

THIS SUPPLEMENT CONTAINS IMPORTANT INFORMATION ABOUT BIPS AND THE BIPS INFLATION-X SECURITIES AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THE BIPS ETF PROGRAMME OR THIS SUPPLEMENT, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISOR.

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

If a prospective investor is in any way unclear as to the correct procedure to be followed or the terms and conditions applicable to subscriptions for the Securities referred to herein, the investor is advised to contact his JSE broker or professional advisor.



SECOND SUPPLEMENT

to the

ETF PROGRAMME MEMORANDUM

issued on 2 October 2008

in respect of

the Bips Collective Investment Scheme

("Bips Investment Managers")

registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002

being an

ETF OVER THE GOVERNMENT INFLATION LINKED BOND PRICE INDEX

Relating to an initial offer ("initial offer") to subscribe for Securities in the Bips Government Inflation Linked Bond Fund ("Bips Inflation-X") a portfolio of the Bips Collective Investment Scheme (over the Government Inflation Linked Bond Price Index) at, in respect of cash subscriptions, a price (payable in Rands) per Security equivalent to approximately 1/10th of the Government Inflation Linked Bond Index Level during the ramp-up period or, in respect of *in specie* subscriptions, by delivery of one or more baskets (entitling the applicant to 200 000 securities per basket delivered) on the terms and subject to the conditions set out in the Bips ETF Programme Memorandum as read together with this supplement. Application has been made to and granted by the JSE for the listing of the Bips Inflation-X Securities under the abbreviated name "Inflation" in the "Exchange Traded Funds" sector on the JSE.

Abbreviated name: "Inflation"

Share code: "BIPINF"

ISIN: {insert}

Opening date of the initial offer:	4 May 2009
Closing date of the initial offer:	15 May 2009
Listing Date (In specie Subscriptions):	20 May 2009
Listing Date (Cash Subscriptions):	1 June 2009

A copy of this supplement in the English language only is available at the registered office of Bips Investment Managers.

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



Sponsor



Date of issue: 16 April 2009

CORPORATE INFORMATION

Originator

Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton
P.O Box 786273, Sandton, 2146

Manager

Bips Investment Managers (Pty) Limited
(Registration number 2006/036970/07)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton
P.O Box 786273, Sandton, 2146

Independent Fiduciary Agent, Issuer CSDP & Authorised dealer

ABSA Bank Limited
(Registration number 1986/004794/06)
180 Commissioner Street
6th Floor
ABSA Towers North, 6E1
Johannesburg, 2001
P.O Box 31218, Marshalltown, 2107

Company Secretary of the manager

Bruce Unser
4 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton
P.O Box 786273, Sandton, 2146

Directors of Bips Investment Managers (Pty) Limited

Louis Johannes Grobbelaar*
Leonard Jordaan
Pierre George Joubert*
Nicolene Maas*
* Non-executive

Sponsor

Bridge Capital Advisors (Pty) Limited
(Registration number 1998/016301/07)
2nd Floor
27 Fricker Road
Illovo Boulevard, Illovo
P.O Box 651010, Benmore 2010

Market Maker

Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton
P.O Box 786273, Sandton, 2146

Auditors

PricewaterhouseCoopers Inc
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
Private Bag x 36, Sunninghill, 2157

Bankers

Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton
P.O Box 786273, Sandton, 2146

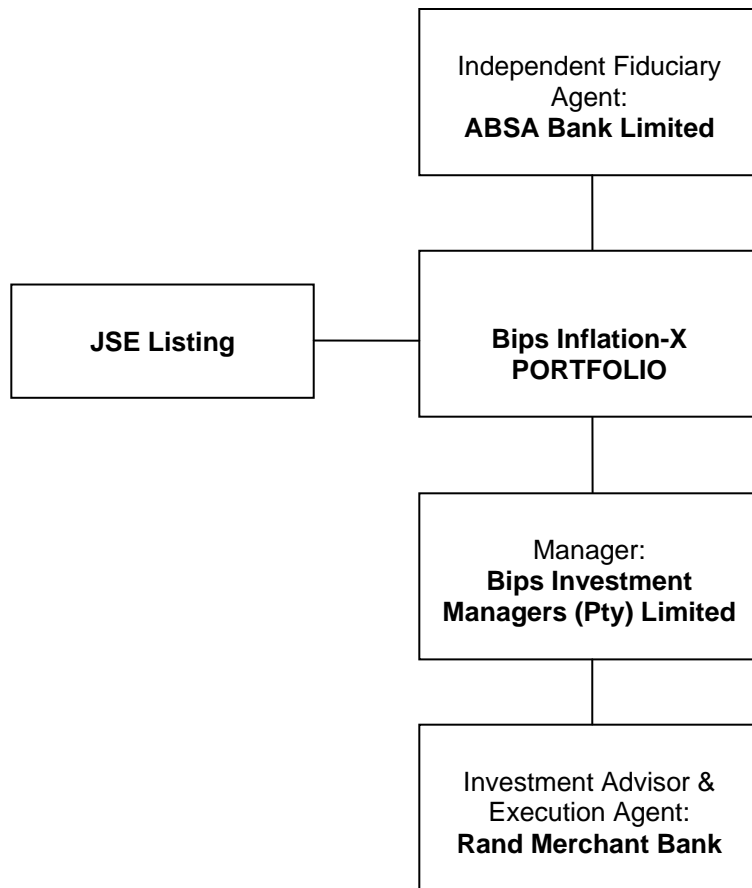
SUPPLEMENT IN RESPECT OF THE ETF PROGRAMME MEMORANDUM TO SUBSCRIBE FOR SECURITIES IN THE BIPS INFLATION-X PORTFOLIO OF THE BIPS COLLECTIVE INVESTMENT SCHEME

1. SALIENT DATES AND TIMES

	2009
Opening date of the initial offer at 09:00 on	4 May
Closing Date of the initial offer at 12:00 on	15 May
Ramp up period in respect of cash subscriptions commences	18 May
LA's issued	18 May
Listing Date (In specie subscriptions)	20 May
Ramp up period in respect of cash subscriptions ends	27 May
Listing Date (Cash subscriptions)	1 June

2. STRUCTURE

The Bips Government Inflation Linked Bond Fund ("Bips Inflation-X") is managed by Bips Investment Managers (Pty) Limited. 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. The Manager has entered into an agreement with the Investment Advisor, Rand Merchant Bank, a division of FirstRand Bank Limited, ("RMB") 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. Absa Bank Limited will act as the Independent Fiduciary Agent; their role will encompass, inter alia, the protection of investors' interests, by fulfilling a fiduciary role.



3. GENERAL

- 3.1. The contents of this supplement form part of the Bips ETF Programme Memorandum issued on 2 October 2008. The contents of the Bips ETF Programme Memorandum will apply to the issue and listing of the Securities described herein and will be supplemented by the contents of this supplement. In the event of any conflict between the contents of this supplement and the contents of the Bips ETF Programme Memorandum, the contents of this supplement will prevail.
- 3.2. This supplement sets out the salient terms in respect of the listing of the Bips Inflation-X portfolio.
- 3.3. Bips Securities are not in any way sponsored, endorsed, sold or promoted by Quant Financial Research (Pty) Limited (“QFR”) and QFR 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 Index stands at any particular day or otherwise. The Index is compiled and calculated by QFR in collaboration with RMB. However, neither RMB nor QFR shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither RMB nor QFR shall be under any obligation to advise any person of any error therein.

- 3.4. There are no preferential conversion and/or exchange rights attached to Bips Inflation-X Securities.
- 3.5. No director of Bips Investment Managers (Pty) Limited has any interest in any transaction entered into by Bips Investment Managers (Pty) Limited.
- 3.6. There are no options or preferential rights attached to Bips Inflation-X Securities.
- 3.7. There are no amounts paid or payable to any promoter in respect of Bips Inflation-X Securities.

4. SUMMARY OF THE OFFERING

- | | |
|---|--|
| 4.1. Issuer/Portfolio | Bips Inflation-X Portfolio, a portfolio in the Bips Collective Investment Scheme, registered in terms of the Collective Investment Schemes Control Act, No 45 of 2002 |
| 4.2. ISIN | {Insert} |
| 4.3. Share code | BIPINF |
| 4.4. Abbreviated name | Inflation |
| 4.5. Index | The Government Inflation Linked Bond Price Index (“GILBx”) represents all inflation linked government bonds which have a listing on the Bond Exchange of South Africa. The GILBx has been calculated from February 2004 and is a nominal weighted index. Bips Investment Managers has obtained permission to use the name and track the index. |
| 4.6. Description of Securities | Bips Inflation-X Securities |
| 4.7. Distribution or accounting period | The portfolio will make distributions quarterly, being at the end of March, June, September and December. |
| 4.8. Any other special conditions and modifications to the terms and conditions set out in the Bips ETF Programme Memorandum dated 2 October 2008 | N/A |
| 4.9. Investment Policy | Refer to Annexure 1 |
| 4.10. Management and other fees and costs | Refer to Annexure 2 |
| 4.11. Composition of the Index | Refer to Annexure 3 |
| 4.12. Performance of the Index | Refer to Annexure 4 |

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- 4.13. Subscription Conditions and Procedures Refer to **Annexure 5**
- 4.14. Exchange Control Consequences Refer to **Annexure 6**
- 4.15. Borrowings At the date of this supplement, no borrowings have been incurred by Bips Investment Managers.

5. DIRECTORS OF THE MANAGER

Since the issue of the Bips ETF Programme Memorandum, Abraham van Heerden and Ryan David Proudfoot have resigned as directors of the Manager, Pierre Joubert and Nicolene Maas have been appointed in their stead.

Full name	Business address	Function	Executive/Non-executive	Qualifications and experience
Nicolene Maas	1 Merchant Place Cnr Fredman Dr & Rivonia Rd Sandton 2196	Director	Non-executive	B.Comm CA(SA) Head of Statutory Compliance at Rand Merchant Bank
Pierre George Joubert	1 Merchant Place Cnr Fredman Dr & Rivonia Rd Sandton 2196	Director	Non-executive	B.Comm CA(SA) Head of Equities at Rand Merchant Bank

Note: All directors are South African citizens.

None of the directors of the manager has been involved in or has been subject to any:

- bankruptcies, insolvencies or individual voluntary compromise arrangements;
- receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements, or any compromise or arrangement with creditors generally or any class of creditors of any company where the director is or was a director with an executive function at the time of or within 12 months preceding such events;
- compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships whether as director or as a partner at the time of or within 12 months preceding such events;
- receiverships of any assets of such person or of a partnership of which the individual is or was a partner at the time of or within the 12 months preceding such event;

- public criticism by statutory or regulatory authorities or disqualified by a court from acting as a director or in the management or conduct of the affairs of any company; or
- offence involving dishonesty.

SIGNED AT JOHANNESBURG BY OR ON BEHALF OF ALL THE DIRECTORS OF BIPS INVESTMENT MANAGERS (PROPRIETARY) LIMITED ON 16 APRIL 2009.

ANNEXURE 1

INVESTMENT POLICY

- The aim of the portfolio is to provide returns linked to the performance of the GILBx (“the Index”) in terms of both price performance as well as income from the component Securities of the Index. The portfolio will aim to track the performance of the Index.
- In order to achieve the above mentioned objective, the portfolio will generally invest in all of the component Securities of the Index in proportion to their weighting in the Index and will under normal circumstances aim to invest at least 90% of its total assets in the bonds, or equivalent Securities, composing the Index.
- However, due to various factors, including the costs and expenses involved as well as illiquidity of Securities, it may not be possible or practicable to purchase all of the component Securities in their weightings or purchase them at all. In such event, the Investment Advisor may use quantitative techniques to hold a representative sample of the Index. Such techniques involve considering the inclusion of each security into the portfolio of the Company based on its investment characteristics, fundamental characteristics and liquidity.
- In no event will the portfolio be managed according to the traditional approach of active investment management, rather a passive approach will be applied.
- The portfolio may hold liquid assets on an ancillary basis.
- The portfolio aims to hold component Securities in the Index so that the weighting of each security it holds does not diverge substantially from the weighting of that component in the Index.

MANAGEMENT AND OTHER FEES AND COSTS

1. Initial and ongoing costs paid by Bips Investment Managers (Pty) Limited

Certain initial and ongoing costs will be paid for by Bips Investment Managers and will not affect the price of the Bips Inflation-X Securities. These are set out below (exclusive of VAT).

Expense	Rand
JSE documentation inspection fee	R4 500
Sponsor fees	R30 000
Documentation Drafting Costs (Per supplement)	R30 000
IPO Listing Fee (STRATE)	R10 500

2. Initial costs paid directly by the investor

The investor will be liable for its own stockbroker's fee as agreed between the investor and its stockbroker.

3. Ongoing costs paid by the Bips Inflation-X portfolio

Ongoing costs include audit fees, bank charges, custodian fees, management fees, scrip-lending agency fees and trustee fees. These are accrued daily from Bips Inflation-X Securities. All of the above are included in the Total Expense Ratio for Bips Inflation-X Securities, as published in accordance with industry practice. Transaction fees charged by BESA and/or Yield-X payable on the further acquisition/disposal of underlying constituents of the GILBx during the Initial Offer and whenever the portfolio rebalances, are also charged to Bips Inflation-X Securities, when incurred.

A management fee calculated as a sliding fee between 0.1% and 0.45% per annum (exclusive of VAT) on the total assets of the Bips Inflation-X Portfolio is accrued daily and payable to the Manager monthly.

7.B.10

The Manager may change any charge in relation to this portfolio, introduce additional charges or change the method of calculation of any charge that could result in an increase in charges, provided that:

- not less than 3 months' written notice has been given to every investor; and
- the necessary amendments to the Principal Deed have been effected in consultation with the Registrar (if applicable).

The Manager may at any time in its discretion waive or rebate the management fee in respect of all Investors, any category of investor or any particular investor.

An upfront fee may be charged in connection with the expenditure incurred and administration performed 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.

An exit fee may be charged in connection with the expenditure incurred and administration performed 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 Bips Inflation-X Securities and charged on a sliding scale. **An exit fee of 0.4% will be levied on all *in specie* redemptions prior to 1 December 2009.**

COMPOSITION OF THE INDEX

The GILBx is designed to represent the performance of South African Inflation Linked Government Bonds which have a listing on the Bond Exchange of South Africa. The GILBx is reconstituted on a quarterly basis, coinciding with the expiry of OTC bond options as well as Safex bond futures contracts. In order to be eligible for selection, bonds are required to have a remaining term to maturity which is greater than 1 year over the entire quarterly period for which the selection is being made as well as an issue size that equals or exceeds R495 million. Although the GILBx is reconstituted on a quarterly basis, the constituent Securities are re-weighted monthly.

19.55 (vii)

19.55 (ix)

Constituent Holdings as at 31 March 2009

Bond	Modified Duration	Weight (%)	Maturity	Coupon Rate (%)	Coupon Dates
R189	3.6	40.5	31/03/2013	6.25	March/Sep
R197	10.6	34.1	07/12/2023	5.50	June/Dec
R210	15.0	6.8	31/03/2028	2.60	March/Sep
R202	17.3	18.6	07/12/2033	3.45	June/Dec

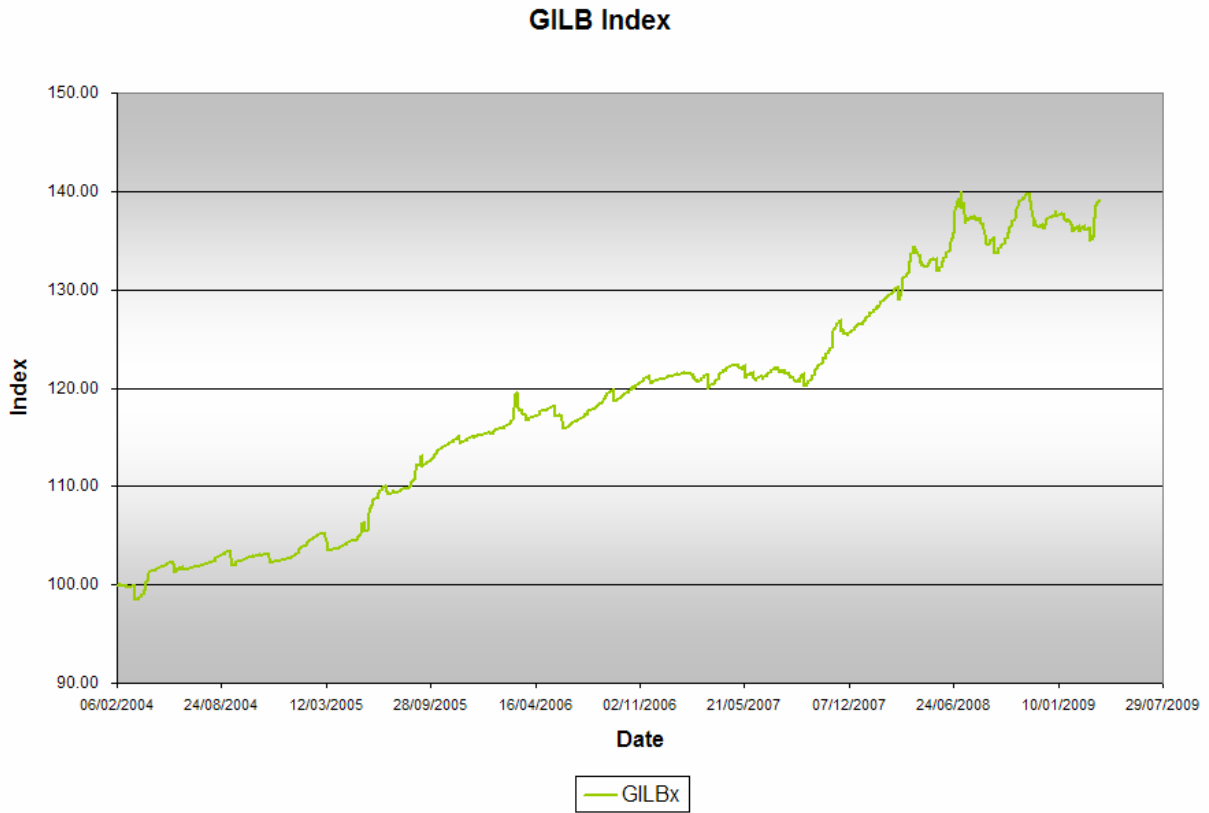
Source: RMB

The summary above was correct at the time of the compilation of this circular. For updated information please visit the website of Bips Investment Managers (www.bipsetf.co.za).

ANNEXURE 4

HISTORICAL PERFORMANCE OF THE INDEX

The performance of the GILBx for the period ending 31 March 2009 is shown in the graph below. Please note that past performance is not indicative of future performance.



Source: **RMB**

SUBSCRIPTIONS 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 at 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 only be made in South African currency (Rands).

Rand subscriptions

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.

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.

"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 this 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.

EXCHANGE CONTROL CONSEQUENCES

In terms of the Exchange Control Regulations of the Republic of South Africa, former residents of the Common Monetary Area who have emigrated are permitted to use their emigrant blocked funds to subscribe for Bips Inflation-X Securities. All payments using emigrant blocked funds must be made through the Authorised Dealer in foreign exchange controlling the emigrant's blocked assets. Bips Inflation-X Securities issued pursuant to the use of emigrant blocked funds, will be credited to the applicant's blocked share accounts at the Central Securities Depository Participant controlling their blocked portfolios. Shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident" and will be sent to the Authorised Dealer in foreign exchange through whom the payment was made. If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for Bips Inflation-X Securities, emanating from emigrant blocked accounts, must be returned to the Authorised Dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts. Applicants resident outside the Common monetary Area should note that, where shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.