

SATRIX FAMILY NOW HAS FIVE PORTFOLIOS

Article for Geld Magazine

Mike Brown, General Manager, Satrix Managers

Many investors are familiar with the existing Satrix Exchange Traded Funds (ETFs) products that are listed on the JSE and provide full index tracking of the major JSE indices at very low costs. The existing Satrix products encompass the following three securities:

- Satrix 40, which tracks the FTSE/JSE Top 20 Index;
- Satrix Indi, which tracks the FTSE/JSE Industrial 25 Index;
- Satrix Fini, which tracks the FTSE/JSE Financial 15 Index.

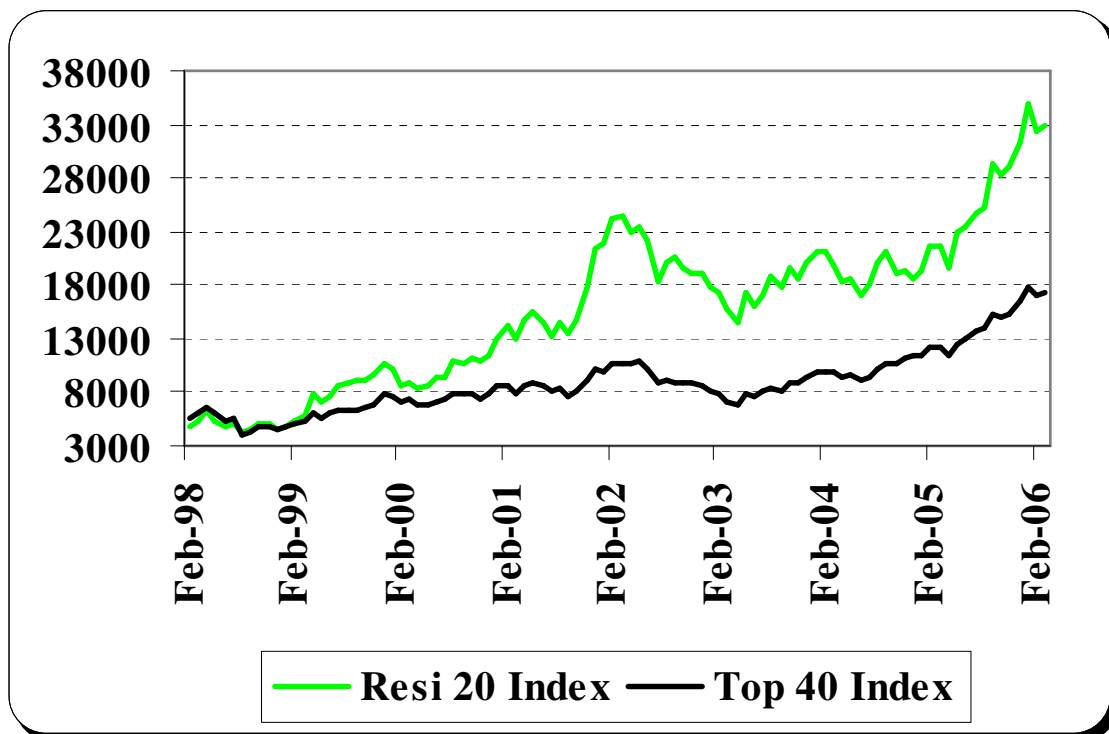
Now the Satrix Exchange Traded Funds will be boosted by the listing of two new funds on 10th April 2006. These are the Satrix Resi and the Satrix Swix Top 40. What are these two new funds and what indices do they track?

Satrix Resi

The Satrix Resi tracks the FTSE/JSE Resources 20 Index. When you buy the Satrix Resi you get the full performance of all 20 shares that make up the JSE Resources 20 Index – both the capital return and the dividend yield. The Resources 20 Index includes shares such as Anglo American, BHP Billiton and Sasol as its main components, but also incorporates individual gold mines, platinum mines and other mining companies such as Kumba, Mvelaphanda Resources, etc. When you buy the Satrix Resi you purchase a single security, and only pay brokerage transaction costs once, and access a fully diversified portfolio of 20 resource shares, without needing to pay transaction costs 20 times, which would be the case if you purchased these index component securities separately.

What are the factors favouring exposure to a resources only index?

- After some decades in the doldrums, world commodity prices have been very strong for the past two years and there is some evidence that this will continue. Emerging regions such as India, China, Eastern Europe and Latin American nations are experiencing high rates of growth as economic reform creates the conditions for sustainable recovery. These economies have a huge appetite for resources. Many experts believe that we are in a super cycle for commodity prices and some further years of growth in resource prices can be expected.
- South Africa is in the process of significantly expanding its mining industry, particularly platinum, base metals, coal and even gold mining in response to these favourable price trends. These mining companies are either currently in the Resources 20 Index or will be included in future, giving investors in the Satrix Resi exposure to such mining expansion.
- In the past seven years, the JSE Top 40 Index has tripled, but the Resi 20 Index has gone up close to six fold over the same period, making it the best performing sector in the JSE over an extended period, as shown in the underlying graph.



Investors in the Satrix Resi will be looking for either long-term exposure to the current and ongoing commodity boom or perhaps looking to increase exposure on a short-term basis to enhance investment performance. In either case, Satrix Resi gives the investor exposure to the entire SA listed resources sector in a single transaction.

Satrix Swix Top 40

The second new product to be listed on 10th April is the Satrix Swix. This index is the shareholder weighted adjusted index of the top 40 shares on the JSE. This index constitutes the same forty companies as the FTSE/JSE Top 40 Index, but with each company re-weighted in the index to reduce the impact of shares listed abroad and those with substantial foreign investors amongst their shareholders. The effect is to down-weight foreign held shares and increase the weighting of domestically held shares – which makes the Swix Top 40 Index more representative of the trading activity and performance of domestically held shares in the Top 40 Index. As such, it increases the weightings of industrial, financial and telecommunication shares in the index and reduces the weightings of dual listed and resource companies.

IMPACT OF REWEIGHTING BETWEEN TOP 40 & SWIX TOP 40		
	Swix Top 40 (%)	Top 40 (%)
Resources	30,69	43,67
Other Dual Listed	17,63	21,96
Financials	22,69	15,65
Telecommunications	9,23	6,38
Industrials	19,76	12,34
Totals	100,00	100,00

The Satrix Swix Top 40 has been primarily designed for institutional investors who generally measure their performance against the Swix Top 40 Index rather than the Top 40 or All Share Index. Retail investors looking to invest in the medium-to-longer term on the JSE may also be attracted to the Satrix Swix, which should be less volatile than the Satrix Top 40.

Features of Satrix Exchange Traded Funds

The Satrix products are registered as a Collective Investment Scheme in terms of the CIS Act and enjoy the same status in terms of prudential requirements, tax treatment and investor protection as any other Collective Investment Scheme, such as unit trusts. Where they differ from unit trusts is that they are also listed and trade like any listed share on the JSE.

If you wish to transact in any Satrix products, including the two new products, this can be done in two ways:

- **Transact through a JSE member stockbroker.** Satrix securities can be bought and sold just like any other JSE listed security. In which case, once the brokerage and other JSE transaction costs have been paid, there are no other fees payable, other than the custodian costs charged annually by a CSDP. Unlike other investment products, there are no regular advisory, management or other ongoing fees.
- **Utilise the Satrix Investment Plan.** For as little as R1000 lump sum or R300 per month on a debit order, investors can purchase and sell Satrix through the Investment Plan. The scheme is currently administered by Absa Investment Management Services, but will shortly be changed to Automated Outsourcing Services (AOSL). The Satrix Resi and Satrix Swix, will be included in the Investment Plan from mid-2006.

Contact details

Mike Brown, General Manager, Satrix Managers	:	Tel: 011-520-7356 Email: mikeb@jse.co.za
Website Details	:	www.satrix.co.za
Investment Plan Call Centre Number	:	0861 100 670