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Satrix RESI Portfolio

Financial Statements

for the year ended 31 December 2009

AUDIT ■ TAX ■ ADVISORY

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Satrix RESI Portfolio

Financial Statements
for the year ended 31 December 2009

Contents

ABSA CAPITAL

Satrix Managers (Pty) Ltd
Three Exchange Square
1ST Floor
87 Maude Street
Sandown
2146

Attention: Brett Landman

15 March 2010

SATRIX Collective Investment Scheme – (the Scheme)Year end December 2009

We, Absa Bank Limited, in our capacity as trustee of the Scheme, hereby confirm that as required in terms of Section 70(3) of the Collective Investments Scheme Control Act, 45 of 2002, as amended (the "Act"), we have satisfied ourselves that every income statement, balance sheet and other return prepared by the manager of the Scheme in terms of Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the manager of the Scheme.

Yours sincerely,

Hilda de Villiers
Associate Principal
Absa Capital Investor Services

Chantell Kruger
Manager
Absa Capital Investor

Affiliated with BARCLAYS CAPITAL

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Satrix Collective Investment Scheme

Directors' approval of the financial statements

Satrix Managers (Proprietary) Limited ("the manager") is responsible for the preparation and fair presentation of the financial statements of the portfolio in the Satrix Collective Investment Scheme which they manage. The portfolio's financial statements comprise the balance sheet at 31 December 2009, the statement of comprehensive income, the statement of changes in net assets attributable to investors and the statement of cash flows for the year then ended, the notes to the financial statements, which includes a summary of significant accounting policies and other explanatory notes, the report of the Trustee, in accordance with International Financial Reporting Standards, in the manner required by:

- The Collective Investment Scheme Control Act of South Africa, and
- In the manner required by the Trust Deed.

The aforesaid responsibility of the manager includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The manager's responsibility also includes maintaining adequate accounting records and an effective system of risk management. Nothing has come to the attention of the directors of the manager to indicate that any breakdown in the functioning of these controls, resulting in material loss to any of the portfolios, has occurred during the period up to the date of this report.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework, the manner required by the Trust Deed and the Collective Investment Scheme Control Act of South Africa.

Approval of annual financial statements

The annual financial statements of the portfolio in the Satrix Collective Investment Scheme, as identified in the first paragraph, were approved by the directors of the manager on 15 March 2010 and are signed on their behalf by:

Director

Director

KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

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Report of the independent auditor

To the Trustee of Satrix RESI Portfolio

Report on the financial statements

We have audited the financial statements of Satrix RESI Portfolio, which comprise the balance sheet at 31 December 2009, and the statement of comprehensive income, the statement of changes in net assets attributable to investors and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Manager's report as set out on pages 5 to 28.

Manager's responsibility for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Collective Investment Schemes Control Act and Portfolio Trust Deed. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Portfolio's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Satrix RESI Portfolio at 31 December 2009 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Collective Investment Schemes Control Act and the Portfolio Trust Deed.

KPMG Inc.

Per LJ Wormald
Chartered Accountant (SA)
Registered Auditor
Director
15 March 2010

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Satrix RESI Portfolio

Manager's report

for the year ended 31 December 2009

The Manager has the pleasure in presenting its report for the year ended 31 December 2009.

Nature of business

The Satrix RESI Portfolio is registered in terms of the Collective Investment Schemes Control Act ("CISCA") as set out in the supplemental Portfolio Trust Deed. The investment objective of the Portfolio is to track the price and yield performance of the FTSE/JSE RESI 20 Index.

Satrix RESI Index Securities are securities listed and traded on the JSE Limited ("JSE") in much the same way as any listed share. By owning Satrix RESI Index Securities, an investor will obtain market exposure to the constituent companies included in the FTSE/JSE RESI 20Index.

Trustee

The Trustee at the date of this report is ABSA Bank Limited.

Management Company

The Management Company at the date of this report is Satrix Managers (Proprietary) Limited.

Beneficiaries

Vested income beneficiaries include all holders of Satrix RESI Index securities.

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Satrix RESI Portfolio

Balance sheet
as at 31 December 2009

	Notes	2009 R	2008 R
Assets			
Listed equities designated held at fair value through profit or loss	3	**535 775 745**	403 917 609
Trade and other receivables	4	**97 026**	48 174
Cash and cash equivalents		**1 158 889**	1 882 720
Total assets		**537 031 660**	405 848 503
Liabilities			
Net assets attrib table to investors		**536 017 466**	403 884 774
Trade and other payables	6	**1 014 194**	1 963 729
Total liabilities		**537 031 660**	405 848 503

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Satrix RESI Portfolio

Statement of comprehensive income
for the year ended 31 December 2009

	Notes	2009 R	2008 R
Investment income	7	**9 528 388**	18 180 403
Fair value adjustments, net of transaction costs	8	**(78 609)**	(613 221)
Management and administrative expenses	9	**(2 501 725)**	(2 289 357)
Distributions	5.3	**(6 673 499)**	(15 315 894)
Change in net assets attributable to investors before tax		**274 555**	(38 069)
Taxation	10	**–**	–
Change in net assets attributable to investors		**274 555**	(38 069)
Total comprehensive income/(loss)		**274 555**	(38 069)

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Satrix RESI Portfolio

Statement of changes in net assets attributable to investors

for the year ended 31 December 2009

	Notes	Capital attributable to investors R	Income attributable to investors R	Total R
Balance at 1 January 2008		**192 916 186**	**5 235**	**192 921 421**
Change in net assets attributable to investors		–	(38 069)	(38 069)
Revaluation of securities	*8*	(428 392 631)	–	(428 392 631)
Net creation of securities	*5.2*	639 394 053	–	639 394 053
Balance at 31 December 2008		**403 917 608**	**(32 834)**	**403 884 774**
Change in net assets attributable to investors		–	274 555	274 555
Revaluation of securities	*8*	131 858 137	–	131 858 137
Net creation of securities	*5.2*	–	–	–
Balance at 31 December 2009		**535 775 745**	**241 721**	**536 017 466**

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Satrix RESI Portfolio

Cash flow statement

for the year ended 31 December 2009

	Notes	2009 R	2008 R
Cash utilised by operations	*12*	**(2 342 393)**	(2 283 994)
Dividend income		**9 036 996**	17 598 379
Fee income: Securities lending		**417 370**	422 333
Interest income		**66 835**	142 021
		7 178 808	15 878 739
Net cash outflow from investing activities		**(78 609)**	(640 007 277)
Net cash (outflow)/inflow from financing activities		**(7 824 030)**	625 357 189
Net creation of securities	*5.2*	**–**	639 394 053
Cash distributed to security holders		**(7 824 030)**	(14 036 864)
Net (decrease)/increase in cash and cash equivalents		**(723 831)**	1 228 651
Cash and cash equivalents at the beginning of year		**1 882 720**	654 069
Cash and cash equivalents at the end of year		**1 158 889**	1 882 720

1. Basis of preparation

1.1 *Basis of measurement*

The financial statements are prepared on a historic cost basis, except for financial instruments which are accounted for as set out in note 2.1.

1.2 *Statement of compliance*

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and in accordance with the requirements of the Standard Exchange Traded Fund Trust Deed approved by the Financial Services Board ("FSB") and the Collective Investment Schemes Control Act No 45 of 2002 ("CISCA").

1.3 *Functional and presentation currency*

These financial statements are presented in South African Rand, which is the Portfolio's functional currency.

2. Accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

2.1 *Financial instruments*

Measurement

Financial instruments are recognised when, and only when, the Portfolio becomes a party to the contractual provisions of that particular instrument. Financial instruments are initially measured at their fair value plus, in the case of instruments not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the instruments. Subsequent to initial recognition these instruments are measured as set out below.

Investments

Listed investments are measured at fair value through profit or loss. Fair value is determined with reference to quoted market prices at the balance sheet date, as published in the financial press at reporting date.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, less impairment losses. Trade and other receivables are short term in nature and are not discounted. The carrying value approximates the fair value.

2. Accounting policies *(continued)*

2.1 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. The carrying value approximates the fair value.

Financial liabilities

Financial liabilities, other than those held at fair value through profit or loss, are measured at amortised cost using the effective interest method. Financial liabilities arising from the securities issued by the Portfolio are measured at the fair value representing the investor's right to an interest in the Portfolio's net assets, i.e. the Net Asset Value ("NAV") of the Portfolio. Changes in the fair value are included in net profit or loss in the period in which the change arises and these financial liabilities are designated as at fair value through profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Portfolio has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

The Portfolio derecognises financial assets when and only when:

- The contractual rights to the cash flows arising from the financial assets have expired or have been forfeited by the Portfolio; or
- It transfers the financial assets including substantially all the risks and rewards of ownership of the assets but no longer retains control of the asset.d

A financial liability is derecognised when and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

On derecognition of a financial instrument in its entirety (or part thereof), the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Fair value hierarchy

The portfolio measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:
Level 1: Unadjusted quoted marked price in an active market for an identical instrument.

2. Accounting policies *(continued)*

2.1 *Financial instruments (continued)*

Level 2: Valuation technique based on observable inputs, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between instruments.

2.2 *Trade and other payables*

Trade payables and other accounts payable are recognised when the Portfolio becomes obligated to make future payments resulting from the purchase of goods and services.

2.3 *Investment income*

Investment income comprises:
- income from securities lending activities;
- interest on cash and cash equivalents;
- dividends from listed equities designated as held at fair value through profit or loss; and
- withholding tax credits (where applicable).

2.4 *Securities lending fee income*

The fees earned for the administration of securities lending activities are accounted for on an accrual basis in the period in which the service is rendered. Assets subject to securities lending are not derecognised.

2.5 *Interest income*

Interest income is recognised in the statement of comprehensive income, using the effective interest method taking into account the expected timing and amount of cash flows.

2.6 *Dividend income*

Dividends in the form of cash and manufactured dividends are recognised when the right to receive the expected payment is established.

Manufactured dividends received are recognised as income in the statement of comprehensive income.

2. Accounting policies *(continued)*

2.7 *Withholding tax*

Withholding tax credits, where applicable, are recognised when the right to receive expected payment of the underlying dividend is established.

2.8 *Cash and cash equivalents*

Cash and cash equivalents comprise bank balances.

2.9 *Taxation*

Under the current system of taxation in South Africa, the Portfolio is exempt from paying tax on income or capital gains that are distributed to investors to the extent that income is distributed to the investors. Residual income taxable income may be taxed in the portfolio. Both income and capital gains are taxed in the hands of the investor.

2.10 *Securities lending*

The Portfolio engages in securities lending activities for up to 70% of the market value of securities in the portfolio which is permitted by the Portfolio Trust Deed and approved by the Trustee. Collateral is given by the lending desk of the relevant financial institutions. For more detail, refer to note 11.

2.11 *Expenses*

Expenses are recognised in profit or loss as incurred.

2.12 *Impairment*

Financial assets that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. An impairment loss is recognised in the statement of comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in the subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write down, the decrease in impairment loss is reversed through the statement of comprehensive income.

2.13 *Creations and redemptions*

Investors can acquire Satrix securities by trading on the JSE. These purchases will be made at the current market price of the securities plus a brokerage fee that is negotiable with the broker and any additional transaction costs applicable to such a trade.

Notes to the financial statements

for the year ended 31 December 2009 (continued)

2. Accounting policies *(continued)*

2.13 Creations and redemptions (continued)

The cash subscription price and the number of Satrix securities to be issued to an investor for cash will be determined by the amount which the investor invests (net of transaction costs) and will be a function of the *pro rata* cost to the Portfolio of acquiring the underlying basket of securities.

Investors subscribing for Satrix RESI securities, by the delivery of one or more full baskets of constituents securities, are obligated to subscribe for securities in blocks of 1 million Satrix securities.

Investors may sell securities by trading on the JSE.

Security prices are determined by reference to the net assets of the Portfolio divided by the number of securities in issue. For security pricing purposes, net assets are determined using the last reported trade price for securities. These prices may differ from the market price quoted on the JSE.

2.14 Redeemable securities

All redeemable securities issued by the scheme provide investors with the right to require redemption for cash or *in specie* at the value proportionate to each investor's share. The securities are redeemable at any time at the option of the security holder and are therefore classified as financial liabilities. The fair value of redeemable securities is measured at the redemption amount that is payable (in cash and securities representing each investor's equal, undivided and vested interest in the assets as a whole, subject to liabilities, as defined by the Portfolio's Trust Deed). In accordance with the Portfolio's Trust Deed and CISCA, the Portfolio is contractually obliged to redeem securities at the net asset value.

These securities have been designated as at fair value through profit or loss as they eliminate an accounting mismatch due to the underlying investments being classified as at fair value through profit or loss.

2.15 Distributions

In accordance with the Portfolio's Trust Deed, the Portfolio distributes its distributable income and any other amounts determined by the Management Company, to security holders in cash. The distributions are payable at the end of each quarter.
Distributions payable on redeemable securities are recognised in the statement of comprehensive income as distributions when they are authorised.

2.16 Increase/decrease in net assets attributable to security holders

Income not distributed is included in net assets attributable to security holders.

Notes to the financial statements
for the year ended 31 December 2009 (continued)

2. Accounting policies *(continued)*

2.17 Forthcoming requirements

Future amendments not early adopted in the 2009 annual financial statements

The following standards, amendments to standards, and interpretations, effective for the first time in the future accounting period, and which are relevant to the Portfolio, have not been adopted for the year ended 31 December 2009:

- Revised IAS 24: Related Party Disclosures - The changes introduced in the revised IAS 24, include amendments to the definition of a related party and related party disclosure requirements for by government-related entities.

- IFRS 9: Financial Instruments - IFRS 9 deals with classification and measurement of financial assets and will replace the relevant sections of IAS 39.

Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009

3. Listed equities designated held at fair value through profit or loss

Name of Company	2009 No. of shares at 31 December 2009	2009 Current Price R	2009 Market value R	2009 % Of equities	2008 No. of shares at 31 December 2008	2008 Current Price R	2008 Market value R	2008 % Of equities	Movement in shares	Movement in prices
Anglo American plc	446 830	319.49	142 757 717	26.65	439 195	210.99	92 665 753	22.94	7 635	108.50
Anglo Gold Ashanti Ltd	120 509	306.29	36 910 702	6.89	114 665	252.00	28 895 580	7.15	5 844	54.29
Anglo Platinum Ltd	31 679	792.50	25 105 608	4.69	31 138	517.60	16 117 029	3.99	541	274.90
African Rainbow Minerals Ltd	28 085	173.77	4 880 330	0.91	27 616	111.00	3 065 376	0.76	469	62.77
BHP Billiton plc	742 366	237.00	175 940 742	32.84	729 682	177.62	129 606 117	32.09	12 684	59.38
DRDGold Limited	126 766	5.01	635 098	0.12	120 821-	5.50	664 516	0.16	5 945	-0.49
Exxaro Resources Ltd	23 613	104.50	2 467 559	0.46	23 209	71.90	1 668 727	0.41	404	32.60
Gold Fields Ltd	234 323	97.98	22 958 968	4.29	212 694	91.90	19 546 579	4.84	21 629	6.08
Harmony Gold Mining Company Ltd	141 444	75.79	10 720 041	2.00	131 871	97.70	12 883 797	3.19	9 573	-21.91
Impala Platinum Holdings Ltd	209 921	202.99	42 611 864	7.95	206 334	135.00	27 855 090	6.90	3 587	67.99
Keaton Energy Hldgs Ltd	36 145	5.79	209 280	0.04	33 907-	10.81	366 535	0.09	2 238	-5.02
Kumba Iron Ore Ltd	-	-	-	-	31 125	162.01	5 042 561	1.25	-31 125	
Lonmin plc	9 627	232.00	2 233 464	0.42	7 674	130.00	997 620	0.25	1 953	102.00
Merafe Resources Ltd	325 998	1.40	456 397	0.09	320 942	0.85	272 801	0.07	5 056	0.55
Metorex Ltd	185 300	4.81	891 293	0.17	-	-	-	0.00	185 300	
Mvelaphanda Resources Ltd	-	-	-	-	52 747	23.00	1 213 181	0.30	-52 747	
Northam Platinum Ltd	47 872	48.04	2 299 771	0.43	47 072	20.60	969 683	0.24	800	27.44
Petmin Limited	74 138	1.91	141 604	0.03	70 171-	2.05	143 851	0.04	3 967	-0.14
Sasol Ltd	211 880	298.00	63 140 240	11.78	218 271	280.02	61 120 245	15.13	-6 391	17.98
Sentula Mining Ltd	195 167	2.86	558 178	0.10	-	-	-	0.00	195 167	
Simmer & Jack Mines Ltd	304 779	1.80	548 602	0.10	260 919	2.05	534 884	0.13	43 860	-0.25
Wesizwe Platinum Ltd	146 109	2.11	308 290	0.06	143 843	2.00	287 686	0.07	2 266	0.11
Total Equities			535 775 745	100.00			403 917 609	100.00		

Sector	2009 Market value R	2009 % Of equities	2008 Market value R	2008 % Of equities
Oil and Gas	63 140 240	11.78	61 120 245	15.13
Basic Materials	472 635 505	88.22	342 797 364	84.87
	535 775 745	100.00	403 917 609	100.00

Refer to note 11 for details of those securities subject to securities lending arrangements.

Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

	2009 R	2008 R
4. Trade and other receivables		
Interest receivable	**6 109**	17 910
Securities lending fee receivable	**49 253**	30 264
Trade and other receivable	**41 664**	–
	97 026	48 174

Trade and other receivables are of a high quality, therefore there are no trade and other receivables that are past due or impaired. The carrying amount above represents the maximum exposure to credit risk in respect of trade and other receivables.

5. Satrix RESI Index Securities

5.1 Satrix RESI securities in issue

Total securities in issue	**10 487 975**	10 487 975

In terms of the Portfolio Trust Deed and CISCA, the Portfolio would be required to pay the net asset value attributable to investors on redemption of securities.

5.2 Satrix RESI securities creations and liquidations

A total of Nil (2008: 7 000 000) Satrix RESI Index Securities were liquidated during the year at a value of RNil (2008: R320 345 312).

A total of Nil (2008: 14 000 000) Satrix RESI Index Securities were created during the year at a value of RNil (2008: R959 739 365). Net creations/(liquidations) amounted to RNil (2008: R639 394 053). All creations were in cash.

5.3 Distributions

The Portfolio effects quarterly distributions. All distributions are made out of income of the Satrix RESI Portfolio. The record dates are 3 April 2009, 26 June 2009, 25 September 2009 and 31 December 2009. During the year under review the following distributions were effected per Satrix RESI Index Security –

	2009 R	2008 R
33.09 cents per security **Declared 27 March 2009 and paid 8 April 2009**	**3 470 471**	–
45.75 cents per security Declared 27 March 2008 and paid 7 May 2008	–	1 595 749

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Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

5. **Satrix RESI Index Securities** *(continued)*

5.3 Distributions *(continued)*

0.00 cents per security		
Declared for June 2009	–	–
0.66 cents per security		
Declared 26 June 2008 and paid 11 July 2008	–	56 021
24.16 cents per security		
Declared 25 September 2009 and paid 6 October 2009	**2 533 895**	–
72.81 cents per security		
Declared 25 September 2008 and paid 10 October 2008	–	11 276 795
6.38 cents per security		
Declared 23 December 2009 and paid 7 January 2010	**669 133**	
17.35 cents per security		
Declared 22 December 2008 and paid 8 January 2009	–	1 819 664
Accrued income portion of NAV received on creation/ redemption of securities	–	567 665
	6 673 499	15 315 894

5.4 Total Expense Ratio ("TER")

The Satrix RESI Portfolio had a TER of 55.64 (2008: 45.55) basis points (0.5564%) (annualised) (2008: 0.4555%) for the period 1 January to 31 December 2009. The ratio is calculated based on the ASISA standard and does not include the cost of acquiring assets.

Increased consumer demand for greater transparency in financial services and the recognition thereof by the collective investment industry requires Collective Investment Scheme ('CIS') managers to calculate and publish a total expense ratio for each Portfolio under their management. This is a requirement in terms of the Association for Savings and Investments SA ("ASISA") standard on the calculation and publication of total expense ratios.

5.5 Actual Expense Ratio ("AER")

The Satrix RESI Portfolio had an AER of 47.71 (2008: 39.10) basis points (0.4771%) (annualised) (2008: 0.3910%) for 2009, as determined by the Management Company. The AER is calculated using total management expenses of the Portfolio, including Manager and Portfolio expenses, less the income derived from securities lending activities. The Portfolio engages in securities lending with the sole aim of reducing the net expenses of managing the Satrix RESI Portfolio and in this way the income from securities lending proves beneficial to all holders of participatory securities in the Satrix RESI Portfolio.

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Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

5. Satrix RESI Securities *(continued)*

5.6 Quarterly review of Satrix RESI Index Security Prices (cents per unit)

Quarter ended	**High**	**Low**	**Close**
2009			
31 March 2009	**4360**	**3361**	**4271**
30 June 2009	**4745**	**3622**	**4745**
30 September 2009	**4805**	**3788**	**4799**
31 December 2009	**5230**	**4200**	**5183**
2008			
31 March 2008	7 157	4 600	6 524
30 June 2008	7 740	6 010	7 369
30 September 2008	7 295	4 270	4 409
31 December 2008	5 300	2 839	3 862

	2009 **R**	2008 R
6. Trade and other payables		
Distribution dividends due to investors	**669 133**	1 819 664
Other trade and payables	**345 061**	144 065
	1 014 194	1 963 729

Trade and other payable are short term in nature and settled in the ordinary course of business.

7. Investment income		
Dividend income	**9 036 996**	17 598 379
Fee income: Securities lending	**436 358**	427 524
Interest income	**55 034**	154 500
	9 528 388	18 180 403

8. Fair value adjustments, net of transaction costs

Financial assets and liabilities at fair value through profit or loss

Fair value adjustment on equities	**131 779 528**	(429 005 852)
Fair value adjustment on liabilities	**(131 858 137)**	428 392 631
Net fair value loss on financial instruments	**(78 609)**	(613 221)

Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

	2009 R	2008 R
8. Fair value adjustments, net of transaction costs *(continued)*		
Transaction costs included in fair value adjustments	**79 937**	103 015

9. Management and administrative expenses

Management and administrative expenses include –

	2009 R	2008 R
Management fee paid to Satrix Managers (Proprietary) Limited	**2 049 344**	1 729 323
Direct Portfolio expenses	**145 155**	269 406
– Trustee and custodian fees	**145 155**	172 396
– Asset management fees	–	97 010

The Management Company is entitled to a service fee per accounting period equivalent to 50 (fifty) basis points of the market value of the total asset in the Portfolio. The Management Company has decided to waive a portion of these service fees in order to achieve efficient tracking of the FTSE/JSE RESI 20 Index.

10. Taxation

Any income, distributed or that will be distributed to participatory unit holders by way of a dividend is exempt from tax in the Portfolio and taxed in the hands of the participatory unit holders. Capital gains and losses are disregarded.

11. Securities lending

The Manager of the Satrix RESI Portfolio is permitted to engage in securities lending in respect of the securities held by the Satrix RESI Portfolio as envisaged in the offering circular. CISCA also permits securities lending in the Portfolio, subject to the following limitations:

- Not more that 70% of the market value of all the securities in the Portfolio can be lent;
- The securities that can be lent to one borrower are limited to 30% of the market value of all securities in the Portfolio; and
- The Portfolio's exposure to credit risk is mitigated by the management company only accepting the following minimum collateral in the form of:

  * 105% Cash Deposit;
  * 110% Bonds restricted to the top South African Banks and Government Bonds;
  * 110% Money Market Instruments restricted to the top South African Banks and Bonds; and/or
  * 115% - 120% Equities.

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Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

11. Securities lending *(continued)*

At balance sheet date significant concentrations of credit risk existed as the Portfolio engaged in significant lending with ABSA Bank Limited, First Rand Bank Limited, The Standard Bank of South Africa Limited and Sanlam Investment Management (Proprietary) Limited.

The market value of securities lending exposures as at 31 December are as follows:

	2009 **R**	2008 R
Securities out on loan		
ABSA Bank Limited	**52 876 681**	5 618 083
First Rand Bank Limited	**68 381 200**	9 728 477
The Standard Bank of South Africa Limited	–	4 338 645
Sanlam Investment Management (Proprietary) Limited	**35 632 530**	59 994 734
	156 890 411	79 679 939

The collateral security for the securities lending in the form of cash, bonds, equities and money market instruments as at 31 December is as follows:

Collateral held on securities out on loan		
ABSA Bank Limited	**55 520 516**	6 109 665
First Rand Bank Limited	**71 900 000**	9 600 000
The Standard Bank of South Africa Limited	–	4 752 986
Sanlam Investment Management (Proprietary) Limited	**44 567 442**	69 142 784
	171 987 958	89 605 435

The maximum credit risk the Portfolio is exposed to is R156 890 411 (2008: 79 679 939) should the borrowers default.

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Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

12. Cash utilised by operations

	2009 **R**	2008 R
Change in net assets attributable to investors before tax	**274 555**	(38 069)
Distributions	**6 673 499**	15 315 894
Dividend income	**(9 036 996)**	(17 598 379)
Interest income	**(55 034)**	(154500)
Scrip lending income	**(436 358)**	(427 524)
Fair value adjustments, net of transaction costs	**78 609**	613 221
Loss before dividends, interest and taxation	**(2 501 725)**	(2 289 357)
Adjusted for changes in working capital:		
(Increase)/decrease in trade and other receivables	**(41 664)**	880 686
Increase/(decrease) in trade and other payables	**200 996**	(875 323)
	(2 342 393)	(2 283 994)

13. Related parties

Related parties include Satrix Managers (Proprietary) Limited in its capacity as the management company of the Portfolio.

The following related party balances and transactions occurred during the year:

	2009 **R**	2008 R
Management fee paid		
– Satrix Managers (Proprietary) Limited	**2 049 344**	1 729 323

All related party transactions are conducted at arms length on normal commercial terms and conditions.

Outstanding balances will be settled in the ordinary course of business.

14. Risk analysis

Exposure to credit, index, investment, liquidity, market, operational and secondary trading risks arise in the normal course of investment activities in listed index securities. The Portfolio's acceptance of risk is directly attributable to the risks associated with any investment in equities.

The objectives for managing the risks associated with financial instruments held for investment purposes as well as a brief description of the relevant risks and methods adopted to mitigate these risks, are outlined in more detail below. The Satrix RESI Portfolio is an underlying portfolio of the Satrix Collective Investment Scheme which is regulated by CISCA. In terms of the Act, the Management Company must appoint a Trustee.

The Management Company monitors compliance in terms of the CISCA requirements and reports are submitted to the FSB on a monthly basis. Capital adequacy requirements as required by CISCA are maintained by the Management Company of the Portfolio.

Daily pricing of the Portfolio is publicly available.

The investment policy of the Portfolio is to track the FTSE/JSE RESI 20 Index as closely as possible, by buying only FTSE/JSE RESI 20 securities in the same weightings in which they are included in the FTSE/JSE RESI 20 Index and selling only securities which are excluded from the Index from time to time as a result of Quarterly Index Reviews or corporate actions or which are required to be sold to ensure that the Portfolio holds FTSE/JSE RESI 20 securities in the same weightings as they are in the FTSE/JSE RESI 20 Index. However, the Portfolio shall also be entitled, at its discretion and only on a temporary basis; to employ such other investment techniques and instruments as will most effectively give effect to the object or investment policies of the Portfolio. The Portfolio will not be managed according to traditional methods of analysis and investing judgement. The Portfolio shall not buy or sell securities for trading purposes or for any purpose other than to track the FTSE/JSE RESI 20 Index as closely as possible. As a further objective, the securities held by the Portfolio shall be managed to generate income for the benefit of investors, i.e. income is generated from scrip lending activities which is applied to reduce expenses and the related tracking error.

The Satrix RESI Portfolio will be adjusted as determined by the stipulations of the JSE's Index calculation methodology to conform to changes in the basket of securities comprising the relevant Satrix Portfolio so as to substantially reflect the composition and weighting of the securities comprising the Index at all times. It is recorded that the Portfolio's ability to replicate the price and yield performance of the FTSE/JSE RESI 20 Index will be affected by the costs and expenses incurred by the Portfolio. Costs and expenses may result in the Index not being replicated perfectly by the Portfolio.

The Portfolio has exposure to the following risks from its use of financial instruments:

- Credit risk
- Index risk
- Investment risk
- Liquidity risk
- Market risk
- Operational risk
- Secondary trading risk

The abovementioned risks have been addressed below in more detail.

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Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

14. Risk analysis *(continued)*

Credit risk

The Portfolio's exposure to credit risk could be as a result of a counterparty to a transaction failing to meet its contractual obligations. This could arise primarily from the Portfolio's investment and securities lending activities.

In terms of CISCA, the Management Company may, subject to the requirements of section 85, lend or offer to lend assets included in a portfolio within the limits or on the conditions determined by the Portfolio's Trust Deed. The Trustee of the Portfolio gives authority to the Management Company to lend or offer to lend securities with a value not exceeding 70% of the market value of all securities included in the Portfolio. The Management Company has engaged in securities lending in respect of the securities held by the Portfolio on this basis.

In terms of the standard Portfolio Trust Deed, the Management Company may engage in securities lending under section 85 of CISCA subject to the following limits and conditions:

- The securities lending must be beneficial to all investors;
- The Management Company may lend or offer to lend securities with a value not exceeding 70 % of the market value of securities included in the Portfolio;
- The securities that may be lent to one borrower are limited in accordance with the limits determined by the Registrar for the inclusion of money market instruments in the Portfolio;
- Collateral security for the securities loaned must have an aggregate value that exceeds the market value of the securities loaned by not less than five percent at all times and may only consist of –

Cash; or
Other securities; or
A combination of cash and other securities.

- Securities may not be lent for a period longer than 12 months; and
- Securities may not be lent unless subject to a right of recall.

In terms of the securities lending agreements, it is the duty of the Management Company to take delivery of the collateral assets, any appropriate instruments of transfer or instrument of title in respect of the Service Level Agreement ('SLA'). Collateral assets and instruments of transfer or title are held on behalf of, and for the benefit of, the principal as represented by the Satrix RESI Portfolio.

The Portfolio could be exposed to credit risk to the extent that inadequate collateral is held on the underlying assets. If a borrower fails to perform its obligations, the Portfolio may be unable to recover the loaned securities. However, the Management Company only engages in securities lending with A-rated financial institutions.

Index risk

There is no assurance that the Index will continue to be calculated and published on the same or similar basis indefinitely. The index was created by the JSE as a measure of market performance and not for the purposes of trading Portfolio Index securities. The past performance of the Index is not necessarily a guide to its future performance.

14. Risk analysis *(continued)*

The Index may be adjusted from time to time as a result of mergers, re-organisations, schemes of arrangement or other corporate activity involving constituent companies. Any adjustments to the Index will be implemented as determined from time to time in terms of the relevant Index stipulations, for example, if a constituent company pays a special dividend.

The adjustments may require the removal of a constituent company from the Index and the substitution thereof with a new constituent company while at the same time, if necessary, adjusting the base level. The adjustments to the Portfolio will be made in such a way that the Portfolio will remain substantially aligned with the Index level at all times.

Investment risk

There can be no assurance that the Portfolio will achieve its investment objectives of replicating the price and yield performance of the FTSE/JSE RESI 20 Index.

The following factors could impact negatively on the investment performance of the Portfolio:

- Certain costs and expenses incurred by the Portfolio could cause the underlying Portfolio to mistrack against the Index;
- Temporary unavailability of securities in the secondary market or other extraordinary circumstances could cause deviations from the exact weightings of the Index;
- In circumstances where securities comprising the Index are suspended from trading or other market disruptions occur, it may be impossible to rebalance the Portfolio of securities held by the Portfolio and this may lead to a tracking error; and
- Misinterpretation of information on the calculation of the Index could result in mistracking of the Index.

Liquidity risk

Liquidity risk is the risk that the Portfolio will not be able to meet its financial obligations towards investors when they fall due.

The approach to managing liquidity risk is to ensure that the Portfolio would be able to pay suitable distributions to investors on a quarterly basis. All dividend distributions are approved by the Trustee and calculated by the Management Company.

The Portfolio could also be exposed to liquidity risk in cases where insufficient liquidity on certain securities is available to effect the necessary changes in Index constituents. The need to employ alternative investment techniques would only arise in the event of a liquidity problem, for example, if it is not possible to acquire certain securities comprising the Index due to there being no sellers of such securities.

Notes to the financial statements

for the year ended 31 December 2009 (continued)

14. Risk analysis *(continued)*

Satrix Index securities are listed instruments, they are bought and sold on the JSE through a JSE member. The participatory interest can be sold to the Management Company, which is obliged to buy them from the investor.

Market makers will attempt to maintain a high degree of liquidity through continuously offering to buy and sell Satrix participatory interests at prices around NAV of the participatory interest, thereby ensuring tight buy and sell spreads. Under normal circumstances and conditions, the investor will be able to buy or sell Satrix securities from the market makers.

Market risk

Market risk exists where significant changes in equity prices will affect the value of the Portfolio's financial instruments. The investment mandate is that the Portfolio is passively managed and as a result the management of market risk is not possible.

There is no guarantee that the Portfolio will achieve its investment objective of perfectly tracking the Index.

The value of participatory interests and distributions payable by the Portfolio will rise and fall as the capital values of the underlying securities housed in the Portfolio and the income flowing therefrom fluctuate. Prospective investors should be prepared for the possibility that they may sustain a loss.

The Portfolio may not be able to perfectly replicate the performance of the Index because:

- The fund is liable for certain costs and expenses not taken into account in the calculation of the Index; or
- Certain Index constituents may become temporarily unavailable; or
- Other extraordinary circumstances may result in a deviation from precise index weightings.

Operational risk

If shares in the underlying companies are suspended or cease trading for any reason, the suspended shares will not be delivered to a holder exercising its right to take delivery of the underlying shares until the suspension on the trading in respect of those shares is lifted.

If the computer facilities or other facilities of the JSE malfunction, calculation and trading in the Portfolio Index securities may be suspended for a period of time.

Issues, redemptions and adjustments to rebalance the underlying Portfolio of shares in the Portfolio could affect the value of the underlying shares constituting the Index and thereby also having an impact on the value of the Portfolio Index securities.

Satrix RESI Portfolio

Notes to the financial statements

for the year ended 31 December 2009 (continued)

14. Risk analysis *(continued)*

Secondary trading risk

There can be no guarantee that the Portfolio Index securities will remain listed on the JSE. Despite the presence of market makers, the liquidity of the Portfolio index securities cannot be guaranteed.

The participatory interest may trade at a discount or premium to their NAV.

Any termination of a listing would be subject to the JSE's listing requirements.

Sensitivity analysis

The price of a Satrix security is closely correlated to the movements in the Index. Any movement or adjustment in the Index, or the underlying constituents of the Index, will have an impact on the price of the security. At any point in time the market value of a Satrix security may be expected to reflect 1/1000th of the Index level, plus an amount which reflects a *pro rata* portion of any accrued distribution amount within the Portfolio.

Satrix RESI Portfolio

Notes to the financial statements
for the year ended 31 December 2009 (continued)

15. Fair value hierarchy

31 December 2009	Not at fair value R	Level 1 R	Items at fair value Level 2 R	Level 3 R	Total R
Assets					
Listed equities designated held at fair value through profit or loss	–	**535 775 745**	–	–	**535 775 745**
Trade and other receivables	**97 026**	–	–	–	**97 206**
Cash and cash equivalents	**1 158 889**	–	–	–	**1 158 889**
Total assets	**1 255 915**	**535 775 745**	–	–	**537 031 660**
Liabilities					
Net assets attributable to investors	–	–	**536 017 466**	–	**536 017 466**
Trade and other payables	**1 014 194**	–	–	–	**1 014 194**
Total liabilities	**1 014 194**	–	**536 017 466**	–	**537 031 660**

31 December 2008	Not at fair value R	Level 1 R	Items at fair value Level 2 R	Level 3 R	Total R
Assets					
Listed equities designated held at fair value through profit or loss	–	403 917 609	–	–	403 917 609
Trade and other receivables	48 174	–	–	–	48 174
Cash and cash equivalents	1 882 720	–	–	–	1 882 720
Total assets	1 930 894	403 917 609	–	–	405 848 503
Liabilities					
Net assets attributable to investors	–	–	403 884 774	–	403 884 774
Trade and other payables	1 963 729	–	–	–	1 963 729
Total liabilities	1 963 729	403 884 774	–	–	405 848 503

Satrix RESI Portfolio