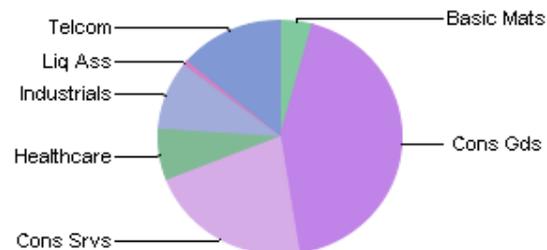
Asset Allocation

Asset Allocation



F. Bonds	- 0.00%
F. Cash	- 0.00%
F. Equity	- 0.00%
F. Property	- 0.00%
SA Bonds	- 0.00%
SA Cash	- 0.67%
SA Equity	- 99.33%
SA Property	- 0.00%

Sectoral Breakdown



Satrix INDI Portfolio - A Class

PRICE - A CLASS

- TRI - South African - Equity - Industrial
- TRI - Satrix INDI Portfolio A



Latest NAV 06 Jun 2013 **4 552.35c**
 NAV on 06 Dec 2012 **3 990.69c**

PERFORMANCE TO 6 JUN 2013

R1 000 LUMP SUM (NAV-NAV INCL. DIVIDENDS)

PERIOD	Return	Value(R)	Inflation(R)
3 MONTHS	5.55%	1 055.50	1 003.90
6 MONTHS	14.53%	1 145.30	1 032.60
1 YEAR	45.38%	1 453.80	1 059.30
3 YEARS	31.53%	2 275.40	1 173.80
5 YEARS	18.59%	2 345.60	1 330.80
10 YEARS	26.18%	10 232.70	1 754.30

R100 PER MONTH (NAV-NAV INCL. DIVIDENDS)

PERIOD	Return	Value(R)	Inflation(R)
3 MONTHS	4.93%	309.97	301.95
6 MONTHS	10.71%	638.64	n/a
1 YEAR	28.28%	1 400.68	n/a
3 YEARS	26.95%	5 575.29	n/a
5 YEARS	24.85%	11 932.50	n/a
10 YEARS	21.09%	41 045.54	n/a

* VALUES FOR PERIODS GREATER THAN ONE YEAR ARE ANNUALISED

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Top Performance Available from the Selection of ETFs & ETNs Available on the JSE

etfSA.co.za Monthly Performance Survey Best Performing Index Tracker Funds – 31 May 2013 (Total Return %)*

Fund Name	Type	5 Years (per annum)	Fund Name	Type	3 Years (per annum)
Prudential Property Enhanced	Unit Trust	22,33%	Satrix INDI 25	ETF	32,89%
Proptrax SAPY	ETF	20,62%	DBX Tracker MSCI USA	ETF	26,54%
Satrix INDI 25	ETF	19,63%	DBX Tracker MSCI FTSE 100	ETF	23,82%
Satrix DIVI	ETF	17,82%	DBX Tracker MSCI World	ETF	23,30%
		2 Years (per annum)			1 Year
DBX Tracker MSCI USA	ETF	34,45%	DBX Tracker Eurostoxx 50	ETF	64,04%
Satrix INDI 25	ETF	32,97%	Satrix INDI 25	ETF	52,68%
DBX Tracker MSCI Japan	ETF	28,75%	DBX Tracker MSCI Japan	ETF	50,99%
DBX Tracker MSCI World	ETF	28,23%	DBX Tracker MSCI World	ETF	48,80%
		6 Months			3 Months
DBX Tracker MSCI Japan	ETF	40,50%	DBX Tracker MSCI Japan	ETF	24,09%
DBX Tracker MSCI USA	ETF	30,76%	DBX Tracker MSCI USA	ETF	20,66%
DBX Tracker MSCI World	ETF	27,80%	DBX Tracker Eurostoxx 50	ETF	18,63%

Source: Profile Media FundsData (31/05/2013)

* Includes reinvestment of dividends.

My Profile - Watchlist

Manage Watch Lists	Performance Chart	Rank Funds	Consistency of Performance	Risk Return
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Performance for Watch List: ETF Monthly Report

Periodic performance data as at 06 Jun 2013

Fund	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years
Zshares GOVI Exchange Traded Fund %	-6.02%	-2.18%	-0.01%	8.51%	9.29%	10.25%	
Satrix INDI Portfolio %	2.25%	5.55%	14.53%	45.38%	31.01%	31.53%	18.59%
NewGold %	7.37%	-0.65%	-3.68%	3.23%	16.22%	14.65%	14.44%
Property Index Tracker SAPY %	-9.96%	0.88%	7.68%	34.39%	23.11%	22.26%	22.71%
ETN - Investec Swix40 TRI %	0.03%	-0.57%	5.27%				
ETN - Investec Top40 TRI %	1.55%	0.52%	6.67%				

Values for periods greater than one year are annualised.

— Zshares GOVI Exchange Traded Fund %
 — Satrix INDI Portfolio %
 — NewGold %
 — Property Index Tracker SAPY %
 — ETN - Investec Swix40 TRI %
 - - - ETN - Investec Top40 TRI %



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How To Invest In ETFs/ETNs

Through Stockbrokers	Through Investment Plans (etfSA.co.za Investor Scheme [®] / Satrix Investment Plan)
<ul style="list-style-type: none"> • Minimum investment amounts often apply. 	<ul style="list-style-type: none"> • R1000 lump sum.
<ul style="list-style-type: none"> • No debit orders. 	<ul style="list-style-type: none"> • R300 debit order.
<ul style="list-style-type: none"> • Brokerage minimum charge R85-R125 per transaction. 	<ul style="list-style-type: none"> • Brokerage 0,1% of investment value.
<ul style="list-style-type: none"> • Annual custodian fees – R600-R700. 	<ul style="list-style-type: none"> • Included in annual management fee (0,40% to 0,70%).
<ul style="list-style-type: none"> • Advisory fees 1% per annum. 	<ul style="list-style-type: none"> • n/a

The Advantages of Using an Investment Platform for ETPs

- 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.

Visit www.etfsa.co.za

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