

SATRIX INVESTMENT PLAN

Client Letter – May 2007

SATRIX PERFORMANCE

For the past four years, the JSE has been in a broadly based cyclical upswing. Good conditions in the South African economy, including the lowest inflation rates and interest rates for the past number of years, have been the main driving force behind the JSE's outstanding performance.

The favourable situation in the global economy has also helped to promote the performance of the local stockmarket. The world economy has enjoyed the highest rates of growth for many decades over the past couple of years, and this strong performance is forecast to continue for this year. Globalisation has brought millions of people in China, other parts of Asia, the Indian sub-continent and South America into the free market system generating a powerful impetus for economic activity across the globe. South Africa has benefited from this universal economic growth wave through higher commodity prices; increased world trade; lower global inflation; and a steady inflow of international funds for investment in our local stockmarket.

The prospects for these favourable conditions continuing into the future look reasonably sound. In addition, the South African economy is entering a phase of rising capital formation aimed at meeting the requirements for the 2010 World Cup and boosting infrastructure to cater for the demands of a growing number of individuals and businesses who require infrastructure services. This local investment boom, together with the positive global economic climate, should continue to provide good conditions for the continuation of firm growth in the South African economy for some years to come.

Whilst there is little certainty that the JSE will continue to grow at the exceptional pace of the past four years, there is equally little evidence to point to the end of the current JSE bull market. On balance, it is likely that the JSE will continue to perform well in the foreseeable future, but possibly not at the same breathtaking price of the past three to four years.

The Satrix performance figures for the past three years and for the current year to April 2007 are published below.

Table A

SATRIX PERFORMANCE				
(For Year Ending 31 March 2007) (% return)				
	1 Year	2 Year (per annum)	3 Year (per annum)	4 Months (1 Jan - 30 April 2007)
Satrix 40	37,1	45,9	39,0	13,0
Satrix Indi	32,1	41,3	39,4	12,1
Satrix Fini	25,7	37,5	39,6	14,6
Satrix Resi	40,4	-	-	13,7
Satrix Swix Top 40	38,1	-	-	14,5

Source: Unit Trust Survey (March 2003), University of Pretoria.

Satrix performance figures include 0,1% upfront fee and 1,0% per annum management fee as for the Satrix Investment Plan.

ADMINISTRATION OF THE SATRIX INVESTMENT PLAN

In May 2006, we transferred the administration of the Satrix Investment Plan to Automated Outsourcing Services Limited (AOSL). AOSL is the largest independent administrator of Collective Investment Schemes (CIS) in South Africa and provides administration for some 15 other unit trusts and investment companies, as well as Satrix. AOSL had invested substantial sums in the technology required to administer retail investments in listed Collective Investment Schemes, like Satrix, which are more complex to administer than non-listed CIS products.

We are pleased to say that the administration of the Investment Plan products has improved steadily under AOSL and now comfortably exceeds the service level agreements we have in place with that company. One exception, from time to time, has been the call centre. During the course of 2006, Fidentia bought control of the AOSL business and agreed to provide call centre services to Satrix at its Cape Town offices. When we were alerted by the authorities that they were investigating Fidentia, towards the end of 2006, Satrix put in place measures to safeguard its Investment Plan clients from Fidentia having any access to clients assets or cashflows. We are pleased to say that no Investment Plan clients have suffered any financial damage from the Fidentia curatorship of AOSL, but are aware that the Call Centre operation has not always operated as desired.

In February 2007, the Financial Services Board placed the Fidentia business under curatorship but was able to ensure investors that AOSL would not be affected and it would be business as usual for AOSL clients. AOSL has continued to function, as before, and as far as we are aware, no investors in any of the products administered by AOSL have been directly impacted by the Fidentia curatorship.

The curators have now announced that they wish to sell the AOSL business as a going concern and that they have received a substantial number of formal bids for the business. It is their apparent intention that AOSL should be operated independently of any competing unit trust companies and that existing service levels should be maintained. We expect to hear shortly concerning the new owners of the AOSL business.

In anticipation of the change in ownership of AOSL, we have given notice to the curator that we will shut down the call centre in Cape Town and that a dedicated Satrix call centre will be operated by AOSL in their Johannesburg offices. Equipment has been purchased, staff employed and training is underway for this new call centre to become operational by mid-year. All administration and servicing of Satrix Investment Plan clients will then take place from the AOSL offices in Johannesburg.

We would like to place on record our appreciation for the patience and confidence shown by Satrix Investment Plan investors in maintaining or increasing their Satrix investments over this time of partial curatorship of AOSL. The protection of the CIS Act and the listing of Satrix on the JSE meant that, at no time, was your investment at risk. For investors, who were nervous about a possible Fidentia involvement and sold their Satrix investments, the liquidity and robustness of the Satrix structure was amply demonstrated and every investor who wished to sell Satrix securities was fully accommodated.

SATRIX COLLECTIVE INVESTMENT SCHEME – ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

An abridged version of the financial statements for the various Satrix products is appended below. Full copies of the audited financial statements are available on the Satrix website, www.satrix.co.za – look under the “Financial Info” button – “Satrix Financial Statements”.

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AUDITED FINANCIAL RESULTS – SATRIX COLLECTIVE SCHEME FOR YEAR ENDED 31 DECEMBER 2006

(Rands)

	Satrix 40	Satrix FINI	Satrix INDI	Satrix RESI	Satrix SWIX Top 40
INCOME STATEMENT					
Income					
Dividend income	143 229 910	54 699 353	28 064 535	3 174 763	1 349 970
Fee income on scrip lending	10 186 383	2 330 331	1 765 550	253 381	37 657
Other income	206 269	(3 986 517)	(31 923)	38 956	137 658
Expenses					
Management and administration expenses	14 729 487	2 949 956	2 679 674	596 126	253 877
Fair value adjustment	6 085 554	3 270 628	619 830	206 627	80 602
Dividend distribution	132 797 163	46 671 310	27 545 564	2 660 477	1 164 729
Undistributed income	10 358	151 273	(1 064 906)	3 870	26 077
BALANCE SHEET					
Assets					
Investment at market value	6 069 776 691	1 154 620 527	780 743 206	329 673 118	129 209 808
Accounts received	48 273 396	9 315 316	18 791 567	196 010	123 242
Cash & equivalents	16 834 978	7 648 562	737 548	423 857	480 000
Total Assets	6 134 885 065	1 171 584 405	800 272 321	330 292 985	129 813 050
Liabilities					
Trade and other payables	62 647 633	16 615 249	18 340 872	602 861	533 744
Net liability to investors	6 072 237 432	1 154 969 156	781 931 449	329 690 124	129 279 306
Total Liabilities	6 134 885 065	1 171 584 405	800 272 321	330 292 985	129 813 050
Other Data					
Total dividends paid (cents per share)	42,92	24,52	28,38	35,53	5,95
Dividend yield (%)	1,90%	2,80%	1,60%	n/a	n/a
Total Expense Ratio (basis points)	9,6	14,7	20,2	13,0	19,6

Satrix securities are listed on the JSE Limited and the trading of participatory interests on the Exchange will incur trading and settlement costs. The price at which a participatory interests trades on an exchange, may differ from the price at which the manager repurchases participatory interests. As with all stock exchange investments, the market price of

Satrix securities will fluctuate according to market conditions, general sentiment and other factors.

Collective Investment Schemes in Securities (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS products are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the company/scheme. Commission and incentives may be paid and if so, would be included in the overall costs."