

## SATRIX INVESTMENT PLAN

**Client Letter – August 2008**

### INVESTMENT PLAN FEES

In the last Client Letter (May 2008), we advised that Satrix Managers has been in negotiation with Automated Outsourcing Services (Pty) Ltd (AOS), which administers the Satrix Investment Plan through an outsource agreement with Satrix, to reduce the annual management fees paid by clients in the Investment Plan.

We are now happy to announce that, with effect from 1<sup>st</sup> September 2008, there will be a meaningful reduction in fees.

The new fee schedule will introduce a tiered structure, depending on the sum invested per fund (note: not per investor or per account), but on the basis of the amount invested in each Satrix product. The new annual management fees are as follows:

**Table A**

<b>ANNUAL MANAGEMENT FEE (per fund)*</b>		
<b>Total Investment Per Fund</b>	<b>New Fee</b>	<b>Old Fee</b>
R0 to R100 000	0,80%	1,00%
R100 000 to R250 000	0,75%	1,00%
R250 000 to R1 000 000	0,70%	1,00%
R1 000 000 to R3 000 000	0,50%	1,00%
R3 000 000 or more	0,45%	1,00%

On a weighted value basis, the average fee falls from 1,0% to 0,7%. AOS have undertaken to look at further fee reductions as the total amounts invested in the Satrix Investment Plan increase in value. From 1<sup>st</sup> September 2008, all clients accounts will be automatically switched to the lower annual management fee structure.

### SATRIX INVESTMENT PLAN FEES VERSUS COMPETITIVE PRODUCTS

Certain investors have queried the relative competitiveness of purchasing Satrix securities through the Investment Plan platform compared with other platforms, such as linked service providers (LISPS), who offer investors similar collective investment schemes based products.

The table overleaf is indicative of fee structures in South Africa. Of course, the fees charged vary depending on the actual product in which the investment takes place (some unit trusts have higher costs and fees than others). Where Satrix is particularly competitive is in the lower total expense ratios (TERs) charged relative to other collective investment schemes; no annual fund management fees are payable by AOS (for Investment Plan users) to Satrix; and no performance fees are levied by Satrix.

### NEW PRODUCTS

As reported in the last Client Newsletter, we are currently developing the Satrix RAFI 40 index product and this should be launched in the third quarter of this year.

<b>TOTAL FEE STRUCTURES</b>						
	<b>Platform Fees</b>	<b>Initial Fees &amp; Transaction Costs</b>	<b>Total Expense Ratios (TERs)</b>	<b>Annual Fund Management Fees</b>	<b>Performance Fees</b>	<b>Advisor Fees</b>
<b>Satrix Investment Plan</b>	0,45% to 0,8% (new fee schedule)	0,1% (plus VAT) (brokerage)	0,35% to 0,45%	Nil	Nil	<u>Upfront:</u> 0% to 3,42% <u>Ongoing:</u> 0% to 1,14%
<b>Platform A</b>	0% to 0,5% (rebates may apply)	0% to 0,25% (plus VAT)	1,25% to 4,50%	0,57% to 3,99%	0,25% to 0,75%	<u>Upfront:</u> 0% to 3,42% <u>Ongoing:</u> 0% to 1,14%
<b>Platform B</b>	0,35% to 0,85%	0,15% to 0,25% (plus VAT)	1,25% to 3,95%	0,75% to 2,7%	Not disclosed	<u>Upfront:</u> 0% to 4,56% <u>Ongoing:</u> 0% to 1,71%

**Notes:**

<b>1.</b>	<b>Platform fees</b>	Are charged by the Administrator who provides administration and trading platforms for unit trust or Exchange Traded Fund products. AOS is the platform for the Satrix Investment Plan as shown in the above table.
<b>2.</b>	<b>Total Expense Ratio (TERs)</b>	Measure the actual cost of operating the structure and management of the collective investment scheme. However, TERs exclude distribution charges and brokerage costs, as these could vary from investor to investor. TERs are absorbed in the price of the units and are not paid by the investor directly. Satrix products have TERs significantly lower than other collective investment schemes.
<b>3.</b>	<b>Annual fund management fees</b>	Are paid by the investor, through the administrator to the unit trust manager. Satrix does not charge any annual management fees for the Satrix Investment Plan.
<b>4.</b>	<b>Performance fees</b>	Some unit trust managers levy performance fees to the extent that they outperform the benchmark indices. Satrix does not levy any performance fees.
<b>5.</b>	<b>Advisor fees</b>	Where clients utilise a registered financial advisor, the advisor is paid from the client's funds, similar commissions to those levied by other platforms. Clients can, of course, invest in Satrix directly without utilising financial advisers if preferred.

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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."