

THIS DOCUMENT (“PROGRAMME”) CONTAINS IMPORTANT INFORMATION ABOUT BIPS AND ITS VARIOUS SECURITIES AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROGRAMME YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISOR.

This Programme will form the basis for a number of proposed funds that Bips Investment Managers (Pty) Limited intends to establish. Each Fund will be registered under the Bips Scheme, either as a collective investment scheme or other appropriate structure, and listed on the JSE as a security over a specific index. These separate Funds will be issued on the terms set out in this Programme, subject to any other terms that may be contained in separate Supplements, which will be submitted to and approved by the JSE prior to listing. These Supplements must therefore be read in conjunction with this Programme.

The directors of Bips Investment Managers (Pty) Limited, whose names are set out on pages 11 and 12 of this Programme, collectively and individually, accept full responsibility for the accuracy of the information contained in this Programme and certify that, to the best of their knowledge and belief, no facts have been omitted the omission of which would make any statement in this Programme false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the Programme contains all information required by law and the JSE Listings Requirements.



Beta Investment Performance Securities

BETA INVESTMENT PERFORMANCE SECURITIES

(Incorporated in the Republic of South Africa)

(Registration number 2006/036970/07)

("Bips")

ETF PROGRAMME MEMORANDUM

Copies of this Programme and the related Supplements are available in English only at the registered office of Bips.

Prospective purchasers of any Exchange Traded Funds should ensure that they fully understand the nature of the Exchange Traded Fund, the possible Exchange Control implications and the extent of their exposure to risks, and that they consider the suitability of the Exchange Traded Fund as an investment in light of their own circumstances and financial position.

The JSE's approval of the listing of the Bips Securities is not to be taken in any way as an indication of the merits of an ETF or of the Bips Securities. The JSE has not verified the accuracy and truth of the contents of the documentation and, to the extent permitted by law, will not be liable for any claim of whatever kind. Claims against the JSE Guarantee Fund may only be made in respect of trading in Bips Securities on the JSE and in accordance with the terms of the rules of the Guarantee Fund and can in no way relate to the issue of Bips Securities.

Originator



Manager



Sponsor



Date of issue: 2 October 2008

CORPORATE INFORMATION

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Authorised dealer

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Sponsor

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Auditors

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(Registration number 1998/012055/21)
2 Eglin Road
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Private Bag X36, Sunninghill, 2157

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Rand Merchant Bank Division
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Corner Fredman Drive and Rivonia Road
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DEFINITIONS

In this Programme, unless the context clearly indicates a contrary intention, the following expressions shall have the meanings stated opposite them. All expressions in this Programme which denote the singular shall include the plural, any gender shall include the other genders and a natural person shall include artificial or juristic persons and *vice versa*.

“Act”	Securities Services Act, No. 36 of 2004;
“applicant”	an investor who applies to subscribe for Bips Securities on the basis described in this Programme and the relevant Supplement/s;
“auditors”	PricewaterhouseCoopers Inc (Registration number 1998/012055/21), the auditors of Bips and the Manager at the date of this Programme;
“basket” or “basket of Securities”	a portfolio of Securities which comprises the minimum number of Securities/assets contained in the Index (in the same weighting as they are included in the Index) that can be acquired by an applicant/investor to subscribe for Bips Securities. The composition of a basket on any given day may be obtained from the Manager or the website. One basket entitles an applicant/investor, in respect of an <i>in specie</i> application, to an amount as specified in the relevant supplement of Bips Securities;
“Bips”	exchange traded funds established in South Africa and offshore and listed on the JSE;
“Bips Fund” or “Fund”	a fund of assets established (with the prior approval of the relevant regulators) for one or more classes of Securities which is invested in accordance with the investment objectives applicable to such Fund;
“Bips Security”	a security, issued by the Bips Fund in accordance with this Programme and the relevant Supplement, representing a beneficial interest in such Bips Fund;
“business day”	a day other than a Saturday, Sunday or official public holiday;
“cash subscriptions”	collectively, Rand cash subscriptions and foreign currency cash subscriptions;
“Closing date”	the date on which the initial offer/subsequent offer closes, as set out in the relevant Supplement;
“Common Monetary Area”	includes South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“constituent Securities”	the Securities/assets included in the Index or predefined group of assets, which will be held by the Bips Fund in substantially the same proportions in which they are held in the Index;
“controlled clients”	clients of a broking member of the JSE whose funds and uncertificated Securities are under the control of such broking member. A controlled client does not have a direct relationship with a CSDP, the client's Securities being held in the broker's nominee account with the broker's CSDP. The cash balances of controlled clients are, in accordance with the requirement of the Act, held by JSE Trustees to ensure segregation between broker and client funds;
“CSDP”	a participant duly accepted by Strate as a Central Securities Depository Participant in terms of the Act;

“ETF”	an Exchange Traded Fund, being an open-ended fund listed on a stock exchange and traded like an ordinary share, enabling investors to gain exposure to an Index or a specific group of assets through the purchase of one security;
“Exchange Control Regulations”	the Exchange Control Regulations promulgated in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933;
“Ground Rules”	the published ground rules of the Index, as amended from time to time;
“holder”	in relation to Bips Securities, the person or entity whose name is recorded in the register as the holder of such Securities;
“in specie subscriptions”	applications for the acquisition of new Securities settled “in kind” by the delivery of one or more baskets;
“income accruals”	any dividends or interest or any other income for distribution: (i) received by the Bips Fund in the course of any accounting period of a portfolio; and/or (ii) carried forward from a previous accounting period of a portfolio and/or (iii) due to investors in a portfolio in respect of dividend, interest or any other income declarations made but not yet distributed out of a portfolio;
“Income Tax Act”	the Income Tax Act, 58 of 1962;
“Independent Fiduciary Agent”	Entity responsible for the protection of investor interests;
“Index”	the index as described in the relevant Supplement;
“Index constituents”	the Securities comprising the Index in the same proportion as in which they are represented in the Index;
“Index currency” or “foreign currency”	the currency in which the Index is domiciled, as set out in the relevant Supplement;
“Index currency unit”	one unit of the Index currency, for example if the Index currency is British Pounds, one GBP or if the Index currency is US Dollars, one US\$;
“Index level”	the level of the Index calculated by the Index Provider periodically during a trading day;
“Index Provider”	the authority responsible for the administration of the index as described in the relevant Supplement;
“Initial offer”	the first offer made to individuals and Qualifying Institutional Investors in South Africa to subscribe for Bips Securities, as set out in this Programme and the relevant Supplement;
“Initial offer period”	the period during which the Initial offer will be open, being 09:00 on the Opening date until 12:00 on the Closing date;
“Investment Advisor”	Rand Merchant Bank, a Division of FirstRand Bank Limited (Registration number 1929/001225/07);
“investors”	holders of Bips Securities;
“JSE”	JSE Limited, a public company duly registered and incorporated with limited liability under the company laws of South Africa (Registration number 2005/022939/06) and licensed as an exchange under the Securities Services Act;

“JSE Listings Requirements”	the Listings Requirements of the JSE;
“Manager” or “Bips Investment Managers”	Bips Investment Managers (Pty) Limited (Registration number 2006/036970/07), a private company duly incorporated in accordance with the laws of South Africa;
“management fee”	the fee to be paid to the Manager in respect of its management of the Bips Funds;
“Market Maker”	RMB Securities (Pty) Limited (Registration number 1988/003035/07), a private company duly incorporated in accordance with the laws of South Africa;
“minimum investment criteria”	compliance by a proposed investor with the Financial Intelligence Centre Act, 38 of 2001, and with the minimum investment limits imposed by the Manager from time to time;
“NAV”	the net asset value of a Fund;
“non-controlled clients”	clients of a broking member of the JSE who have appointed their own CSDPs and have a direct relationship with the CSDP account in the client’s name. No funds are held by the broking member in such a case;
“Opening date”	the date on which the initial offer/subsequent offer opens, as set out in the relevant Supplement;
“Programme”	this Programme and pre-listing statement, including all the annexures, as read together with the relevant Supplement;
“public holiday”	Includes public holidays in South Africa and other countries in which the Index is domiciled, as set out in the relevant Supplement;
“Qualifying Institutional Investors”	South African retirement funds, long-term insurers, collective investment scheme managers, investment managers and corporate entities which are eligible for a foreign portfolio investment allowance, comply with reporting and application requirements laid down by the Exchange Control Department and who have obtained Exchange Control approval;
“Ramp Up Period”	the period during which the Manager will procure the acquisition of baskets with the cash proceeds derived pursuant to the initial offer, subsequent offer/s or subsequent cash subscriptions, as the case may be, which in respect of the initial offer or subsequent offer/s, shall commence on the day immediately following the Closing date and ending on a date not more than five business days thereafter and in respect of subsequent cash subscriptions, a date not more than five business days following receipt of such cash subscriptions, provided that if the ramp up period falls over one or more public holidays then the duration of the ramp up period shall be extended accordingly;
“Rand” or “R”	Rand, the legal currency of South Africa;
“register”	the register of Bips Securities, which register shall be maintained by Strate;
“secondary market”	a market in which an investor purchases a security from another investor rather than the issuer, subsequent to the Initial offer in the primary market;
“Securities”	shares, stocks and depository receipts in public companies and other equivalent equities, notes, derivative instruments, bonds, debentures,

	participatory interests in a collective investment scheme as defined in the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), and units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes in terms of section 65 of that Act; units or any other form of participation in a collective investment scheme licensed or registered in a foreign country, and instruments based on an index;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“specified cash amount”	<ul style="list-style-type: none"> • a <i>pro rata</i> portion of the income accruals in the fund up to and including the subscription date; • transfer duties and taxes (if applicable) arising on the acquisition by the portfolio of the underlying basket; and • any other cost that may be determined by the Manager from time to time;
“specified exchange rate”	the prevailing Rand : Index currency exchange rate, as described in the relevant Supplement;
“specified minimum Index currency”	the minimum subscription permissible utilising the Index currency, as described in the relevant Supplement;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa, being the entity operating the electronic share settlement and clearing system as implemented by the JSE;
“Subsequent offer”	offers made to investors and Qualifying Institutional Investors in South Africa, post the Initial offer, to subscribe for further Bips Securities, as set out in the relevant Supplement;
“Supplement”	any supplement issued with or after this Programme which sets out the terms and conditions relating to a specific Bips Fund;
“transaction costs”	the costs payable by the investor in respect of the transfer of ownership of Securities, including the JSE’s Insider Trading levy plus any other costs or levies as determined by the JSE from time to time, including, but without being limited to any other brokerage and other transaction charges;
“Trustee”	the trustee of Bips appointed in terms of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002);
“VAT”	Value-Added Tax in terms of the Value-Added Tax Act, 89 of 1991; and
“website”	the Bips website, the address of which is www.bipsetf.co.za

INTRODUCTION

FirstRand Bank Limited, acting through its Rand Merchant Bank division (“RMB”), has undertaken an initiative to list and distribute Exchange Traded Funds (“ETF’s”) in South Africa which track both local and foreign indices. These ETFs will be listed on the JSE Limited (“JSE”) in terms of an ETF programme with the applicable supplement documentation for each underlying portfolio.

Each fund will be regulated by an appropriate regulator. The Supplement pertaining to each fund will cover its specific structure, investment objectives and policies. The format of the supplement is detailed in Annexure 1.

2. UNDERSTANDING ETF'S AND BIPS

2.1 ETF's

ETFs are one of the fastest growing investment vehicles in the world. An ETF is an investment fund whose objective is to replicate the performance of a specific Index or comply with a prescribed investment mandate.

ETFs are generally open-ended funds that are listed and traded on exchanges like ordinary shares. When you buy Securities of an ETF, you are buying a portion of a portfolio.

ETFs have a unique creation and redemption process. The ability to continually create or redeem Securities ensures that an ETF's market price reflects its underlying NAV.

ETFs enable investors to gain broad exposure to entire stock markets in different countries and specific sectors with relative ease, on a real-time basis, and at a lower cost than many other forms of investing.

2.2 The Investment Objective of Bips

The Investment Objective of Bips Funds will initially fall into one of two categories:

2.2.1 *Index Tracking Bips*

The objective of each Bips Fund is to achieve a total return that reflects the return on the underlying Index of each Bips Fund, as detailed in the Supplement. Index tracking Bips Funds will attempt to place investors in the same position, from a capital and income perspective, as if they held the underlying constituents of the applicable Index in their correct weightings.

Each Index tracking Bips Fund will be aligned with a specific Index. The Index may be adjusted from time to time according to the Index Ground Rules. The adjustments may require the removal of a constituent security from the Index and the replacement thereof with a new constituent security. Adjustments to the portfolio will be made in such a way that the portfolio will at all times remain substantially aligned with the Index.

The objective of each Bips Fund is achieved by investing predominately in the underlying securities that constitute the index, although the Funds may have exposure to other instruments, to replicate the performance of the Index. The Securities held will replicate the weighting of the constituents of the Index and will be adjusted to conform substantially to any changes in the Index.

The Bips Fund's ability to replicate the price performance of the Index will be affected by the costs and expenses incurred by the Fund. Costs and expenses incurred by the Fund may result in the Index not being replicated perfectly by the Bips Fund.

2.2.2 *Managed Bips*

Particular Bips Funds may be actively managed. This means that the asset manager may use discretion in selecting the Securities that are included in the portfolio. The manager will generally employ fundamental and technical analysis in the selection process in order to maximise the return of the Fund. However, in most cases, the discretion of the asset manager will be limited by an investment mandate with which it must comply. This mandate may limit the universe of Securities from which an asset manager may select the portfolio constituents. Details of the investment mandate will be set out in the Supplement for each particular Fund.

2.3 The Benefits of Investing in Bips

2.3.1 Efficient Investing

Investing in Bips Securities represent a more efficient way of tracking a given benchmark compared to investing in a basket of individual stocks. They can serve as a core holding in a multi-asset portfolio, providing a level of diversification that would otherwise be time consuming and expensive to attain.

Investing in Bips Securities can also provide a good alternative to using futures to track indices because futures incur roll costs if they are held for any significant period of time. Futures also require cash management of the margin which can be time consuming and complicated. Bips Securities can be bought in small increments relative to futures, and do not require any special documentation or accounts.

In addition, the Bips Funds may cover many benchmarks for which there are no futures contracts.

An investment in Bips Securities can be used to implement country rotation and country allocation strategies, or simply to equitise a cash holding.

2.3.2 Liquidity

As listed instruments, Bips Securities are bought and sold on the JSE through a JSE broker. To facilitate this, the Market Maker will endeavor to maintain a high degree of liquidity by continuously offering to buy and sell Bips Securities throughout the day.

2.3.3 Flexibility

The minimum investment in a Bips Fund in terms of the initial offer will be detailed in the relevant Supplement. After the listing of the Bips Fund on the JSE, an investor will be able to purchase as few as one security on the secondary market.

2.3.4 Transparency

The exact composition and NAV of each Fund will be published daily on the Bips website (www.bipsetf.co.za).

2.3.5 Low Cost

Investing in Bips Securities is an efficient way of gaining diversified financial exposure while avoiding the costs and risks associated with active investment management.

2.4 Risks of Investing in Bips

2.4.1 Market Risk

Potential investors should be aware that Bips Securities are subject to normal market fluctuations and other risks inherent in investing in Securities. There is no assurance that the investment objectives of any Fund will actually be achieved. A Bips Fund may not be able to exactly replicate the performance of the Index due to a number of factors, *inter alia*:

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

The value of and the income derived from the portfolio may rise or fall and investors may not recoup the original amount invested in a Fund.

2.4.2 Index Risk

Potential investors should note that there is no guarantee that the Index will continue to be calculated in the manner in which it is currently calculated. In addition, the past performance of the Index is not always an indication of future performance.

Neither the licensor of the Index, nor the Manager nor the Trustee:

- guarantee the accuracy and/or the completeness of the Index or any data included in the Index;
- will bear any liability for any errors, omissions or interruptions in the Index; or
- warrants or make any representation as to the results to be obtained by the Bips Fund or any investor in Bips Securities from the use of the Index.

Due to the fact that the Index was created as a measure of Securities performance and not for the purpose of trading in Bips Securities, the Index may be adjusted by the licensor without regard to the interests of holders of Bips Securities, but solely with a view to the original purpose of the Index.

Accordingly, if for any reason the Index ceases to exist:

- if there is, in the reasonable opinion of the Manager, a successor index composed and weighted according to similar criteria as are applied in respect of the Index, the portfolio of Securities housed in the Bips Fund shall be adjusted to track the successor index.
- if there is not, in the reasonable opinion of the Manager, an appropriate successor to the Index, then that Bips Fund will be wound up.

The Bips Funds are not sponsored, endorsed, sold or promoted by the licensor of the Index, which makes no warranty or representation whatsoever, expressly or implied, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The licensor shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and/or its calculation and shall be under no obligation to advise any person of any error therein. The Index utilised is a trademark and is used by the Manager under license.

2.4.3 Tax Risk

The tax treatment of investors will vary from country to country and will depend on the tax status of the investor in question. Investors should seek their own professional tax advice.

2.4.4 Currency Risk

Depending on an investor's currency of reference, currency fluctuations between an investor's currency of reference and the base currency of the relevant Bips Fund may adversely affect the value of an investment in the Fund and may result in losses.

2.4.5 Secondary Trading Risk

The Market Maker will attempt to ensure that a liquid secondary market in Bips Securities will develop but will not guarantee such a market.

Bips Securities may trade at a discount or premium to their NAV on the secondary market. However, investors may redeem their securities from the manager at the NAV less any applicable fees.

Bips Funds will be listed on the JSE, however, there is no guarantee of their continued listing. Any termination of listing would be subject to the JSE Listings Requirements.

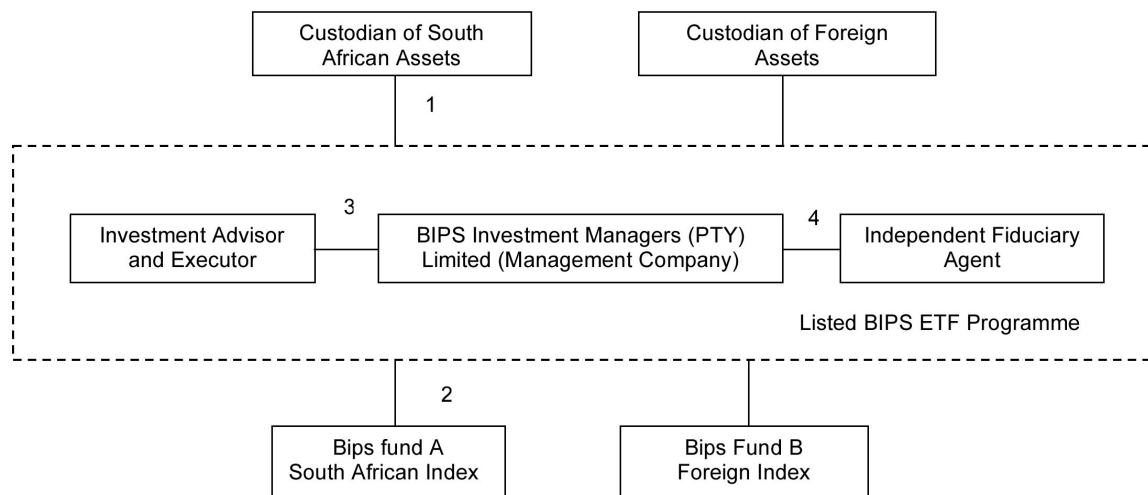
2.4.6 Political Risk

The performance of the Fund may be affected by changes in economic and market conditions, political developments or changes in Government policies, changes in legislation, Exchange Control, regulatory requirements and tax legislation.

3. THE ISSUER

3.1 Structure

The structure of Bips is set out diagrammatically below:



Notes:

1. Underlying securities of Bips Fund are held independently by the custodian.
2. Issuing of Bips Securities by the appropriate structure under this programme.
3. Agreement to execute trades and provide investment advice.
4. Contractual agreement.

3.2 Management

3.2.1 The Manager

Bips is managed by Bips Investment Managers (Pty) Limited, the Manager. The Manager is an approved manager of Collective Investment Schemes and as such is governed in terms of the Collective Investment Schemes Control Act, 2002 (“CISCA”).

The share capital in the Manager is held entirely by FirstRand Investment Holdings (Pty) Limited.

Details of the directors of the Manager are set out below:

Full name	Business address	Function	Executive/ Non-executive	Qualifications and experience
Ryan David Proudfoot	1 Merchant Place Corner Fredman Drive and Rivonia Road Sandton 2196	Director	Non-executive	CA(SA) Head of RMB Prime Broking
Leonard Jordaan	1 Merchant Place Corner Fredman Drive and Rivonia Road Sandton 2196	Director	Executive	B Com (Hons) Joint Head of ETF's at Rand Merchant Bank
Abraham van Heerden	1 Merchant Place Corner Fredman Drive and Rivonia Road Sandton 2196	Director	Non-executive	CA(SA) Head of Equities at Rand Merchant Bank

Full name	Business address	Function	Executive/ Non-executive	Qualifications and experience
Louis Johannes Grobbelaar	1 Merchant Place Corner Fredman Drive and Rivonia Road Sandton 2196	Director	Non-executive	CA(SA) CFO of the Equities Division at Rand Merchant Bank

Note: All directors are South African citizens.

The names of all companies and partnerships in which each of the directors is or has been a director or partner at any time in the previous five years are listed on Annexure 2.

None of the directors of Bips Investment Managers has been appointed for any specific term of office and they will not retire by rotation. Each of the directors of Bips Investment Managers will accordingly hold office until he/she resigns, is replaced by the person that appointed him/her or otherwise becomes ineligible to be a director of a company. None of the directors of Bips Investment Managers will, in his capacity as such, be remunerated. None of the directors of Bips Investment Managers has any interest in the shares of Bips Investment Managers.

The salient provisions of the memorandum and articles of association are set out in Annexure 5.

3.2.2 The Investment Advisor

The Manager has entered into an agreement with the Investment Advisor, in terms of which the Investment advisor will monitor changes to the index constituents and execute transactions to reflect these changes on behalf of the Manager. All fees payable to the Investment Advisor shall be paid by the Manager.

3.2.3 The Independent Fiduciary Agent

The Independent Fiduciary Agent's role will encompass, inter alia, the protection of investors' interests, by fulfilling a fiduciary role. Any material obligations that are specific to individual Bips securities will be outlined in the relevant supplement.

3.2.4 The Market Maker

RMB Securities (Pty) Limited has been appointed as a Market Maker in order to encourage and facilitate liquidity in the secondary market. This role will entail simultaneously buying and selling Bips Securities to enhance liquidity and create an active secondary market.

3.2.5 Bips Funds

Each Bips Fund is divided into Securities which represent a beneficial interest, similar to shares in a company. A Bips Security is issued by the Fund and listed on the JSE. Each Bips Security affords the investor an equal proportionate interest in the portfolio in respect of which it is issued.

The rights of security holders are detailed in the Supplement particular to that Fund. Investors' rights are not uniform across all of the funds within the structure, and therefore the obligations of each Bips Fund, may vary. Investors should consult the Supplement particular to the Fund in which they are invested for a detailed description of their rights as security holders.

3.2.6 The Custodian

The custodian will be responsible for holding the underlying securities that are purchased to track the index of a particular Bips Fund. This custodian performs this function independently of the manager.

3.3 Administration

3.3.1 Operation

Each Bips Fund will be an open ended Index fund replicating a particular underlying Index. The Asset Manager is obliged to ensure tracking of the Index by purchasing and holding the actual Securities comprising the Index in the correct proportions, to the extent possible.

Subject to the Bips Fund's objectives, the Manager may employ techniques and instruments relating to transferable Securities, including investment in financial derivative instruments, provided such techniques and instruments are used for efficient portfolio management.

3.3.2 Distribution Policy

The distribution policy for each Bips Fund will be detailed in each of the Supplements.

3.3.3 Annual Report

Within 90 days of the end of the financial year of the each Bips Fund, the Manager will publish on SENS and the website a report containing information in relation to that Bips Fund. Audited financial statements of the Bips Fund will be made available on request to an investor.

3.3.4 Website

Copies of this Programme, the Supplements, annual reports, and the composition and NAV of the Index will be published daily on the Bips website (www.bipsetf.co.za).

The following information will be published on each business day on the Bips website:

- the NAV of the ETF Securities;
- the costs applicable to the portfolio and investors;
- the constituents of the Index;
- any change in the composition of the Index; and
- the cash portion for creations and redemptions.

The price at which Bips Securities trade on the secondary market may be distributed by business newspapers daily.

4. FEES AND COSTS

4.1 Fees Payable by Investors

The Manager is entitled to charge a fee calculated as a percentage of the assets under management.

The Manager is permitted to charge an upfront fee in connection with the expenditure incurred and administration performed by it in respect of the creation, issue and sale of Securities. Such fees will be expressed as a percentage of the consideration received from an investor and charged on a sliding scale dependent on the size of the investment. The Manager may choose to waive all or a portion of this fee.

The Manager is also permitted to charge an exit fee in connection with the expenditure incurred and administration performed by it in respect of the repurchase of Securities. These fees will be expressed as a percentage of the proceeds from the sale by the investor of the Bips Securities and charged on a sliding scale.

The Manager may waive some or all of the upfront fees, exit fees and/or management fees charged in respect of an investment in Bips

All taxes, duties, administration, transaction and custody charges and brokerage fees will be for the investor's account.

4.2 Expenses

The preliminary and issue expenses in relation to the initial offer (stated exclusive of VAT) are set out below, these costs are to be paid by the Manager:

<i>Expense</i>	Rand
JSE documentation inspection fees for the Programme	50 000
Sponsor fee for the Programme	375 000

Fees payable by the investor in respect of each Fund will be clearly set out in the relevant Supplement.

5. THE INITIAL OFFER

The Initial offer is an initial public offering to investors regarding an investment in Bips Securities. The Initial offer opening and closing details will be furnished in the relevant Supplement.

5.1 Conditions of the Initial Offer

- Once submitted, an application is irrevocable.
- All subscriptions for Bips Securities will be treated as primary market acquisitions and no application forms are required.
- All subscribers to Bips Securities must have a valid account with a broking member of the exchange. Subscribers that do not have an account with a JSE member can contact any broker registered with the JSE to open an account. A list is available on the JSE website (www.jse.co.za).

5.2 Participating in the Initial Offer

To participate in the Initial offer, you must contact your broker. Information regarding the subscription procedures for each Bips fund is detailed in Annexure 3.

5.3 The Issue Price of a Bips Security

The issue price of each Bips Security will be the cost of acquiring the underlying portfolio less any applicable costs, divided by the number of Securities.

5.4 Discharging the Issue Price during the Initial Offer

The price payable by an investor if he subscribes for Securities during the Initial offer period may be settled in one of two ways, either by a payment in cash (in Rand the Index currency) or by the delivery of one or more baskets of Securities (i.e. *in specie* subscriptions).

5.4.1 *In Specie Subscriptions*

In respect of *in specie* subscriptions, the minimum price payable by an investor is one basket of Securities.

5.5 Minimum Subscriptions

Given that the portfolio is not a closed-ended fund, there is no upper limit on the number of Securities available for purchase unless specifically indicated in the relevant supplement.

In respect of cash subscriptions, the subscription must be made for a minimum amount of R10 000.

Investors will not receive a certificate. Bips Securities are issued in dematerialised form only, meaning that they are not evidenced by a certificate, but instead are held in electronic form and recorded in a sub-register maintained by a CSDP.

5.5 Subsequent Offer

Post the Initial offer, investors and Qualifying Institutional Investors will be able to subscribe for further Bips Securities. The process to participate in Subsequent offers will be the same as that described for the Initial offer. The details of Subsequent offers will be set out in the relevant Supplement.

6. VALUATION, SUBSCRIPTIONS AND REDEMPTIONS

6.1 Calculation of Net Asset Value

The NAV of each Fund will be expressed in Rand. The NAV of the portfolio is calculated by deducting all permissible deductions from the value of the assets held by the Fund (which is determined with reference to the market value of the underlying Securities, which takes into account both income received by the Fund and amounts which investors must pay the Manager on the creation of new Securities to afford them equal participation in the income which has accrued in the portfolio).

The NAV per Security is calculated by dividing the NAV of the portfolio by the number of Securities in issue at the time of the calculation. This information is determined at close of trade on each business day. The NAV will be published on the website daily.

6.2 Trading in Bips Securities

Investors wishing to trade in Bips Securities should contact their JSE broker who will be able to assist in the purchase or sale of Bips Securities. A list of JSE members may be found on the JSE website (www.jse.co.za).

If you wish to subscribe for new Bips Securities after the initial offer or you wish to redeem your Securities, you should contact the Manager, details of which are set out on the inside front cover.

6.3 Purchasing Bips Securities, after the Initial Offer Closes

As each Bips Fund is not a closed ended fund, there is no restriction on the number of Securities that may be issued. You can acquire additional Securities from the Manager or on the secondary market through your broker. Once listed, it should be possible to trade the Securities at any time during market hours (being 09:00 until 17:00 in South Africa) on business days given normal trading conditions.

6.4 Disposal of Bips Securities

Investors wishing to sell their Securities should contact their broker to facilitate their sale on the JSE. Bips Securities will be freely tradable, and issued only in dematerialised form. Accordingly, any trades will be settled through Strate.

Investors may also contact the Manager who will repurchase your Securities from you. If the Manager effects a repurchase from you, you may elect to receive the consideration in cash or you may take delivery of one or more baskets taking into account any upfront or exit fees charged by the Manager.

6.5 Process for Subscriptions and Redemptions

The detailed process for subscriptions and redemptions is detailed in Annexure 3.

The minimum value for subscriptions and redemptions is one basket of Securities.

6.5.1 *In Specie*

In specie subscribers under the Initial offer should contact the Manager.

No *in specie* subscriptions will be permitted without delivery of the underlying Securities in full baskets together with the applicable cash amount. Likewise, no *in specie* redemptions will be permitted otherwise than in respect of full baskets.

In addition to the delivery of a basket, an applicant shall be required to pay, in cash, the applicable transaction fee and costs.

6.5.2 *Cash Redemption*

If applicable, investors wanting to redeem Securities for cash should contact their JSE brokers directly.

6.6 Securities' Prices after the Initial Offer

After the listing date investors will be able to acquire Bips Securities in any of the following ways; subscription for cash, subscription in specie, and purchase on the secondary market.

If you buy or sell your Securities on the JSE after the Initial offer, the price that you pay for or receive for your Securities (net of brokerage commission and any other trading costs) will be determined by the prevailing market price on the JSE at the time of the trade. Actual market values may be affected by supply and demand and other market factors, but the ability of a holder of Bips Securities to take delivery of the underlying basket of Securities, should operate to substantially avoid or minimise any differential which may otherwise arise between the price at which the Bips Securities trade and the value of the underlying basket of Securities.

If you subscribe to the Manager for new Securities after the Initial offer closes or redeem your Securities, the price (which is calculated on the JSE every trading day) will be the NAV of the Securities at the time of issue or redemption thereof (less any transaction costs, such as upfront fees or exit fees payable to the Manager) divided by the number of Securities in issue. Due to market influences, the NAV per Security may differ from the market price obtainable on the secondary market.

If you buy or sell your Securities on the secondary market then the price will be the market price, being the price agreed between a willing buyer and a willing seller. Any transaction on the secondary market will be subject to the customary State fees, brokerage and transfer duties associated with trading on the JSE.

7. EXCHANGE CONTROL CONSEQUENCES

The following summary is intended as a guide only in respect of the Exchange Control consequences of investing in Bips and is not comprehensive. Any applicants who are in doubt as to the status of their applications should consult their professional advisors.

7.1 The Exchange Control Consequences of an Investment in a Security in Bips Based on South African Underlying Assets

7.1.1 *Non-South African Residents*

If any Bips Securities are issued to non-residents of the common monetary area, the custody or broker accounts of such investors will be designated "Non-Resident". A person who is not resident in the common monetary area should obtain advice as to whether any governmental and/or legal consent is required and/or whether any other formality must be observed to enable a subscription for Bips Securities to be made under the initial offer and thereafter.

Nothing contained in this offering circular constitutes an offer in any area of jurisdiction in which it is illegal to make such an offer. In such circumstances, this offering circular is sent for information purposes only.

7.1.2 *Emigrants from the common monetary area with Blocked Rand*

- Former residents of the common monetary area who have emigrated are permitted to use their emigrant blocked funds (i.e. money which, in terms of the Exchange Control Regulations, is not permitted to be taken out of South Africa or paid into a non-South African resident's bank account) ("blocked Rand") to subscribe for Bips Securities.
- All payments using blocked Rand must be made through the authorised dealer in foreign exchange.
- Bips securities issued pursuant to the use of blocked Rand will be credited to the applicants' blocked share accounts at the CSDP controlling their blocked portfolios.
- If applicable, refund monies payable in respect of unsuccessful or partially successful applications for Bips securities emanating from emigrant blocked accounts will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.

7.2 The Exchange Control Consequences of an Investment in a Security in Bips Based on Foreign Underlying Assets

The Exchange Control approvals referred to in paragraphs 7.2.1 and 7.2.2 below have been granted on the basis that:

- all the control and reporting measures laid down by the Exchange Control Department are strictly adhered to;
- a special escrow account similar to a Vostro account will be operated in such a manner that only Bips transactions are passed through such account and all Cross Border Foreign Exchange Transaction Reporting System requirements are adhered to;
- an audit trail for Exchange Control compliance and the Cross Border Foreign Exchange Transaction Reporting System will be available at all times to facilitate inspection and audits by the Exchange Control Department on a regular basis.

7.2.1 *South African Individuals*

South African individuals are permitted to acquire Securities in Bips without restriction and as such an investment in Bips will not affect or constitute a portion of the individual's applicable offshore investment allowance. However South African individuals are not

permitted (without obtaining approval from the South African Reserve Bank) to take delivery of a basket of offshore Securities upon redemption of Securities in Bips Securities or to receive payment of distributions in non-Rand denominated currency.

7.2.2 South African Institutional Investors

Qualifying Institutional Investors are eligible for a foreign portfolio investment allowance. The exchange control limit on foreign portfolio investment by institutional investors will be applied to an institution's total retail assets. "Retail assets" refer to assets received from individuals and other entities such as companies, trusts and the like and include assets received indirectly through an intermediary, such as a nominee company or investment manager not regarded by the Exchange Control Department as a Qualifying Institutional Investor.

Retirement funds and long-term insurers for exchange control purposes may invest up to 15% of their total retail assets in Bips Securities, while registered investment managers and collective investment scheme management companies are permitted to invest up to 25%. Qualifying Institutional Investors which are non-controlled clients may elect to receive their distributions in Index currency, provided that their CSDP and the Manager are appropriately notified at least five business days prior to the applicable last day to trade.

Qualifying Institutional Investors should contact their professional advisors or the Exchange Control Department for information on the reporting and compliance requirements.

7.2.3 South African Corporate Entities and Trusts

An acquisition of Bips Securities by a South African corporate entity or trust will be regarded by the Exchange Control Department as a foreign investment requiring specific approval by the Exchange Control Department. South African corporate entities or trusts should accordingly contact their professional advisors or the Exchange Control Department for information on obtaining approval for foreign investments.

7.2.4 Non-South African Residents

If any Bips Securities are issued to non-residents of the Common Monetary Area, the custody or broker accounts of such investors will be designated "non-resident". Any funds due to a non-resident in respect of his Bips Securities may, in terms of the Exchange Control Regulations, be paid or transferred abroad only if the Securities were acquired using foreign currency introduced into South Africa and provided the custody or broker account is designated "non-resident".

7.2.5 Emigrants from the Common Monetary Area with Blocked Rand

The Exchange Control Department has advised that former residents of the Common Monetary Area who have emigrated are not permitted to use their Blocked Rand to subscribe for Bips Securities.

8. TAXATION CONSEQUENCES

The following is intended as a guide only and does not purport to be exhaustive. The information set out below is accurate as at the date of issue of this offering circular, but is subject to change in the event of any changes in tax policy. Investors' tax consequences will vary depending on their individual tax status. Accordingly investors are strongly advised to consult their professional tax advisors.

Tax Consequences for the Holder of Bips Securities

ETFs are generally structured to place the investor in the same position, as if the underlying securities were directly held. Accordingly, the investment vehicle is not taxed and any tax consequences are passed on to the investors. The specific tax consequences for each Bips Fund will be set out in the various Supplements. Investors' tax consequences will vary depending on their individual tax status. Potential investors are strongly advised to consult with their professional advisors as to the implications of their subscribing for, purchasing, holding, or disposing of Bips Securities.

9. FINANCIAL INFORMATION

No financial information has been provided due to the fact that from the date of establishment until the date of issue of this memorandum, the manager has been dormant, has no assets and has not earned any income.

10. GENERAL

This section covers regulatory, statutory and other information relevant to the listing of the Bips Securities on the JSE.

10.1 King Code of Corporate Practice and Conduct

The directors of the Manager confirm their commitment to the principles of transparency, integrity and accountability as advocated by the Second King Report on Governance (Code of Corporate Practices and Conduct). Shareholders and other stakeholders may derive assurance that Bips is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.

The King Code will be applied to all applicable Bips Funds. These procedures and policies will be reviewed from time to time.

10.2 Listing on the JSE

Application will be made to the JSE for the listing of the Bips Securities.

10.3 Litigation

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which the manager is aware that may have or have in the recent past, being at least the previous 12 months, a material effect on the financial position of Bips.

10.4 Director's responsibility

The directors of Bips Investment Managers (Pty) Limited, whose names are set out on pages 11 and 12 of this Programme, collectively and individually, accept full responsibility for the accuracy of the information contained in this Programme and certify that, to the best of their knowledge and belief, no facts have been omitted the omission of which would make any statement in this Programme false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the Programme contains all information required by law and the JSE Listings Requirements.

10.5 Experts' consents

The Sponsor, Auditors, Originator and Investment Advisor, Market Maker, Trustee and the Manager whose names are set out in this Programme have consented to their names being referred to in this Programme in the form and context in which they are included and had not withdrawn their consent at the last practicable date.

10.6 Material contracts and documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Manager at any time during office hours:

- a signed copy of this Programme and the relevant Supplements (available in English only);
- the memorandum and articles of association of the Manager;
- the Investment Advisor and Executor agreement;
- the written consents of the experts to act in the capacities stated;
- relevant prospectus for funds; and
- the deed relevant to South African indices.

SIGNED AT JOHANNESBURG BY LEONARD JORDAAN ON BEHALF OF ALL OF THE DIRECTORS OF BIPS INVESTMENT MANAGERS (PTY) LIMITED ON 2 OCTOBER 2008.

FORM OF SUPPLEMENT

1. SUMMARY OF OFFERING

- 1.1 Issuer/Portfolio:** _____
- 1.2 ISIN:** _____
- 1.3 Share code:** _____
- 1.4 Long name:** _____
- 1.5 Abbreviated name:** _____
- 1.6 Index:** _____
- 1.7 Description of participatory interests:** _____
- 1.8 Distribution or accounting period:** _____
- 1.9 Opening date of the initial offer:** _____
- 1.10 Closing date of the initial offer:** _____
- 1.11 Ramp up period commences:** _____
- 1.12 Listing date:** _____
- 1.13 Ramp up period ends:** _____
- 1.14 Release of announcement on SENS as to the results of the initial offer:** _____
- 1.15 Any other special conditions and modifications to the terms and conditions set out in the Bips ETF Programme Memorandum dated 2 October 2008 in respect of the new Bips participatory interests:** _____
- 1.16 Investment policy:** Refer to **Annexure A.**
- 1.17 Management and other fees:** Refer to **Annexure B.**
- 1.18 Preliminary expenses:** Refer to **Annexure C.**
- 1.19 Composition of the Index:** Refer to **Annexure D.**
- 1.20 Performance of the Index:** Refer to **Annexure E.**

Please refer to the Bips ETF Programme Memorandum, dated 2 October 2008 for further information regarding the participatory interests.

PREVIOUS AND CURRENT DIRECTORSHIPS AND PARTNERSHIPS HELD BY THE DIRECTORS OF THE MANAGER

Leonard Jordaan:

LEVCOR Investment Holdings (Pty) Limited

Ryan David Proudfoot:

RMB Stockbroking Operations (Pty) Limited

RMB Stockbroking (Pty) Limited

Abraham van Heerden:

Business Venture Investments No. 458 (Pty) Limited (Active)

RMB Securities (Pty) Limited: RST Nominees (Pty) Limited (Resigned)

RMB Stockbroking operations (Pty) Limited (Resigned)

RMB Morgan Stanley (Pty) Limited (Active)

None of the directors has been involved in any:

- bankruptcies, insolvencies or individual voluntary compromise arrangements;
- receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements, or any composition or arrangement with its creditors generally or any class of its creditors of any company where such person is or was a director with an executive function of such company at the time of or within 12 months preceding such event(s);
- compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within 12 months preceding such event(s);
- receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of or within the 12 months preceding such event;
- public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or
- offence involving dishonesty.

SUBSCRIPTION CONDITIONS AND PROCEDURES

The subscription conditions and procedures set out below are applicable both to the Initial offer and any subsequent subscriptions (other than secondary market trades) thereafter:

1. CONDITIONS OF THE INITIAL OFFER

- Once submitted, an application is irrevocable.
- All subscription for Bips Securities will be treated as primary market acquisitions and no application forms are required.
- All subscribers to Bips Securities must have a valid account with a broking member of the JSE and must either be a controlled or a non-controlled client. Subscribers that do not have an account with a JSE member can contact any broker registered on the JSE to open an account. A list is available on the JSE website (www.jse.co.za).

2. SUBSCRIPTIONS AND REDEMPTIONS AFTER THE INITIAL OFFER

You must contact the Manager, the contact details of which are set out on the inside front cover of this circular.

3. CASH SUBSCRIPTIONS

Your payment may be made either in South African currency (Rand) or in the Index currency.

Rand subscriptions

Resident South African subscribers must be aware of the Exchange Control limitations applicable to Rand subscriptions on foreign underlying assets. Qualifying Institutional Investors must have the approval of the Exchange Control authorities for subscriptions based on foreign underlying assets.

Rand cash subscriptions under the Initial offer must be in a minimum amount of R10 000.

A cash subscription under the Initial offer will be based upon the amount which an applicant applies to invest in Bips Securities rather than a function of how many Bips Securities an applicant wishes to acquire in terms of the subscription. The cash subscription price and the number of Bips Securities to be issued to an applicant for cash will be determined by the amount which the applicant invests (net of the transaction costs and applying the specified exchange rate) of the *pro rata* cost to the fund of acquiring the underlying basket.

Following the close of the Initial offer there shall be a Ramp Up Period during which the fund will acquire the appropriate underlying baskets of Securities (comprising the Index) utilising the cash raised during the Initial offer period (simultaneously with or after conversion of any Rands received during the Initial offer period to the Index currency).

After the Ramp Up Period the Manager shall publicly announce the number of Bips Securities allotted and issued per the letters of allotment (“LAs”) together with details of the basis on which Bips Securities were allocated under the Initial offer. Investors should be aware that transaction costs will be deducted from the subscription amount accompanying their applications, and accordingly, the relevant subscription amount (less transaction costs) shall be invested in Bips Securities. The LAs will then be converted into Bips Securities in accordance with the published conversion ratio. Although the basis of allocation will be publicly announced on the trading day following the end of the Ramp Up Period, applicants will only be informed of their actual individual allocations on receipt of their statements from their broker or CSDP. Accordingly applicants who deal prior to the receipt of their statements do so at the risk of selling Bips Securities in respect of which they have not received confirmation of an allocation.

All taxes, duties, custody charges, brokerage fees, JSE Insider Trading fees and any other costs and expenses will be for your own account.

Bips Securities will be issued to successful applicants and will be booked to applicants' relevant Securities accounts in the books of their broker or CSDP on the listing date, provided that the aforesaid requirements have been fulfilled and the minimum investment criteria have been met.

Neither Bips, Bips Investment Managers, the Independent Fiduciary Agent, the Manager nor the JSE Issuer Services Division will accept responsibility for any payment made, LA or statement that is lost or stolen in the post.

Cash subscriptions (foreign currency)

Only subscriptions in the Index currency will be accepted. A specified minimum Index currency will be applicable for foreign currency subscriptions, as will be detailed in the relevant Supplement. The subscriber must contact the Manager directly prior to subscribing and confirm its South African CSDP details.

“In specie” subscriptions

Investors subscribing for Bips Securities *in specie*, by the delivery of one or more full baskets of Securities, are obliged to subscribe for Securities in the number of blocks as dictated in the relevant supplement. In addition to the delivery of a basket, an applicant shall be required to pay, in cash, *inter alia*, a *pro rata* portion of the income accruals.

Bips Securities will not be issued unless the Issuer CSDP is satisfied that the relevant Securities and the specified cash amount have been received by it.

Procedures

Investors must give their broker or CSDP instructions that they wish to subscribe for Bips Securities. Such an instruction is akin to an instruction to purchase on the market, is irrevocable and is binding on the client and the broker or CSDP.

The procedures for subscriptions, which will be in accordance with Strate's requirements, will be available from the Manager, contact details of which are set out on the inside front cover.

Investors wishing to subscribe *in specie* should contact the Manager directly prior to subscribing and confirm their South African CSDP details. The Manager will publish on its website the basket constituents and the specified cash amount for the subscriptions.

SALIENT PROVISIONS OF THE DEED

5. “Remuneration of manager

- 5.1 The manager is remunerated for its services and reimbursed for its expenses in performing its obligations under this deed.
- 5.2 The manager may at any time in its discretion waive or rebate its remuneration or reimbursement or any part thereof.”

6. “Powers of manager

Subject to the Act and this deed, the manager may in its absolute and uncontrolled discretion:

- 6.1 do all such things and enter into all such arrangements as are necessary for the administration of the scheme and to achieve the investment objectives of a portfolio of the scheme;
- 6.2 select, purchase, sell, exchange or change any of the assets of a portfolio;
- 6.3 in writing appoint persons to exercise powers and perform duties on its behalf and, in particular, appoint transfer secretaries, secretaries and agents; and
- 6.4 ...;
- 6.5 borrow money under section 96 of the Act subject to the following limits and conditions:
 - 6.5.1 the manager must obtain the prior consent of the trustee to the borrowing;
 - 6.5.2 the term of the loan may not exceed 61 days, provided that if insufficient liquidity continues thereafter the loan may be renewed with the consent of the trustee;
 - 6.5.3 the loan may not bear a penalty for early settlement;
 - 6.5.4 the loan must be serviced in sequence of priority out of:
 - 6.5.4.1 inflows to the portfolio; and
 - 6.5.4.2 realisation of assets;
 - 6.5.5 the outstanding capital amount of the loan must be used when computing a portfolio's net asset value price in terms of clause 28;
 - 6.5.6 as security for the repayment of the loan the manager may:
 - 6.5.6.1 cede a proportionate share of the assets of the portfolio to the lender on condition that ownership of the ceded assets will only be transferred to the lender if the manager is in default; or
 - 6.5.6.2 grant an option to the lender to purchase a proportionate share of the assets, equal in value to the outstanding amount of the loan, at the end of the term of the loan;
 - 6.5.7 the manager may only borrow funds if liquidity cannot reasonably be obtained without encumbering the assets of the portfolio;
 - 6.5.8 the amount borrowed must be limited to an amount necessary to repurchase or cancel participatory interests;
 - 6.5.9 the manager must disclose in its offering documents, point of sale documents and/or relevant marketing material that the manager may borrow up to 10 per cent of the market value of the portfolio to bridge insufficient liquidity;

- 6.6 engage in scrip lending under section 85 of the Act subject to the following limits and conditions:
 - 6.6.1 the scrip lending must be beneficial to all investors;
 - 6.6.2 the manager may lend or offer to lend securities with a value not exceeding 50 per cent of the market value of all the securities included in a portfolio;
 - 6.6.3 the securities that may be lent to one borrower are limited in accordance with the limits determined by the registrar ...;
 - 6.6.4 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 per cent at all times and may only consist of:
 - 6.6.4.1 cash; or
 - 6.6.4.2 other securities; or
 - 6.6.4.3 a combination of cash and other securities;
 - 6.6.5 securities may not be lent for a period longer than 12 months;
 - 6.6.6 securities may not be lent unless subject to a right of recall;
 - 6.6.7 all fee income earned from securities lending, less necessary expenses, must be administered for the benefit of investors;
 - 6.6.8 the manager must disclose in the quarterly and annual financial statements the securities that are lent, the value thereof and the composition and the nature of the collateral security held in respect of such loan;
 - 6.6.9 the agreement of loan and the agreement relating to the security furnished by the borrower must be in writing and must at least provide for:
 - 6.6.9.1 the period of notice of termination of the loan;
 - 6.6.9.2 payments that may be made by the borrower to the portfolio in lieu of dividends accrued or paid in respect of the securities borrowed;
 - 6.6.9.3 fees or charges payable by the borrower to the portfolio;
 - 6.6.9.4 charges payable by the borrower to the portfolio to compensate investors for additional taxes in respect of taxable earnings in the form of payments by the borrower to the manager in lieu of dividends accrued or paid on the securities loaned;
 - 6.6.9.5 reservation of the right of execution without court order and immediate transfer to the manager of the ownership of and all rights, including voting rights, attached to the collateral security, if the borrower defaults or becomes insolvent;
 - 6.6.9.6 an undertaking by the borrower to deliver to the portfolio securities equivalent to any rights in respect of the loaned securities that may become exercisable before redelivery of the loaned facilities.”

10. **“Retirement and substitution or liquidation of manager**

- 10.1 The manager may, with the written approval of the trustee and the registrar, in writing appoint any other company qualified to act as manager in terms of the Act, as manager in its stead
- 10.2
- 10.3 If the manager is liquidated, the trustee must take immediate steps for the appointment of a new manager.”

11. **“Appointment and powers of trustee**

Subject to the Act and this deed, ABSA Bank Limited is the trustee of the scheme. The trustee has all the powers necessary to protect the interests of investors in terms of the Act and this deed and has, save as otherwise provided in this deed, the powers necessary to perform its functions to achieve the objectives of the scheme and its portfolios.”

13. **“Remuneration of trustee**

13.1 In every accounting period, the manager must:

13.1.1 authorise payment to the trustee by way of remuneration for the trustee’s services, of such amount as may be agreed between them;

13.1.2 reimburse the trustee for all its expenses incurred in connection with the scheme, other than expenses expressly required by this deed to be paid out of a portfolio, and other than expenses incurred by it as a result of its own negligent and unlawful conduct.”

14. **“Registration and retention of assets by trustee**

14.1 The assets of a portfolio must be registered either in the name of the trustee or with the written consent of the registrar in the name of the nominee company of the trustee. Any reference in this deed to the trustee in relation to the vesting, registration or holding in its name of assets, or to its rights, powers and obligations as the registered owner of the assets, is, unless inconsistent with the context, deemed also to be a reference to the said nominee company. The trustee is liable for any act or omission of the nominee company in relation to any assets held in the name of the nominee company. Despite the foregoing, the trustee or its nominee company must take delivery of and retain in safe custody and under its own supervision and control the documents of title to the assets.

14.2 Subject to the provisions of this deed with regard to scrip lending and the borrowing of money by the manager, the assets must be held by the trustee or its nominee company in its name in trust for the investors and the trustee or its nominee company may not allow the whole or any part of such assets to be pledged or encumbered in any way.”

20. **“Removal of trustee**

20.1 Subject to the Act, the manager may with the written approval of the registrar:

20.1.1 pursuant to a ballot of investors in all portfolios (to which clause 59 of this deed applies);
or

20.1.2 at the written request of not less than 50 per cent of the investors excluding the manager, in all the portfolios, holding not less than 50 per cent in value of the total number of participatory interests then in issue,

require the trustee by notice in writing to resign from office.”

23. **“Initial or additional portfolio and offer of participatory interests**

..... The manager is responsible for the payment of all expenses (including permissible deductions) arising out of and relating to the formation of the initial and any additional portfolio. ”

24. **“Creation, sale, repurchase or cancellation of participatory interests in the primary market**

24.1 The manager has the exclusive power to secure the creation and issue of participatory interests in a portfolio.”

26. **“Undivided interest in portfolio**

Each investor is, equally with every other investor, entitled to one undivided proportionate participation in a portfolio but is, subject to clause 35, not entitled to any particular asset of the portfolio. ”

28. **“Net asset value and sale price of participatory interest in relation to the primary market**

Unless participatory interests are offered at a fixed price pursuant to section 94(1)(b) of the Act, the manager must issue participatory interests in a portfolio at the net asset value price per participatory interest, which price is calculated on the date on which any participatory interest is issued or the previous date, whichever is consistently applied, according to the formula:

A + B

C

Where:

A = the aggregate market value of the assets in the portfolio, excluding the income accruals and payments referred to in B ...;

B = the aggregate of all income accruals and payments received in lieu of income accruals from the creation of new participatory interests in the portfolio, during the relevant accounting period up to the said date, but excluding:

(i) any part of those income accruals and payments in lieu of income accruals, set aside at the last preceding distribution date for distribution, but not yet distributed; and

(ii) such further amount, out of those income accruals and payments in lieu of income accruals, as in the opinion of the manager represents a fair proportion, at the pricing date, of the permissible deductions for the relevant accounting period;

C = the total number of participatory interests in issue in the portfolio on the pricing date.”

30. **“Manager may sell participatory interest in exchange for asset**

30.1 Subject to and in accordance with the following provisions, the manager may secure the creation and issue of, or sell a participatory interest in a particular portfolio by way of exchange for an asset upon such terms as the manager may think fit.

30.2

30.3

30.4 The manager and the trustee must be satisfied that the exchange is not likely to prejudice existing investors.”

31. **“Manager’s charge to the investor**

31.1 The manager shall be entitled to charge the investor any of the charges set out in clause 31.6 below:

31.2 The amount of the manager’s charge, if any, must be determined by the manager in its discretion and:

31.2.1 may be expressed as a percentage of the amount received or proceeds paid; or

31.2.2 may be calculated in terms of clause 31.5 in accordance with a sliding scale; or

31.2.3 may be a fixed amount per specific type of transaction, which amount must be disclosed to the investor; or

31.2.4 may be a combination of the above.

31.3 The manager must give not less than three months’ written notice to investors of any increase in the manager’s charge or any change in the method or calculation thereof that could result in an increase thereof.

31.4 Nothing herein contained precludes the manager from reducing the manager’s charge or from not rendering any manager’s charge.

31.5 The scale of the manager's charge applicable to varying sizes of investment, if any, must be determined and published by the manager in all offering documents, point of sale documents or relevant marketing material.

31.6 For the purpose of this scheme the following manager's charges (if any) shall be applicable in dealings with the manager:

31.6.1 Upfront manager's charge

In relation to a participatory interest, means that portion of the amount received from an investor which represents the manager's charge in respect of expenditure incurred and administration performed by it in connection with the creation, issue and selling of such participatory interest which, subject to any notice referred to in clause 31.3;

- is expressed as a percentage of the amount received from an investor; or
- is calculated in terms of clause 31.5 in accordance with a sliding scale.

31.6.2 Manager's charge, charged on exit

In relation to a participatory interest, means that portion of the proceeds on the repurchase of the investor's participatory interests, as determined by the manager from time to time, which represents the manager's charge in respect of expenditure incurred and administration performed by it in connection with the repurchase of such participatory interests, which, subject to any notice referred to in clause 31.3;

- is expressed as a percentage of the proceeds from the repurchase of the investor's participatory interests;
- is calculated in terms of clause 31.5 in accordance with a sliding scale reducing over a period as determined by the manager from time to time; and
- may not be charged in addition to an upfront manager's charge levied at the time of the purchase of such participatory interests.

31.6.3 The manager may at any time in its discretion waive or abate any, or any portion of the charges referred to in clause 31.6, either in respect of all investors, any category of investors or any particular investor."

35. "Sale or repurchase of participatory interests in primary market

35.1 Given that the participatory interests are listed on the JSE, investors shall be able to sell their participatory interests on the secondary market through a trade on the JSE, including through any market maker appointed in terms of the JSE Listings Requirements. However, it shall be incumbent on a manager to repurchase any number of participatory interests offered to it by an investor (as determined in this deed) for cash or one or more baskets, at the election of the investor, provided that the manager shall never be obliged to deliver part of a basket.

35.2 Notwithstanding anything to the contrary set out in this deed, if, pursuant to a request from an investor for the delivery of one or more baskets, the manager is unable to deliver any of the securities comprising the basket of securities to an investor exercising its repurchase rights:

35.2.1 as a result of the suspension or de-listing of one or more of the securities on the relevant exchange, then such security or securities shall be excluded from the portfolio and delivered within three business days after the suspension is lifted or after the de-listed securities become available, as the case may be;

35.2.2 for any reason other than a suspension or de-listing, then the security or securities in question will be excluded from the basket of securities delivered to the investor and such investor will instead be paid an amount in cash equal to the value of the security or securities in question (being the ruling price quoted on the relevant exchange at close of trade on the date on which the repurchase notice was received by the manager).

35.3

35.4

35.5 A manager, when it receives a request for repurchase of participatory interests under circumstances determined by the registrar under section 114(3)(f) of the Act:

35.5.1 may, with the prior consent of the trustee; or

35.5.2 must, without delay when the trustee so requires,

suspend the basis of the repurchase of the relevant participatory interests, if the manager or trustee, as the case may be, is of the opinion that the circumstances referred to, warrant the suspension in the interests of investors.

35.6 The repurchase of such participatory interests shall be priced and settled in accordance with the conditions determined by the registrar under section 114(3)(f) of the Act.”

37. “Repurchase price in primary market

Subject to clause 35, the repurchase price per participatory interest payable by the manager must be the amount determined in terms of clause 28 at the time when the notice referred to in clause 36 was received by the manager.”

38. “Date of payment of repurchase price by manager

Subject to clauses 35.5 and 35.6, payment by a manager in respect of an offer for the repurchase of a participatory interest must be made to the investor within 14 days of the receipt of such offer.”

40. “Payment of receipts to trustee

40.1 The following receipts in cash must be deposited in a separate trust account for each or all portfolios with a bank, registered in terms of the Banks Act, 1990 (Act 94 of 1990), or the Mutual Banks Act, 1993 (Act 124 of 1993), being an account under the control and supervision of the trustee:

40.1.1 all monies which are received for investment as a result of the creation or sale of participatory interests;

40.1.2 all dividends, interest or other income which accrue to the underlying assets; and

40.1.3 the proceeds of all capital profits, rights and bonus issues.

40.2

40.3

40.4 All income accruals received during an accounting period must be credited to an account called the “Income Account” ... under the supervision and control of the trustee. If a portfolio receives any bonus, right or benefit in respect of any of the assets, whether in cash or scrip or by warrant, cheque, credit or otherwise, which is in the nature of income, the manager must convert such bonus, right or benefit into cash for the credit of the relevant Income Account. Any other bonus, right or benefit must be treated as a capital gain and must be included in the relevant portfolio. No new participatory interests may be created out of income accruals or such capital gains.

40.5 All amounts received in lieu of income accruals from the creation and sale of participatory interests in a portfolio during an accounting period and all amounts received as income accruals in terms of clause 40.4 must be credited to the Income Account and must be available for distribution to investors in that portfolio at the next ex dividend date.”

41. “Manager’s decision on nature of bonus conclusive

If any doubt arises as to whether any bonus, right or benefit referred to in clause 40.4 constitutes an income accrual or a capital gain, such question must be resolved by the manager after consulting the trustee and the auditors, and such resolution is conclusive.”

42. **“Distribution of income**

- 42.1 The manager must on each declaration date publish an announcement in compliance with the JSE Listings Requirements notifying investors the amount verified by the trustee as available for distribution in that portfolio
- 42.2 On each ex dividend date, the amount required to effect distribution must be set aside and may no longer be taken into account in determining the market value of a portfolio for the purpose of calculating the selling and repurchase prices of a participatory interest. By no later than each declaration date the said amount shall be transferred from the Income Account to a Distribution Account under the supervision and control of the trustee, which must be distributed for the benefit of investors ... The aggregate balance remaining to the credit of the Distribution Account on completion of the distribution shall be carried forward and added to the amount available for distribution in the next accounting period.
- 42.3 The amount available for distribution will be paid to investors on the business day immediately following receipt by the trustee of the last of the income accruals and payments in lieu of accruals accruing to the portfolio in respect of the accounting period in question, which shall be a date not later than the distribution date.”

43. **“Determination of amount available for distribution**

An amount equal to the income accruals during the accounting period plus all payments in lieu of income accruals accruing to the portfolio during the accounting period, and any balance carried forward, less any permissible deductions, must be distributed to investors.”

44. **“Charges and method of calculation**

- 44.1 The charges that may be levied in respect of a portfolio and the method of calculation of those charges are set out in this deed or the supplemental deed establishing each portfolio.
- 44.2 The manager may, with reference to clause 44.1, change any charge of a portfolio or change the method of calculation of such charge or introduce an additional charge: Provided that any such change or introduction of an additional charge that could result in an increase of charges for investors is of no force unless the manager has given not less than 3 months’ written notice to every investor and has effected the necessary amendment to this deed or such supplemental deed.”

45. **“Payment of service charge**

As soon as practicable after the end of each calendar month, the trustee must pay to the manager, from the Income Account of a portfolio, in respect of the service charge, an amount based on the applicable annual percentage rate, as specified in the relevant supplemental deed, of the market value of the total assets of that portfolio (excluding income accruals and permissible deductions, if any) for each day of that calendar month: Provided that if there is a shortfall in the Income Account such that the manager’s service charge cannot be paid, or cannot be paid in full:

- 45.1 participatory interests may be issued to the manager; or
- 45.2 an amount deducted from the Capital Account may be paid to the manager,
equal in value to such shortfall.”

57. **“Financial year-end of manager and portfolio**

The financial year-end of the manager and of each portfolio of the scheme shall be 30 June of each year.”

59. **“Amendment of deed and balloting of investors**

The consent of investors for an amendment of this deed must be obtained in the following manner (provided that the consent of the JSE thereto has also been obtained):

- 59.1 Where such an amendment only affects one or more than one class of participatory interests in a portfolio, the investors, excluding the manager, holding no less than 25 per cent in value of the total number of participatory interests then issued in that class of participatory interests or those classes of participatory interests of that portfolio, as the case may be, must respond in writing in a ballot conducted by the manager. The amendment must be consented to by investors holding a majority in value of the participatory interests held by the investors who have responded.
- 59.2 Where the amendment affects more than one or all the portfolios in the scheme, investors, excluding the manager, holding no less than 25 per cent in value of the total number of participatory interests then issued in those portfolios affected, must respond in writing. The amendment must be consented to by investors holding a majority in value of the participatory interests held by the investors who have responded.
- 59.3 If the investors holding less than 25 per cent in value of the total number of participatory interests then issued have responded in accordance with clauses 59.1 and 59.2, a second ballot must be conducted. In this ballot investors holding a majority in value of the participatory interests held by the investors who have responded, must consent to the amendment.
- 59.4 Every registered investor may vote in the case of a ballot in respect of each participatory interest held by him or her:
- 59.5
- 59.6 For the purposes of clauses 59.1, 59.2 and 59.3 only ballot papers which are received by the manager within thirty business days after dispatch to investors may be taken into account and be regarded as valid. Ballot papers must be counted by the auditors of the scheme and their finding, as conveyed in writing to the manager, is final and binding.”

SALIENT PROVISIONS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

- 17.2 “The Directors shall be entitled to such remuneration as a director as the Company by ordinary resolution in general meeting may from time to time determine, which remuneration shall be divided among the Directors in such proportion as they may agree, or in default of such agreement, equally, except that any director holding office for less than a year shall rank in such division in proportion to the period during which he has held office during the year.
- 17.3 Any Director who serves on any executive or other committee or who devotes special attention to the business of the Company or who goes or resides outside South Africa for any purposes of the Company, or who otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration, in addition to or in substitution for the remuneration to which he may be entitled to as a Director, as a disinterested quorum of the Directors may determine. The Directors shall also be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company and in attending meetings of the Directors or of the committees of the Directors or of the Company.
- 17.8 A Director who is in any way whether directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company, shall declare the nature of his interests in accordance with sections 234, 235, 237 and 238 of the Act.
- 17.10 A Director shall not vote nor be counted in the quorum and if he shall do so his vote shall not be counted on any resolution for his own appointment to any office or position with the Company or in respect of any contract or arrangement in which he is interested

