

INVESTING IN THE LONG-TERM

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BACKGROUND

The JSE All share Index has grown by an average of 18,4% per year over the past twenty years. Put another way, R100 000 invested 20 years ago in the JSE All Share, would now be worth R2 910 000.

More recently, the performance of the JSE has been even more spectacular. Between April 2003 to September 2007 (just over four years), the JSE Top 40 index grew by some 300%. An investor who placed R100 000 into the Satrix 40 in April 2003 would have seen that investment grow to some R410 000 over the ensuing period to September 2007 (allowing for reinvestment of all dividends over that period).

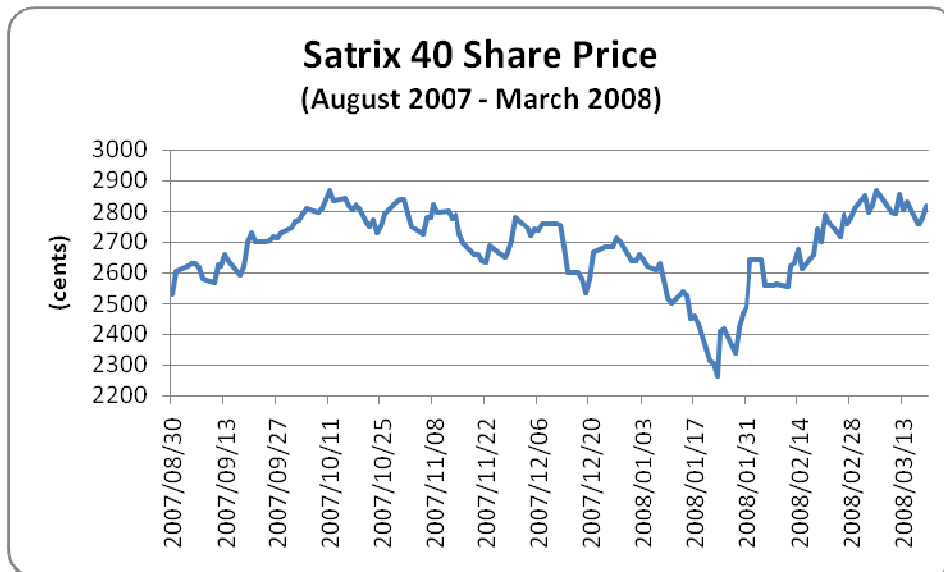
The Satrix 40 was not available 20 years ago, but has been listed since 2001. It provides a way for investors to purchase the entire index of the top 40 blue chip shares listed on the JSE, but with the convenience and low cost of investing in a single security. Satrix is an Exchange Traded Fund (ETF), it enables investors to buy a portfolio of index constituent shares by purchasing a single Satrix security. Satrix ETFs exactly replicate the index they track and therefore provide the equivalent return to the JSE index.

RECENT MARKET UPHEAVALS

All very well, but what about the more recent market uncertainties caused initially by the sub-prime crises in the USA? Since early-October last year, the JSE has suffered one of the more significant drops in its recent history.

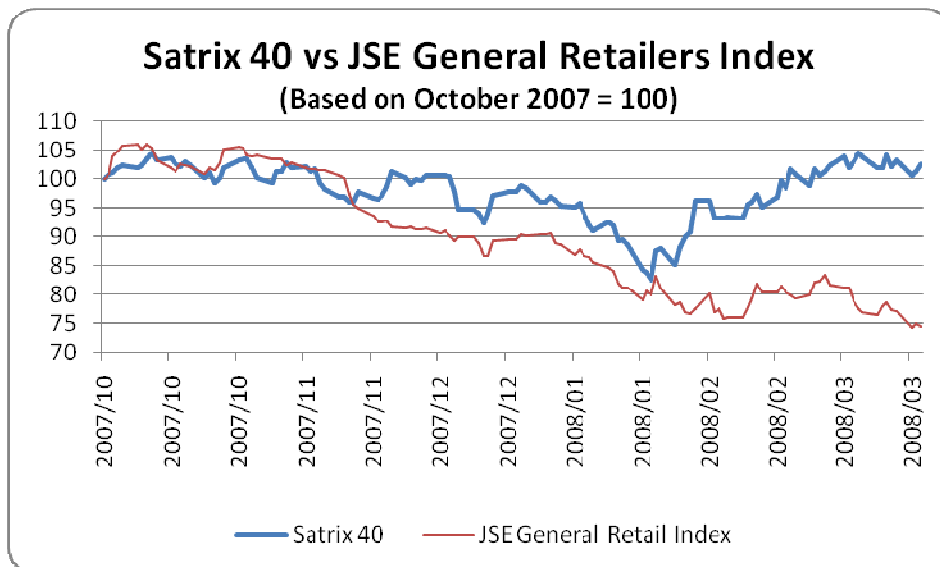
Graph 1 shows the performance of the Satrix 40, which is an index portfolio of the Top 40 shares, listed on the JSE as an Exchange Traded Fund (ETF). At the date of writing, the Satrix 40 was trading at a level only some 1 percent off its peak in October 2007. Granted, there was a sharp dip in the Satrix 40 price in January, but this had been entirely recovered by mid-March 2008.

Graph 1



The Satrix performance is not typical of the entire market. Graph 2, for instance, shows the performance of the Satrix 40 relative to the JSE General Retailers index since October last year. A similar picture of underperformance would show up for many any other sectors of the JSE over this period.

Graph 2



The relatively good performance of the Satrix 40 provides some lessons on how to ride out a storm in equity markets. These are to:

- Stick to the large well capitalised shares in the market. The big blue chip companies with their wide spread of interests are better suited to ride-out periodic market disruptions than smaller companies.
- Seek a well diversified portfolio of companies that straddle the whole spectrum of the economy.

The Satrix 40 consists of the top 40 blue chip companies on the JSE including shares in the financial, industrial, resources, retail and telecommunications sectors. It is well suited to ride-out the periodic market storms as well as providing long-term exposure to the seemingly inexorable rise of the JSE.

HOW TO INVEST IN SATRIX

Satrix securities can be bought and sold, like any other JSE listed security, through a stockbroker. For investors who do not have stockbroking accounts, there is the Satrix Investment Plan. This enables investments to be made from as little as R1000 for lump sums (there is no maximum limit) or for convenient debit order investments from R300 per month. For more details contact the Satrix website, www.satrix.co.za or call the Satrix Contact Centre on 086 1100 670.

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