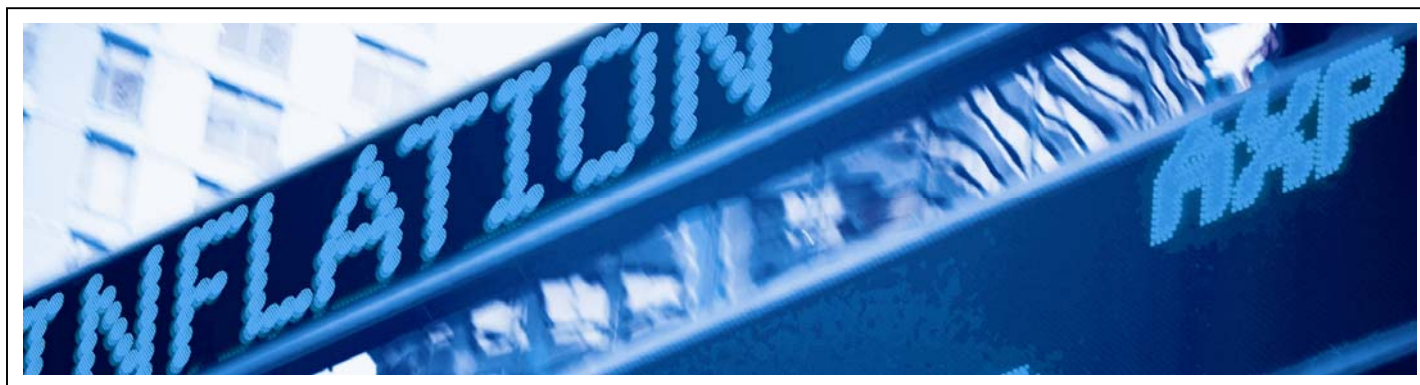


Bips Exchange Traded Funds

Bips Inflation - X



BIPS INFLATION-X FUND AS AT 31 MARCH 2010

FUND OBJECTIVE

Inflation-X is a fixed income Exchange Traded Fund managed by Rand Merchant Bank and is listed on the JSE Limited (JSE). Inflation-X offers you exposure to a diversified basket of Government Inflation-Linked Bonds. It offers you a real rate of return, in the form of a **real yield**, plus a **return linked to inflation** (CPI). ETFs are a simple, cost-effective way to obtain exposure to a particular asset class. They can be purchased through a broker the same way that you would purchase an ordinary share.

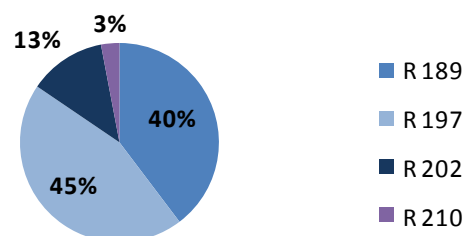
UNDERLYING INDEX

The Inflation-X fund tracks the GILBx index (price-weighted), which contains all 4 of the Inflation-Linked bonds issued by the South African Government. The GILBx index is reweighted monthly. Coupons are distributed.

FUND DETAILS

Fund Size	R519m	
Fund Size Units	35,800,000	
Index Performance (Quarter)	-2.33%	
Fund Performance (Quarter)	-2.48%	
TER	0.48%	
Net Asset Value per unit (NAV)	R14.10	
Last Distribution	R0.1452 (March 2010)	
Up Front Fee	0%	
Distributions	Quarterly, March, June, September & December	
Listing Date	20 May 2009	
Trading Code	BIPINF	
ISIN	ZAE000134185	
Bloomberg Code	BIPINF SJ EQUITY	
Yield	Inflation + 2.80*%	
Management Fee	Investment	Incremental fee (%)
	Less than R1,000,000	0.39
	R1,000,000 – R10,000,000	0.35
	R10,000,000 – R50,000,000	0.29
	R50,000,000 – R100,000,000	0.19
	More than R100,000,000	0.10

FUND HOLDINGS

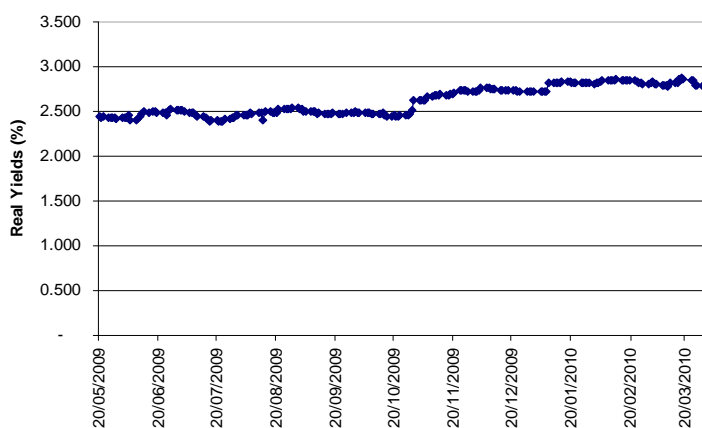


DISTRIBUTIONS

Bips Inflation-X pays distributions quarterly. The history of these distributions are:

Jun09	12.73 cents
Sep09	16.50 cents
Dec09	11.62 cents
March 10	14.52 cents

REAL YIELDS SINCE INCEPTION



Returns measured up to 31 March 2010

Source: RMB

*The actual yield earned on an inflation-linked bond is equal to the real yield at the time of purchase plus actual realised inflation over the term of the bond (ignoring reinvestment risk of coupons). The quoted real yield of 2.80% is variable and is the weighted average of the real yields of the underlying bonds in the Inflation-X fund at the time of purchase. The weights take into account both duration and cash value of the underlying bonds.

INFLATION-X OVERVIEW

Inflation-X provides investors with direct exposure to Inflation-Linked Bonds issued by the South African Government. Inflation-X aims to track the performance of the Government Inflation-Linked Bond Index (“GILBx”) and is listed on the JSE, providing a seamless and cost effective way to invest in Government Inflation-Linked Bonds.

Inflation-Linked Bonds provide both a hedge against inflation and a real yield. The product should therefore appeal to those wishing to hedge out uncertainty regarding inflation, as well as those targeting a real rate of return when investing.

Inflation-X pays interest quarterly, providing quarterly cash flow for investors. The initial amount invested will increase in line with inflation, as represented by changes in the consumer price index (CPI) published by Stats SA, thereby preserving the capital investment in real terms. The interest payments (also known as coupons) are calculated and paid on the inflation adjusted amount invested, and provide a fixed-rate, real return. Refer to Figure 1 for a simple illustration as to how the initial investment and interest are adjusted for inflation.

Inflation-Linked Bonds

Inflation-Linked Bonds as an asset class have experienced exceptional growth in popularity over the past 5 years. Demand has been primarily driven by the risk diversification they offer investors, their effective hedge against inflation, as well as their superior risk-adjusted returns as government bonds are essentially free of credit risk. Until recently however their accessibility has been primarily limited to institutional investors. The introduction of Inflation-X, makes it possible for retail investors to also enjoy the benefits of this asset class, through being able to purchase Inflation-X units for the first time on the JSE.

Inflation-Linked Bond returns exhibit a low correlation to other asset classes such as equities. Their introduction into a portfolio may help reduce overall portfolio volatility.

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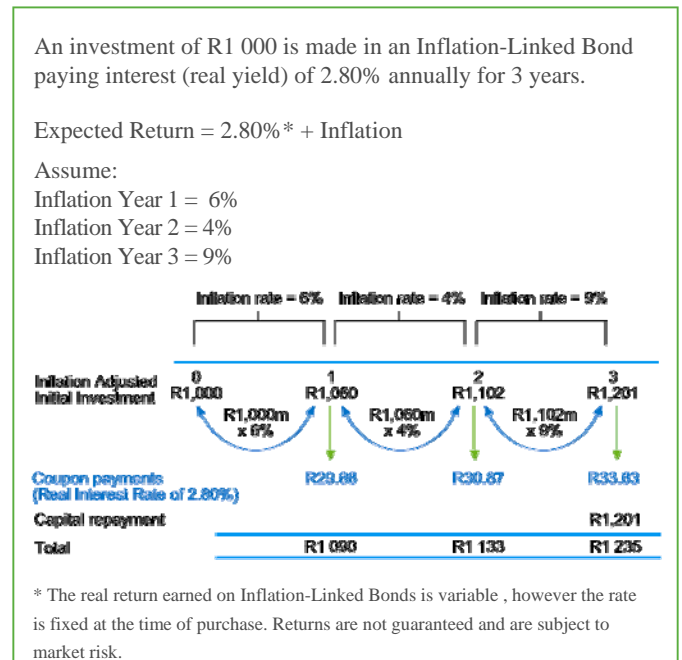
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As an investment class for individuals, Inflation-Linked Bonds are an ideal asset to enhance retirement savings or substitute fixed deposits as they offer attractive yields, are guaranteed by the South African government and offer capital preservation against inflation over the medium term.

As the security is interest-bearing investors should seek independent advice regarding tax treatment.

Figure 1 - Example of how Inflation-Linked Bonds Function (simplified example)



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