NEWFUNDS ILBI EXCHANGE TRADED FUND PORTFOLIO

(a “Portfolio” under the NewFunds Collective Investment Scheme
registered as such in terms of the
Collective Investment Schemes Control Act, 2002, on 17 July 2007)
abbreviated name: “NEWFNILBI”
symbol: “NFILBI”

relating to an initial offer to subscribe for Participatory Interests in the ILBI ETF Portfolio of NewFunds, in respect of Cash Subscriptions, at a price per Participatory Interest equal to the net asset value per ILBI Participatory Interest on the Business Day immediately preceding the Listing Date, which will, in turn, equate to approximately 1/10th of the Index Level during the Ramp-Up Period or, in respect of In Specie Subscriptions, by delivery of one or more Baskets entitling the Investor to one Block of ILBI Participatory Interests per Basket delivered on the terms and conditions set out in the Offering Circular as read together with this Applicable Portfolio Supplement.

Announcement of initial offer: 11 January 2012
Opening date of Initial Offer and publication of SENS announcement on (09:00): 12 January 2012
Closing date of Initial Offer at 12:00 on*: 12 January 2012
LAs issued*: 13 January 2012
Ramp-Up period in respect of Cash Subscriptions commences at 09:00 and ends at 17:00: 16 January 2012
Announcement of conversion ratio in respect of Initial Offer (Cash Subscriptions): 18 January 2012
Last day to deliver Baskets in respect of In Specie applications: 23 January 2012
Listing of ILBI Participatory Interests** from commencement of trading (09:00) on: 26 January 2012

▲ Applicants should contact their broker or CSDP to ascertain the timing for submission of applications as this will vary dependant on the broker or CSDP in question.
* One letter of allotment (“LA”) will be issued for every one Rand subscription against a subscriber’s CSDP or broker account being debited with the Rand amount. Once the Baskets have been acquired on behalf of the ILBI ETF Portfolio, Strate will convert the LAs to ILBI Participatory Interests in the CSDP accounts in accordance with the conversion ratio to be published on SENS.
† ILBI Participatory Interests will be issued in dematerialised format only and will rank pari passu in all respects.
* The duration of the Ramp-Up Period may be extended depending on prevailing market liquidity, in which event the Listing Date will occur on a later date.

Date of issue: 12 January 2012
Applicants and/or prospective Investors in ILBI Participatory Interests, as with any other exchange traded fund, should ensure that they fully understand the nature of the Participatory Interests and the extent of their exposure to risk, and that they consider the suitability of the Participatory Interests as an investment in light of their own circumstances and financial position. The JSE’s approval of the listing of any Participatory Interests should not be taken in any way as an indication of the merits of either NewFunds or any Participatory Interests in the ILBI Portfolio. The JSE has not verified the accuracy or truth of the contents of the documentation submitted to it and, to the extent permitted by law, the JSE 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 Participatory Interests on the JSE and in accordance with the rules of the JSE Guarantee Fund and can in no way relate to the new issue of Participatory Interests by the ILBI ETF Portfolio.
Words used in this section shall have the same meaning as defined on pages 4 to 8 of this Applicable Portfolio Supplement or the Offering Circular, unless they are defined in this section or the use thereof is clearly inappropriate from the context.

The Legal Advisers have not separately verified the information contained in this Applicable Portfolio Supplement. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Legal Advisers as to the accuracy or completeness of the information contained in this Applicable Portfolio Supplement or any other information provided by the Manager in connection with NewFunds. The Legal Advisers do not accept any liability in relation to the information contained in this Applicable Portfolio Supplement or any other information provided by the Manager in connection with the Participatory Interests.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Applicable Portfolio Supplement or any other information supplied in connection with NewFunds and, if given or made, such information or representation must not be relied upon as having been authorised by the Manager or any of the other professional advisers.

This Applicable Portfolio Supplement and any other information supplied in connection with NewFunds does not constitute the rendering of financial or investment advice by the Manager or any of the other professional advisers and is not intended to provide the basis of any credit or other evaluation. This Applicable Portfolio Supplement and such information merely contains a description of certain facts at the Last Practicable Date and should not be considered as a recommendation by the Manager or any of the other professional advisers that any recipient of this Applicable Portfolio Supplement or any other information supplied in connection with NewFunds should purchase any Participatory Interests.

Each Investor contemplating purchasing any Participatory Interests should make its own independent investigation of the financial condition and affairs and its own appraisal of NewFunds.

Neither the delivery of this Applicable Portfolio Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of NewFunds since the Last Practicable Date.

The delivery of this Applicable Portfolio Supplement does not at any time imply that the information contained herein is correct at any time subsequent to the Last Practicable Date.

This Applicable Portfolio Supplement is to be read in conjunction with all documents incorporated herein by reference and/or referred to herein and should be read and understood on the basis that such documents are incorporated in and form part of this Applicable Portfolio Supplement.

This Applicable Portfolio Supplement does not constitute an offer to sell or the solicitation of an offer to buy any Participatory Interests in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the Manager nor any of the other professional advisers represents that this Applicable Portfolio Supplement may be lawfully distributed, or that any Participatory Interests may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Manager which would permit a public offering of any Participatory Interests or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Participatory Interests may be offered or sold, directly or indirectly, and neither this Applicable Portfolio Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in compliance with any applicable laws and regulations and the Manager has represented that all offers and sales by them will be made in compliance with this prohibition.

The distribution of this Applicable Portfolio Supplement and the offer or sale of Participatory Interests may be restricted by law in certain jurisdictions. Persons into whose possession this Applicable Portfolio Supplement or any Participatory Interests come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Applicable Portfolio Supplement and the offer or sale of Participatory Interests in the United States, the United Kingdom and the RSA.

The Participatory Interests have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”). Participatory Interests may not be offered, sold or delivered within the United States or to US persons except in accordance with regulations under the Securities Act. Furthermore, persons who are not residents of the Common Monetary Area (being the RSA, the Republic of Namibia, the Kingdom of Swaziland and the Kingdom of Lesotho) may not invest in or acquire the Participatory Interests unless specific approval is sought and obtained from the relevant South African Exchange Control Authorities.
### TABLE OF CONTENTS

1. INTRODUCTION 3
2. INTERPRETATION 4
3. SALIENT DATES AND TIMES 9
4. SUBSCRIPTIONS FOR PARTICIPATORY INTERESTS (INITIAL OFFER) 10
5. POST-LISTING – SUBSCRIPTIONS AND REDEMPTIONS 14
6. DESCRIPTION OF INDEX AND INDEX METHODOLOGY 15
7. INVESTMENT CONSIDERATIONS 16
8. SOUTH AFRICAN EXCHANGE CONTROL CONSIDERATIONS 17
9. SCHEDULE OF FEES AND COSTS 18
10. TAXATION CONSEQUENCES 19
11. GENERAL 21
12. CORPORATE GOVERNANCE 25

**Annexure A** – Corporate Information 26
**Annexure B** – Composition of the Basket of Constituent Securities 28
**Annexure C** – Salient Provisions of the ILBI ETF Supplemental Deed 29
**Annexure D** – Details of Directorships and Other Positions held by Mr Edward Montagu Southey and Mr Edwin Marcus Letty 32
1. INTRODUCTION

Words used in this section shall have the same meaning as defined on pages 4 to 8 of this Applicable Portfolio Supplement or the Offering Circular, unless they are defined in this section or the use thereof is clearly inappropriate from the context.

1.1 The ILBI ETF Portfolio has been established with the intention of allowing an Investor to obtain market exposure to the Constituent Securities held in the ILBI ETF Portfolio in an easily tradable form and to replicate as far as possible the price and yield performance of the Constituent Securities.

1.2 The Constituent Securities underlying the ILBI ETF Portfolio will be comprised of bonds issued by the Government of the Republic of South Africa included in the ILBI Index. Details relating to such bonds and their relative weightings as at the Last Practicable Date are set out, for information purposes only, in Annexure B hereto.

1.3 The ILBI ETF allows an Investor to obtain an indirect exposure to the Constituent Securities.

1.4 Whilst the investment objective of the ILBI ETF Portfolio is to provide investment results that generally correspond to the price and yield performance of the Constituent Securities, there can be no assurance that this investment objective can be achieved. There is also no assurance that active trading markets for the ILBI Participatory Interests will develop, nor is there a certain basis for predicting the price levels at which the ILBI Participatory Interests will trade.

1.5 The ILBI Participatory Interests have been approved for listing by the JSE on the Exchange Traded Funds sector of the JSE. Once issued, the ILBI Participatory Interests may be traded in the secondary market on the JSE and need not be traded in any minimum number.

1.6 During the Initial Offer, Applicants shall be entitled to subscribe for ILBI Participatory Interests, either in cash or in specie (by delivering one or more entire Baskets). After the close of the Initial Offer, potential Investors will be able to acquire Participatory Interests on the secondary market for cash or by way of in specie subscriptions via the Manager.

Save as set out in this and/or any other Applicable Portfolio Supplements published in respect of the NewFunds Collective Investment Scheme, there has been no material change and no material new matter has arisen since the date of publication of the Offering Circular.
2. INTERPRETATION

In this Applicable Portfolio Supplement, unless the context clearly indicates a contrary intention, the following expressions shall have the following meanings and cognate expressions shall have a corresponding meaning. In the event of conflict between the provisions of this Applicable Portfolio Supplement and the Offering Circular, the provisions of this Applicable Portfolio Supplement will apply:

“Absa Capital” means Absa Bank Limited (registration number 1986/004794/06), a public company incorporated in accordance with the laws of the RSA, acting through its investment banking division, Absa Capital;

“Administrator” means Absa Capital, appointed as such in terms of the Management Agreement, whose further details are set out in Annexure A;

“AAM” means Absa Capital Alternative Asset Management (Proprietary) Limited (registration number: 1999/027973/07), a private company incorporated in accordance with the laws of the RSA;

“Applicant” means a prospective Investor who applies to subscribe for ILBI Participatory Interests on the basis described herein;

“Application” means an application made by a Applicant either through such Applicant’s broker, the Participating Broker, or in the case of an Applicant which is a Non-controlled Client, through the Issuer CSDP;

“Banks Act” means the Banks Act, No. 94 of 1990, as amended from time to time;

“Barclays” means Barclays Bank PLC, a public limited company registered in England and Wales under registration number 1026167;

“Basket” means in relation to the ILBI ETF Portfolio, a collection of Constituent Securities contained in the weightings stipulated in the ILBI Index that can be acquired with an amount of money having a Rand value equal to approximately 10 times the Index Level and which equates in Rand terms to a Block;

“Block” except where it appears in relation to the Regulator’s physical address, means 1,000,000 Participatory Interests;

“Business Day” means a day other than Saturday, Sunday or a public holiday in the RSA;

“Closing Date” means the date on which the Initial Offer closes, being 12:00 on 12 January 2012;

“Code” means the Code of Corporate Practices and Conduct as set out in the King III Report on Corporate Governance;

“Constituent Securities” means the constituents of the ILBI Index from time to time, details of which (at the Last Practicable Date) are set out in Annexure B;

“Controlled Client” means an Investor whose funds and uncertificated securities are in the control of a Settlement Agent and whose settlements take place via a CSDP as if the Investor’s funds or uncertificated securities were under the control of a Settlement Agent;

“Creation Fee” means the upfront fee charged by the Manager in accordance with the provisions of CISCA and the Principal Deed on the creation of a Participatory Interest as detailed in Section 9 of this Applicable Portfolio Supplement;
“CSDP” means a “participant” as contemplated under the Securities Services Act, being a person that holds in custody and administers securities or an interest in securities and that has been accepted in terms of section 34 of the Securities Services Act by a central securities depository as a participant in that central securities depository;

“EFFAS” means the European Federation of Financial Analysts Societies, a professional association for nationally-based investment professionals associations in the European Union;

“ETF” means Exchange Traded Fund;

“Fund Administrator” means Maitland, appointed as such in terms of the Service Agreement, whose further details are set out in Annexure A;

“ILBI Index” means the Barclays Capital/Absa Capital South African Government Inflation-Linked Bond Total Return Index (Bloomberg Code: BEMZOZ), an index consisting of bonds issued by the South African Government which are linked to the South African Consumer Price Index and calculated on a daily basis by Barclays Capital, a division of Barclays (or such other independent calculation agent appointed by Barclays Capital from time to time, with the prior written approval of the Registrar and the JSE);

“ILBI ETF Licence Agreement” means the licence agreement entered into between Barclays and the Manager in terms of which the Manager is permitted to use the ILBI for its own internal purposes, including for use by the ILBI ETF Portfolio;

“ILBI Participatory Interest” or “Participatory Interest” or “Portfolio” means a participatory interest in the ILBI ETF Portfolio;

“ILBI ETF Portfolio” means the NewFunds ILBI Exchange Traded Fund Portfolio, being the portfolio of Constituent Securities held by NewFunds which is established under NewFunds by way of the ILBI ETF Supplemental Deed;

“ILBI ETF Supplemental Deed” means the written supplemental deed as approved by the Registrar dated 21 December 2011 (as amended, novated and/or replaced from time to time) concluded between the Manager and the Trustee in relation to the ILBI ETF Portfolio, the salient provisions of which are set out in Annexure C;

“Income Tax Act” means the Income Tax Act, No. 58 of 1962, as amended from time to time;

“Index Level” means the level of the ILBI Index, calculated periodically during a trading day and published by Barclays from time to time, which is to form the basis for tracking by the ILBI ETF Portfolio;

“Initial Offer” means the initial offer to the public of ILBI Participatory Interests pursuant to this Applicable Portfolio Supplement;

“Investor” means a holder of one or more ILBI Participatory Interests;

“Issuer CSDP” means The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company incorporated in accordance with the laws of the RSA, whose further details are set out in Annexure A;

“JIBAR” means the Johannesburg Interbank Agreed Rate, the money market rate calculated by the JSE as the average interest rate at which South African banks buy and sell money;
“JSE” means the JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of the RSA;

“JSE Guarantee Fund” means the guarantee fund established and operated by the JSE as a separate guarantee fund, in terms of the Rules of the JSE or its successor fund, as required by the Securities Services Act, or its successor;

“Last Practicable Date” means the Last Practicable Date prior to the issue of this Applicable Portfolio Supplement;

“LA” or “Letters of Allocation” means the non-transferable letters of allocation under ISIN: ZAU000012130 issued by the Manager to successful Applicants in respect of subscriptions received from such Applicants, entitling holders thereof to be issued the ILBI Participatory Interests;

“Legal Advisors” means Webber Wentzel, whose details are set out in Annexure A;

“Listing Date” means the date on which the first ILBI Participatory Interests are to be listed on the JSE, anticipated to be on or about 26 January 2012;

“Manager” means NewFunds (Proprietary) Limited (registration number 2005/034899/07), a private company duly incorporated in accordance with the laws of the RSA, whose details are set out in Annexure A, or such other Manager of NewFunds as may be appointed in accordance with the provisions of CISCA;

“Management Agreement” means the agreement in terms of which the Manager has appointed Absa Capital as Administrator for the time being of the ILBI ETF Portfolio;

“Maitland” means Maitland Fund Services (Proprietary) Limited (registration number 1998/004065/07), a private company duly incorporated in accordance with the laws of the RSA;

“Market Maker” means Absa Capital, whose further details are out in Annexure A;

“Market Making Agreement” means the agreement in terms of which the Manager has appointed Absa Capital as the Market Maker in respect of all of the portfolios established from time to time under the NewFunds Collective Investment Scheme with a view to the Market Maker in normal market circumstances endeavouring to provide and maintain a reasonable bid and offer;

“Non-controlled Client” means an Investor, other than a Controlled Client, who has appointed and, whose settlements take place directly with, a CSDP;

“Offer Price” means the price at which ILBI Participatory Interests are issued to the public pursuant to the Initial Offer (excluding transaction and brokerage costs, fees and other expenses) being the net asset value per ILBI Participatory Interest on the Business Day immediately preceding the Listing Date which in turn equates to approximately 1/10th of the Index Level during the Ramp-Up Period;

“Offering Circular” means the written offering circular (as amended, supplemented, novated and/or replaced from time to time) issued by the Manager in relation to NewFunds, dated 3 September 2007;
“Opening Date” means the date on which the Initial Offer opens, being 9:00 on 12 January 2012;

“Originator” means Absa Capital, whose details are set out in Annexure A;

“Portfolio Manager” means AAM, whose further details are set out in Annexure A;

“Portfolio Management Agreement” means the agreement in terms of which the Manager has appointed AAM as the Portfolio Manager for the time being of the ILBI ETF Portfolio;

“Participating Brokers” means Absa Stockbrokers (Pty) Ltd, for Controlled Clients, and Absa Capital Securities (Pty) Ltd, for Non-controlled clients, both of whose details are set out in Annexure A;

“Ramp-Up Period” means the period during which NewFunds will acquire the Constituent Securities immediately following the close of the Initial Offer. The duration of this period will be variable, depending on prevailing market liquidity, but shall not exceed seven Trading Days for Cash Subscriptions equal to or less than ZAR 500,000,000, shall not exceed eleven Trading Days for Cash Subscriptions exceeding ZAR 500,000,000 but equal to or less than ZAR 1,000,000,000, and for Cash Subscriptions exceeding ZAR 1,000,000,000 the maximum duration of the Ramp-Up Period will be extended in proportion to the amount by which the total amount of Cash Subscriptions exceeds ZAR 1,000,000,000, i.e. if total Cash Subscriptions are ZAR 1,100,000,000, the maximum duration of the Ramp-Up Period will be 12 Trading Days;

“Registrar” means the Registrar of Banks appointed as such in terms of the relevant provisions of the Banks Act;

“Registrar of CIS” means the Registrar of Collective Investment Schemes appointed as such in terms of the relevant provisions of CISCA;

“Securities Account” means a securities account opened by a CSDP in the relevant sub-register of that CSDP, as defined in the Securities Services Act, 2004;

“Securities Services Act” means the Securities Services Act, No. 36 of 2004, or any successor Act that may repeal and replace the Securities Services Act;

“SENS” means the Stock Exchange News Service of the JSE;

“Service Agreement” means the agreement between the Manager and the Fund Administrator in terms if which the Manager appoints the Fund Administrator to perform certain administration services;

“Specified Cash Amount” means pro rata the number of Participatory Interests being subscribed for in specie, collectively: a portion of the income accruals in the ILBI Portfolio up to and including the date of subscription by an investor (nil in respect of the Initial Offer); any cash amount that arises as a result of rounding the number of Constituent Securities to be delivered; transfer duties and taxes (including Securities Transfer Tax, if applicable) (if any) arising on the acquisition by the Portfolio of the underlying Basket from the Investor; and any other cost that may be determined by the Manager from time to time;

“Sponsor and Corporate Advisor” means Absa Capital, in its capacity as Sponsor as contemplated in the JSE Listings Requirements, as amended or replaced from time to time, and corporate advisor in respect of the ILBI ETF Portfolio, and whose further details are set out in Annexure A;
“Trustee” means the Trustee of NewFunds appointed in terms of CISCA from time to time, for the time being, being the Standard Bank of South Africa (registration number 1962/000738/06), whose further details are set out in Annexure A;

“Trustee Agreement” means the service level agreement entered into between the Trustee and the Manager governing the terms under which the Trustee is to render services in respect of NewFunds;

“USA” means the United States of America;

“Vunani” means Vunani Capital (Proprietary) Limited (registration number 1998/001469/07), a private company duly incorporated in accordance with the laws of the RSA; and

“ZAR” means South African Rand, the lawful currency of the RSA.
3. **SALIENT DATES AND TIMES**

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<thead>
<tr>
<th>Expected timetable of principal events</th>
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<tbody>
<tr>
<td>Announcement of initial offer</td>
<td>11 January 2012</td>
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</tr>
</tbody>
</table>

\* Applicants should contact their broker or CSDP to ascertain the timing for submission of applications as this will vary dependant on the broker or CSDP in question.

† One letter of allotment ("LA") will be issued for every one Rand subscription against a subscriber’s CSDP or broker account being debited with the Rand amount. Once the Baskets have been acquired on behalf of the ILBI ETF Portfolio, Strate will convert the LAs to ILBI Participatory Interests in the CSDP accounts in accordance with the conversion ratio to be published on SENS.

† ILBI Participatory Interests will be issued in dematerialised format only and will rank *pari passu* in all respects.

* The duration of the Ramp-Up Period may be extended depending on prevailing market liquidity, in which event the Listing Date Cash Subscriptions will occur on a later date.
4. SUBSCRIPTIONS FOR PARTICIPATORY INTERESTS (INITIAL OFFER)

4.1 Initial offer

4.1.1 The publication, issue and/or distribution of this Applicable Portfolio Supplement (as read with the Offering Circular) does not constitute an offer where the Initial Offer may be illegal or may fail to conform to the laws of a particular jurisdiction.

4.1.2 To the extent that this Applicable Portfolio Supplement may be sent to or distributed in any such jurisdiction, it is provided for information purposes only and no person situated in such jurisdiction may accept the Initial Offer. No such person wishing to accept the Initial Offer may use the mail of any such jurisdiction, or any means, instrumentality or facility in any such jurisdiction for any purpose, directly or indirectly, relating to the Initial Offer. It shall be the responsibility of any person resident in a jurisdiction outside the RSA to inform himself about, and to observe, any applicable legal requirement in the relevant jurisdiction.

4.2 Offer Structure

4.2.1 The Initial Offer comprises an offer of Participatory Interests in the ILBI ETF Portfolio at the Offer Price to institutional and retail Investors.

4.2.2 There is no maximum number of ILBI Participatory Interests which may be issued in terms of the Initial Offer.

4.2.3 In addition there is no minimum number of ILBI Participatory Interests which may be issued in terms of the Initial Offer. The minimum application in the case of Cash Subscriptions is ZAR 1,000. All cash applications must be in multiples of ZAR 1,000.

4.3 Offer Price

The Offer Price of each Participatory Interest in respect of Cash Subscriptions will be the net asset value per ILBI Participatory Interests on the Business Day immediately preceding the Listing Date, which will in turn equate to approximately 1/10th of the Index Level during the Ramp-Up Period and will be determined on the following basis:

4.3.1 the Offer Price for each Participatory Interest will be exclusive of any taxes, costs or fees payable in respect thereof and, such Offer Price is payable in full, in ZAR, without any deduction, withholding or set-off at the time an application for Participatory Interests is submitted; and

4.3.2 the Offer Price must be discharged in cash in respect of Cash Subscriptions. In specie Subscriptions will be settled by delivery of one or more Baskets on the basis contemplated in paragraph 4.7 below.

Please note that no late applications will be accepted.

4.4 Applications in respect of the Initial Offer

4.4.1 Applications for Participatory Interests must be based on the total monetary amount the Applicant wishes to invest in Participatory Interests and not on a specific number of Participatory Interests. By making an application to acquire a Participatory Interest, an Applicant will be deemed to have offered to acquire the maximum number of Participatory Interests that may be applied for with the relevant amount specified in such Application. All applications in respect of the Initial Offer will be made on the terms and conditions set out in the Offering Circular as read with this Applicable Portfolio Supplement (together with all annexures to such Offering Circular and this Applicable Portfolio Supplement). Applications may only be made for Participatory Interests in Dematerialised form and Applicants may be called upon for evidence of their authority or capacity to apply for Participatory Interests. A Controlled Client should contact its broker or the Participating Broker who will, on behalf of such Controlled Client, make the Application with such Controlled Client’s nominated CSDP. Any Non-controlled Client should contact its nominated CSDP who will make the Application with NewFunds’ CSDP. All payments in respect of Cash Subscriptions should be arranged between the Applicant and its relevant broker or CSDP. In relation to In specie Subscriptions, qualifying Applicants should deliver the relevant Basket to the Trustee, following consultation with the Manager.
4.4.2 Investors should be aware that (unless agreed otherwise with the Manager) the applicable Creation Fee and other transaction and brokerage costs, fees and applicable taxes (if any) will be deducted from any payment accompanying their Applications (in respect of Cash Subscriptions) and accordingly, the net amount will be invested in Participatory Interests. Investors applying in specie will be required to pay the applicable Creation Fee in cash.

4.4.3 Applications may be accepted in whole or in part. If no part of an Application is accepted, all of the Constituent Securities deposited and/or money paid on application will be returned without interest. If an Application in respect of a Cash Subscription is accepted in part only, the balance of the money paid on application will be returned either by electronic funds transfer or by ordinary post without interest to the Applicant. In the case of In Specie Subscriptions, upon acceptance of an Application in whole or in part the Manager, the broker or the relevant CSDP will notify the Applicant of same and will give details of the Constituent Securities which the Investor is required to deliver in order to be issued with the ILBI Participatory Interests to be allotted to that Applicant. The Applicant will be required to instruct its CSDP to register the relevant Constituent Securities in the name of the Trustee on the Closing Date of the Initial Offer for settlement three Trading Days later. ILBI Participatory Interests will not be issued in the case of In Specie Subscriptions unless the Manager is satisfied that the relevant Basket has been transferred into the name of the Trustee and the relevant Creation Fee and Specified Cash Amount received or, in the case of Cash Subscriptions that the requisite cash amount has been received. ILBI Participatory Interests will be issued and registered in the name of a successful Applicant on the Listing Date, provided that the aforesaid requirements have been fulfilled.

4.4.4 Any person applying for or accepting an offer of Participatory Interests on behalf of another, shall be deemed to have represented to the Manager that such person is duly authorised to do so and warrants that it and the Investor for whom it is acting as agent is duly authorised to do so in accordance with all Applicable Laws and such person guarantees the payment of the Offer Price (together with any tax thereon, fees and costs if applicable).

4.4.5 The basis of allocation of the Participatory Interests in the Initial Offer will be determined by the Manager on an equitable basis after consultation with the Trustee. Applicants may receive no Participatory Interests or fewer Participatory Interests than envisaged by the Applicant when making Application. The minimum Application in the case of Cash Subscriptions is ZAR 1,000 and in the case of In Specie Subscriptions is one Basket and there is no maximum application. All cash applications must be in multiples of ZAR 1,000.

4.5 Opening and closing of Initial Offer

The Initial Offer opens at 9:00 on 12 January 2012 and closes at 12:00 on 12 January 2012. However, Investors should contact their broker or CSDP to ascertain the cut-off time for Applications as this will vary between the brokers and CSDPs.

4.6 Cash Subscriptions

4.6.1 Following the close of the Initial Offer, the Manager will issue Letters of Allocation to the successful Applicants in respect of the Cash Subscriptions received from such successful Applicants. The Letters of Allocation will not be listed on the JSE and will not be transferable. However, such Applicants’ statements at Strate will reflect the holding of these Letters of Allocation. Forthwith upon the issue of the Letters of Allocation there will, in relation to Cash Subscriptions, be a Ramp-Up Period during which the Manager will acquire the appropriate Constituent Securities. The number of Participatory Interests allotted to an Applicant pursuant to an Application will be determined after the expiry of the Ramp-Up Period based on the amount which that Applicant invests as a fraction of the cost of the Manager of acquiring such Constituent Securities. Within two Business Days after the end of the Ramp-Up Period, the Manager will announce the number of Participatory Interests allotted and to be issued as well as the basis on which the Participatory Interests were allocated in terms of the Initial Offer. In the event that aggregate cash subscriptions are insufficient to enable the Manager to purchase one or more entire Baskets, then the balance of the money paid on application will be returned without interest, applying the first ZAR 30 to defray expenses of the Manager. Applicants will be informed of the number of Participatory Interests allocated to them by their
CSDP or broker (as may be applicable). Participatory Interests will then be issued to holders of the Letters of Allocation in accordance with the number of Participatory Interests allocated as aforesaid. If, after the Application is accepted, there is a surplus subscription amount, which is insufficient to purchase a Participatory Interest, the balance of the money paid by the Applicant in excess of ZAR 30 will be returned to the Applicant without interest. Amounts less than ZAR 30 will be used to defray expenses incurred by the Manager. If, after the issue of the Participatory Interests under the Initial Offer, it transpires that an Applicant’s Cash Subscription (net of the Creation Fee and any other transaction or brokerage costs, fees or taxes) is not an exact multiple of the Offer Price under the Initial Offer, then the Applicant will be issued with so many Participatory Interests as may be fully paid-up out of his subscription allocation (less the Creation Fee and any other transaction or brokerage costs, fees or taxes) and the balance of the Applicant’s cash will be returned to the Applicant without interest, after applying the first ZAR 30 to defray expenses of the Manager.

4.6.2 Each Applicant must, as soon as possible after the Opening Date, forward to its CSDP or broker all information required by that CSDP or broker and must instruct its CSDP or broker to pay against the issue of the Letters of Allocation the aggregate Offer Price (together with any other transaction or brokerage costs, fees or taxes if applicable) to the designated account of the Manager. Such information and instructions must be confirmed to the Applicant’s CSDP or brokers.

4.6.3 Accordingly, each Applicant must place its funds with its CSDP or broker or make other necessary arrangements to enable its CSDP or broker to make payment against the issue of the Letters of Allocation in accordance with the Applicant’s agreement with its CSDP or broker.

4.6.4 On the Listing Date the Participatory Interests will be credited to the Applicant’s CSDP or broker upon payment of Strate settlement loans which occur throughout the day.

4.7 **In Specie Subscriptions**

4.7.1 Applicants subscribing for Participatory Interests in specie, by delivery of one or more Baskets, will be obliged to subscribe for Participatory Interests in one or more Blocks and will be required to deposit the relevant Constituent Securities with their CSDP together with cash in payment of the Creation Fee and the Specified Cash Amount and with an instruction that the Constituent Securities comprising the Basket/s are to be transferred to the Securities Account of the Trustee.

4.7.2 Applicants wishing to subscribe in specie should;

4.7.2.1 in the case of a Controlled Client, contact their broker or the Participating Broker and

4.7.2.2 in the case of a Non-Controlled Client contact NewFunds’ CSDP, and should deposit with the Applicant’s CSDP, the relevant number of Constituent Securities together with sufficient cash in payment of the Creation Fee and the Specified Cash Amount.

Prior to the close of trading on the Trading Day preceding the Listing Date in respect of the Initial Offer, the Manager (or its duly appointed agent) will determine and specify the number of Participatory Interests to be issued for the following Trading Day.

4.7.3 If an Application is accepted, the Applicant will receive an acknowledgment confirming that the Application has been accepted. Applicants will be informed of the number of Participatory Interests allocated to them by their CSDP or broker (as may be applicable). If, after the Application is accepted, there is a surplus subscription amount (being either in the form of Constituent Securities or Creation Fees and any other transaction or brokerage costs, fees or taxes) the balance of the Constituent Securities or Creation Fees and any other transaction or brokerage costs, fees or taxes paid by the Applicant, in excess of ZAR 30, will be returned to the Applicant. Amounts less than ZAR 30 will be used to defray the expenses incurred by the Manager.

4.7.4 Each Applicant must, as soon as possible after being informed by its CSDP or broker that its Application has been successful, whether in whole or in part, forward to its CSDP or broker all information required by that CSDP or broker and must instruct the CSDP to deliver to the Manager such Constituent Securities as comprise entire Baskets (together with any tax thereon, if applicable, the Creation Fees and any other transaction or brokerage costs, fees or taxes) to the Securities Account of the Trustee and/or such other account nominated by
the Trustee for receipt of any cash. Such information and instructions must be confirmed by the Applicant’s CSDP or broker to the Manager by no later than the close of trading on the third Business Day immediately preceding the Listing Date.

4.7.5 Accordingly, each Applicant must ensure that the CSDP is in a position to commit in Strate to receipt of the Participatory Interests against confirmation of the transfer of the Constituent Securities to the Trustee.

4.7.6 On the Listing Date, the Participatory Interests will be credited to the Applicant’s CSDP or broker upon payment of Strate settlement costs which occur throughout the day.

4.8 Dematerialisation

4.8.1 The Participatory Interests will only be issued to successful Applicants in Dematerialised form. Therefore, all Applicants must appoint a CSDP directly or through a broker to receive and hold the Participatory Interests on their behalf.

4.8.2 Each Applicant’s duly appointed CSDP or broker will receive the Participatory Interests on its behalf against receipt of the Offer Price (together with the Creation Fees, costs and tax thereon, if applicable) by the Applicant’s CSDP or, in the case of In Specie Subscriptions receipt of confirmation that the Basket of Constituent Securities has been transferred into the name of the Trustee and the applicable Creation Fee and any other transaction or brokerage costs, fees or taxes paid.

4.9 Listing on the JSE

The JSE has approved the listing of the Participatory Interests in the “Exchange Traded Funds” sector of the JSE lists under the abbreviated name “NEWFNILBI”, symbol “NFILBI” and ISIN code ZAE000162244. The listing of the Participatory Interests is expected to be effective from the commencement of business on 26 January 2012, in respect of In Specie Subscriptions and 26 January 2012, in respect of Cash Subscriptions.
5. POST-LISTING – SUBSCRIPTIONS AND REDEMPTIONS

5.1 Subscriptions

Subsequent to the Listing Date, Investors shall be able to acquire Participatory Interests in the following ways: (i) In Specie Subscription and (ii) purchase on the secondary market. No cash subscriptions will be permitted subsequent to the Last Practicable Date, rather Investors should trade on the secondary market.

5.2 In Specie Subscriptions

5.2.1 Subsequent to the Initial Offer, any Investor wishing to subscribe for Participatory Interests should contact the Manager. No Cash Subscriptions will be permitted after the Initial Offer. Applicants subscribing for Participatory Interests in specie, by delivery of one or more Baskets, will be obliged to subscribe for Participatory Interests in one or more Blocks and will be required to deposit the relevant Constituent Securities with their CSDP together with any tax thereon, the applicable Creation Fee (if any), the Specified Cash Amount and an instruction that such Constituent Securities are to be transferred to the Securities Account of the Trustee.

5.2.2 If an Application is accepted, the Applicant will receive an acknowledgment confirming that the application has been accepted. Applicants will be informed of the number of Participatory Interests allocated to them by their CSDP or broker (as may be applicable).

5.2.3 Each Applicant must, as soon as possible after being informed by its CSDP or broker that its Application has been successful, whether in whole or in part, forward to its CSDP or broker all information required by that CSDP or broker and must instruct the CSDP to deliver to the Manager that number of Baskets as is equivalent to the number of Blocks allocated to the Applicant (together with any tax thereon, Creation Fees and the Specified Cash Amount, if applicable) to the Securities Account of the Trustee. Such information and instructions must be confirmed by the Applicant’s CSDP or broker by no later than the close of trading on the Business Day prior to the Listing Date.

5.3 Purchase on the secondary market

All ILBI ETF Participatory Interests are to be listed on the JSE. Investors will therefore be able to acquire Participatory Interests on the secondary market by purchasing through a member of the JSE.

5.4 Redemptions

5.4.1 Although in terms of the Principal Deed, the Manager is obliged to repurchase Participatory Interests offered to it by an Investor (for cash or one or more Baskets at the election of the Investor, provided that the Manager can never be obliged to deliver part of a Basket), typically, since Participatory Interests are listed on the JSE, Investors will sell their Participatory Interests on the secondary market (and may contact the Participating Broker or the Market Maker in this regard).

5.4.2 The repurchase price payable by the Manager for Participatory Interests redeemed in specie is the net asset value of the Participatory Interests as at the Valuation Point, as determined on the basis described in the Offering Circular.

5.4.3 The Manager’s obligations in respect of the repurchase of Participatory Interests are more fully described in the Offering Circular.
6. DESCRIPTION OF INDEX AND INDEX METHODOLOGY

6.1 Description of the Index

6.1.1 The Constituent Securities are comprised of bonds issued by the South African Government which are linked to the South Africa Consumer Price Index, and constituting the ILBI Index. The ILBI Index is a total return index which is calculated based on the general methodology of the Barclays Capital Government inflation-linked indices, which methodology is available on the NewFunds website (www.newfunds.co.za) and which is itself based on the EFFAS standardised rules for indices as defined by the European Bond Commission.

6.1.2 The index uses standard settlement and ex-dividend conventions for all calculations. South African inflation-linked bonds presently settle on a T+3 basis and have an ex-dividend period of 10 calendar days.

6.1.3 On non-business days the security price, accrued and analytical values are carried over unchanged from the previous day. This ensures that the index has no local currency performance on days when the local market is closed.

6.1.4 Prior to 1 July 2006 income from coupon is reinvested in the index as soon as it is received. The index is always fully invested and its performance reflects only the performance of the bond market. From 1 July 2006 onwards income from coupon is held in cash and earns a return of JIBAR – 15bp on a daily basis until the next rebalancing date, when it’s re-invested into the index. The JIBAR rate from the last business day of the previous month is used.

6.1.5 Once a month on the last calendar day the indices are reviewed and rebalanced.

6.1.6 Bonds entering the index for the first time must have settled on or before the index review date. Increases or buybacks to existing bonds are applied according to the same rule.

6.1.7 The index holding of each bond for the next month is set to the amount outstanding on the review date. The face value is used rather than an inflation-adjusted value.

6.1.8 The indices are weighted using market capitalization as standard, the weights adjusted daily to account for price changes, accrued interest and indexation whereas the holdings remain fixed for the whole of each month.

6.1.9 The constituents of the ILBI Index, together with the relative weightings, as at the Last Practicable Date are set out in Annexure A hereto.

6.1.10 Index levels are available on the NewFunds website (www.newfunds.co.za).

6.2 Index Pricing Methodology

From 1 March 2009, the index uses ABSA Capital closing mid-yields.

6.3 Authority to use the ILBI Index

In terms of the ILBI ETF Licence Agreement, the Manager is entitled to use the ILBI Index for its own internal business purposes, which excludes reproduction, copying or dissemination of the ILBI Index to any third party. The Manager is entitled to disseminate limited extracts of the ILBI Index.

6.4 Procedures following the modification or discontinuance of the ILBI Index

6.4.1 Should Barclays effect any major change to the composition and/ or method of calculation and/or transmission of the ILBI Index, such change shall be published by the Manager in advance thereof.

6.4.2 In terms of the ILBI ETF Licence Agreement, in the event that Barclays ceases to calculate and/or publish the Barclays Absa SA Government Inflation-Linked Bond Index, it shall use commercially reasonable efforts to provide the Manager with prior written notice of such intention. The Manager will notify Investors accordingly and notify Investors of the impact on the ILBI ETF Portfolio. Should the Manager consider a replacement/substitute index suitable, it will replace/substitute the ILBI Index and notify Investors accordingly.

6.5 Frequency with which the portfolio is updated and published

The ILBI ETF Portfolio is rebalanced monthly and details of its constituents are published daily on the NewFunds website (www.newfunds.co.za).
7. INVESTMENT CONSIDERATIONS

Investors’ attention is drawn to the investment considerations set out on page 21 of the Offering Circular relating to an investment in Participatory Interests. This does not purport to be an exhaustive list of the investment considerations relating to the investment in ILBI Participatory Interests and each Investor should seek its own independent advice prior to making any investment in ILBI Participatory Interests.

7.1 The Manager relies on Barclays for information regarding the compilation of ILBI Index and is not responsible for and makes no warranties as to the accuracy of such information. Investors should be aware that any inaccuracies in such information may result in a tracking error as between the composition of the ILBI Index and the ILBI ETF Portfolio. The Manager accepts no responsibility in such event and Investors should therefore take this risk into consideration.

7.2 Barclays may change the ILBI Index. It may adjust the composition or calculation methodology and may suspend or cancel an Index. This will affect the performance of the ILBI ETF Portfolio.

7.3 The ILBI Index may be substituted in certain circumstances. Such action may negatively affect the value and performance of the ILBI ETF Portfolio.

7.4 None of the Manager, Originator, Portfolio Manager, Sponsor and Corporate Advisor, Trustee, Market Maker nor Barclays makes any warranty, express or implied, as to the results to be obtained from the use of the ILBI Index, and none of these parties makes any express or implied warranties, of tradeability or fitness for a particular purpose or use with respect to any Index or any data included therein. Without limiting any of the foregoing, in no event shall the Manager, Originator, Portfolio Manager, Sponsor and Corporate Advisor, Trustee, Market Maker or Barclays have any liability arising from the use of any Index.

7.5 Investors are advised to make an investment only after carefully considering the risks associated with investing in the indices or strategies as detailed herein.

7.6 The ILBI Index is a trademark of Barclays. ILBI Participatory Interests are not sponsored, endorsed, sold or promoted by Barclays. Barclays does not make any representation or warranty, express or implied regarding the advisability of investment in ILBI Participatory Interests or the advisability of investing in securities generally. Barclays’ only relationship with the Manager is the licensing of the ILBI Index, which is determined, composed and calculated by Barclays without regard to the Manager or the ILBI Participatory Interests. Barclays has no obligation to take the needs of the Manager or the owners of the ILBI Participatory Interests into consideration in determining, composing or calculating the ILBI Index. Barclays has no obligation or liability in connection with administration, marketing or trading of the ILBI Index.

7.7 BARCLAYS SHALL HAVE NO LIABILITY TO THE MANAGER OR TO THIRD PARTIES FOR THE QUALITY, ACCURACY AND/OR COMPLETENESS OF THE ILBI INDEX OR ANY DATA INCLUDED THEREIN OR FOR INTERRUPTIONS IN THE DELIVERY OF THE ILBI INDEX. BARCLAYS MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY THE ILBI ETF PORTFOLIO, THE INVESTORS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE ILBI INDEX OR ANY DATA INCLUDED THEREIN. BARCLAYS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE ILBI INDEX OR ANY DATA INCLUDED THEREIN. BARCLAYS SHALL NOT BE LIABLE FOR ANY DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY DIRECT OR CONSEQUENTIAL DAMAGES, RESULTING FROM THE USE OF THE ILBI INDEX OR ANY DATA INCLUDED THEREIN.

7.8 Barclays Capital is the investment banking division of Barclays. With a distinctive business model, Barclays Capital provides corporates, financial institutions, governments and supranational organizations with solutions to their financing and risk management needs.

7.9 None of the information supplied by Barclays and used in this Portfolio Supplement may be reproduced in any manner without the prior written permission of Barclays Capital, the investment banking division of Barclays. Barclays is registered in England No. 1026167. Registered office 1 Churchill Place London E14 SHP.
8. SOUTH AFRICAN EXCHANGE CONTROL CONSIDERATIONS

The following summary and guidelines are not a comprehensive statement of the Exchange Control Regulations, are not intended as advice and do not purport to describe all of the considerations that may be relevant to a prospective purchaser of ILBI Participatory Interests. Prospective purchasers of ILBI Participatory Interests that are non-residents of the Common Monetary Area or Emigrants from the Common Monetary Area are urged to seek independent professional advice in regard to the purchase of ILBI Participatory Interests.

For purposes of this section, the "Common Monetary Area" includes the RSA, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia.

8.1 Blocked Rand

8.1.1 Blocked Rand may be used to purchase or subscribe for ILBI Participatory Interests. Any amounts payable by ILBI in respect of ILBI Participatory Interests purchased or subscribed for with Blocked Rand may not, under the current terms of the Exchange Control Regulations, be remitted out of the RSA or paid into any non-South African resident bank account. The Minister of Finance of the RSA stated on 27 October 2010 that the release of emigrants’ blocked assets be allowed without any exit levy.

8.1.2 For the purpose of this paragraph “Blocked Rand” means any funds which may not be remitted out of the RSA or be paid into a non-South African resident bank account.

8.2 Emigrants from the Common Monetary Area

8.2.1 The securities accounts maintained by the CSDPs for Investors who are emigrants in respect of ILBI Participatory Interests in dematerialised form will be restrictively designated as an “emigrant” account. Any certificates issued to Investors who are emigrants in respect of ILBI Participatory Interests in materialised form will be restrictively endorsed “Non-Resident”. Such certificate shall be deposited with an authorised foreign exchange dealer controlling such emigrant’s blocked assets.

8.2.2 Any monies due in respect of ILBI Participatory Interests to an emigrant Investor will be deposited into such emigrant’s Blocked Rand account with the authorised foreign exchange dealer controlling such blocked assets. These amounts are currently not freely transferable from the common monetary area and may only be dealt with in terms of the Exchange Control Regulations.

8.3 Non-residents of the Common Monetary Area

8.3.1 In terms of the Exchange Control Regulations, non-residents of the common monetary area may not invest in ILBI Participatory Interests unless specific approval is sought and obtained from the relevant authorities.

8.3.2 Any certificates issued to Investors who are not resident in the common monetary area will be restrictively endorsed “Non-Resident”. In the event that non-residents hold ILBI Participatory Interests through Strate and its relevant CSDP, the securities account of such Investor will be restrictively designated “non-resident”.

8.3.3 It will be incumbent on any such non-resident to instruct the non-resident’s nominated authorised foreign exchange dealer as to how any funds due to such non-resident in respect of ILBI Participatory Interests are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant ILBI Participatory Interests are acquired with foreign currency introduced into the RSA and provided that the relevant certificates or securities account (as the case may be) is designated “non-resident”.

17
9. SCHEDULE OF FEES AND COSTS

9.1 Preliminary Expenses

All preliminary expenses in relation to the Initial Offer, including, but without limitation, legal fees, sponsor and corporate advisory fees, FSB and JSE fees and typesetting and printing costs, will be borne by Absa Capital in its capacity as originator, none of these costs being borne by either the Manager or the ILBI ETF Portfolio:

9.2 Management and other fees

9.2.1 The Manager is entitled to a management fee per calendar month calculated as follows:

\[
\frac{\text{[(daily market value of the total assets of the portfolio, excluding income accruals and permissible deductions, if any} \times 100 \text{ basis points)]}}{365} \times \text{number of calendar days in the relevant month or any lower amount nominated at the Manager’s decision.}
\]

9.2.2 The Manager may change any charge for the ILBI ETF 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 by notification through SENS and the NewFunds website;
- the necessary amendments to the Principal Deed have been effected in consultation with the Registrar (if applicable).

9.2.3 The Manager has determined that, for the time being, the management fee charged will be a basic fee designed primarily to recover costs related to the direct operational management of the ILBI ETF Portfolio subject to a maximum fee of 100 basis points per annum as described in the formula set out in 9.2.1 above.

9.2.4 In addition, the Manager is entitled to charge a Creation Fee or an exit fee in connection with the expenditure incurred and administration performed by it in respect of the creation, issue and sale or repurchase of Participatory Interests. Such fees would be a maximum of 0.15% (15 basis points) of the consideration received from an Investor (unless Investors are advised to the contrary). No exit fee may be charged if an upfront fee was charged to an Investor at the time of investment. The Manager may at any time in its discretion waive or rebate the upfront fee and/or exit fee (or any portion thereof), in respect of all Investors, any category of Investor or any particular investor. All taxes, duties, transaction and custody charges and brokerage fees will be for the Investor’s account.

9.3 Total Expense Ratio

The total expense ratio (TER) of the Portfolio is an annualised figure which will be calculated every quarter and published on the website daily.
10. TAXATION CONSEQUENCES

The information contained below is a summary of legal advice that has been given by the Legal Advisors to the Manager, is not intended to be a general guide to the relevant tax laws of the RSA as at the Last Practicable Date, is not intended as comprehensive advice, does not purport to describe all of the considerations that may be relevant to a prospective Investor in ILBI Participatory Interests and should not be relied upon by prospective Investors. Prospective Investors in ILBI Participatory Interests should consult their own professional advisors in regard to the purchase of ILBI Participatory Interests and the tax implications thereof. Accordingly, the Manager and the other professional advisers give no representation, warranty or undertaking, express or implied, and accept no responsibility for the accuracy or completeness of the information contained in this section.

10.1 Taxation consequences for the ILBI ETF Portfolio

10.1.1 The ILBI ETF Portfolio is a portfolio of a collective investment scheme. To the extent that an amount is distributed by the ILBI ETF Portfolio to the holders of ILBI Participatory Interests within twelve months of its receipt by the Portfolio, then in terms of section 25BA of the Income Tax Act, such amount is deemed to have accrued to such holders. To the extent that the amount is not so distributed within twelve months of its receipt by the ILBI Portfolio, it is deemed to have accrued to the Portfolio on the last day of the period of twelve months commencing on the date of the receipt of the amount by the ILBI ETF Portfolio.

10.1.2 Given that the Portfolio is tracking the Total Return version of the ILBI Index, the intention is for all amounts received by the Portfolio (other than capital gains on disposals (see below), which will predominantly comprise coupons derived from Constituent Securities) to be notionally distributed to holders of Participatory Interests within a maximum twelve months of receipt thereof (although no cash will flow to such holders) and reinvested in the Portfolio by the acquisition of additional Constituent Securities (in the weightings of the ILBI Index) so as to increase the net asset value of the portfolio and consequently increase the value of each Participatory Interest in the ILBI ETF Portfolio. At the time of publication of this Portfolio Supplement, it is the intention to publish details of the deemed distributions on a monthly basis, with reinvestment also occurring monthly.

10.1.3 Notification will be given to the holders of ILBI Participatory Interests of the amounts deemed to have been distributed to and (as such) accrued to them and the nature thereof. The provisions of section 25BA of the Income Tax Act will apply to such amounts.

10.1.4 Given the Exchange Traded Fund nature of the Portfolio, the intention is for any re-balancing of the ILBI ETF Portfolio to be conducted on capital account. Capital gains or losses that arise within the ILBI ETF Portfolio as a result of rebalancing the Portfolio will not be distributed to holders, however in terms of Paragraph 61 of the Eighth Schedule to the Income Tax Act, the ILBI ETF Portfolio may disregard capital gains or losses as it will not be subject to any capital gains tax thereon.

10.2 Taxes on the issue and transfer of ILBI Participatory Interests

Neither VAT nor Securities Transfer Tax is leviable on the issue of a ILBI Participatory Interest nor on the sale or other disposal of a ILBI Participatory Interest.

10.3 Income Tax consequences for holders of ILBI Participatory Interests

10.3.1 If the ILBI Participatory Interest of a holder is held on revenue account (and not as a long-term investment), then the proceeds from the disposal thereof will be of a revenue nature and shall be included in the “gross income” of the holder for income tax purposes. The proceeds will be deemed to be on capital account should the ILBI Participatory Interest have been held for a continuous period of at least three years. In such event the disposal would give rise to either a capital gain or a capital loss. (In this regard refer to the section headed Capital Gains Tax.)

10.3.2 A holder of a ILBI Participatory Interest which is a pension, provident or retirement annuity fund, will be exempt from income tax on any income distributed by the ILBI ETF and in relation to any “gross income” from disposal of a ILBI Participatory Interest that was held on revenue account.
10.3.3 A holder of a ILBI Participatory Interest which is an untaxed policyholder fund of a long term insurance company will be exempt from income tax on any income distributed by the ILBI ETF and in relation to any “gross income” from disposal of a ILBI Participatory Interest that was held on revenue account.

10.3.4 Given that the Portfolio is tracking the Total Return version of the ILBI Index, the intention is for all amounts received by the Portfolio (other than capital gains on disposals (see below), which will predominantly comprise coupons derived from Constituent Securities) to be notionally distributed to holders of Participatory Interests within twelve months of receipt thereof (although no cash will flow to such holders) and reinvested on a monthly basis, on the last business day of each month in the Portfolio by the acquisition of additional Constituent Securities (in the weightings of the ILBI Index) so as to increase the net asset value of the portfolio and consequently increase the value of each Participatory Interest in the ILBI ETF Portfolio.

10.3.5 Notification will be given to the holders of ILBI Participatory Interests of the amounts deemed to have been distributed to and (as such) accrued to them and the nature thereof. For tax purposes, these amounts will accrue to holders of ILBI Participatory Interests and any amounts will retain their character in the hands of holders of ILBI Participatory Interests. The holders will be liable for tax on all such amounts that are not otherwise exempt. Holders of ILBI Participatory Interests should consult their tax advisers for advice regarding the tax treatment of deemed distributions and the nature of the proceeds on disposal by them (or attributable to them) in respect of their ILBI Participatory Interests.

10.4 Capital Gains Tax

10.4.1 If a ILBI Participatory Interest is held as a capital investment or if section 9C of the Income Tax Act is applicable, the proceeds from the sale thereof will be of a capital nature and will give rise to either a capital gain or a capital loss. Any net capital gain (calculated after taking into account any capital losses and the annual exclusion where applicable) will be subject to capital gains tax, subject to certain exceptions.

10.4.2 A holder of a ILBI Participatory Interest which is a pension, provident or retirement annuity fund or an untaxed policyholder fund of a long-term insurance company will not pay any capital gains tax on the disposal of a ILBI Participatory Interest.
11. GENERAL

11.1 **Issue of Participatory Interests**

All Participatory Interests issued in terms of the Initial Offer will be issued in Dematerialised form to the broker or CSDP nominated by the Applicant, which will hold such Participatory Interests on behalf of the relevant Applicant. An advice note will be issued by the broker or CSDP to the Participatory Interest holder as evidence of ownership of the Participatory Interests and will be posted, at the risk of the Investor, by registered post in the time periods prescribed in terms of the agreement between the Investor and its CSDP or broker. All Participatory Interests issued and listed on the JSE will be fully paid up and freely transferable.

11.2 **Listing on the JSE**

Application has been made to the JSE for the listing of NewFunds Participatory Interests, with effect from 26 January 2012.

11.3 **Portfolio management**

The Manager has appointed AAM as the Portfolio Manager of the ILBI ETF Portfolio for the time being, to manage the assets of the ILBI ETF Portfolio on behalf of the Manager.

11.4 **Administration**

The Manager has appointed Absa Capital as Administrator of the ILBI ETF Portfolio.

11.5 **Fund administration**

The Manager has appointed Maitland as the Fund Administrator of the ILBI ETF Portfolio.

11.6 **Distributions**

Given that the Portfolio is tracking the Total Return version of the ILBI Index, the intention is for all amounts received by the Portfolio, other than capital gains on disposals (see above), which will predominantly comprise coupons derived from Constituent Securities) to be notionally distributed to holders of Participatory Interests within twelve months of receipt thereof (although no cash will flow to such holders) and reinvested on a monthly basis, on the last business day of each month in the Portfolio by the acquisition of additional Constituent Securities (in the weightings of the ILBI Index) so as to increase the net asset value of the portfolio and consequently increase the value of each Participatory Interest in the ILBI ETF Portfolio.

11.7 **Material contracts**

11.7.1 In order to manage NewFunds, the Manager will rely upon the Principal Deed, which is available for inspection, together with the Shareholders Agreement, at the Manager’s registered office during office hours. The Trustee Agreement also sets out the Trustee’s responsibilities vis-à-vis the Manager insofar as all portfolios (including the ILBI ETF Portfolio) under NewFunds is concerned.

11.7.2 In relation to the ILBI ETF Portfolio, in addition to the Principal Deed, the ILBI ETF Supplemental Deed and the Trustee Agreement, the following additional agreements have been entered into:

- 11.7.2.1 the ILBI ETF Licence Agreement;
- 11.7.2.2 the Portfolio Management Agreement;
- 11.7.2.3 the Management Agreement;
- 11.7.2.4 the Service Agreement; and
- 11.7.2.5 the Market Making Agreement.

Save for the aforementioned agreements neither the Manager nor the Trustee has entered into any material contracts in respect of the ILBI ETF Portfolio.
11.8 Borrowings, material commitments, lease payment and contingent liabilities
As at the Last Practicable Date, no borrowings (as contemplated in the Offering Circular), material commitments, lease payments or contingent liabilities have been incurred and no debentures have been issued, nor have any loans been made by or in respect of the ILBI ETF Portfolio or for the benefit of the Manager or any of its directors or their associates.

11.9 Grant of preferential subscription rights
No contracts have been entered into in terms of which any person has been granted any option or preferential right of any kind to subscribe for or in respect of any Participatory Interest, nor has any exchange right been granted.

11.10 Directors’ interest in transactions and/or Participatory Interests
11.10.1 None of the directors of the Manager has any interest of any nature whatsoever in any transactions effected by or on behalf of the Portfolio or in any Participatory Interests, since its establishment.
11.10.2 No sums have been paid or have been agreed to be paid within the last three years to any of the directors of the Manager or to any company in which they are beneficially interested, directly or indirectly, or of which they might be a director, or to any partnership, syndicate or other association of which they are members in cash or securities or otherwise, by any person either to induce them to become or to qualify them as a director, or otherwise for services rendered by them or by their associate companies or their associate entities in connection with the promotion or formation of the ILBI ETF Portfolio.

11.11 Statement regarding the Manager’s directors’ in terms of section 7.B.2 of the JSE Listings Requirements
11.11.1 None of the directors of the Manager has been involved in or has been subject to any:
11.11.2 bankruptcies, insolvencies or individual voluntary compromise arrangements;
11.11.2.1 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 which the director is or was a director with an executive function at the time of or within 12 months preceding such events;
11.11.2.2 compulsory liquidations, administration or partnership voluntary arrangements of any partnerships where the director was a partner at the time of or within 12 months preceding such events;
11.11.2.3 receivership or any asset/s 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;
11.11.2.4 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
11.11.2.5 offence involving dishonesty.

11.12 Commissions and other payments
No amount has been paid (within the preceding three years or at all) or is proposed to be paid to any promoter in connection with the establishment and/or listing of the Portfolio, nor has any commission been paid or is payable in respect of any underwriting.

11.13 Other jurisdictions
This Initial Offer is not an offer in any jurisdiction in which it is illegal to make this offer and in those circumstances this Applicable Portfolio Supplement is issued for information purposes only. In particular, NewFunds Participatory Interests have not been registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the USA, to US persons or US residents.
11.14 **Litigation**

There are no legal or arbitration proceedings of which the Manager is aware (including any proceedings which are pending or threatened) which have or may have had a material effect on the financial position of NewFunds or the ILBI ETF Portfolio.

11.15 **Experts’ consent**

Each of the Sponsor and Corporate Advisor, the Trustee and the Legal Advisers have consented to their names being referred to in this Applicable Portfolio Supplement in the form and context in which they are included and had not withdrawn their consent at the Last Practicable Date prior to issue of this Applicable Portfolio Supplement.

11.16 **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:

11.16.1 the memorandum and articles of association of the Manager;
11.16.2 the material contracts referred to above;
11.16.3 the written consents referred to above;
11.16.4 the index methodology documentation;
11.16.5 a copy of the Offering Circular; and
11.16.6 a signed copy of this Applicable Portfolio Supplement.

11.17 **Further information regarding the Manager and its directors**

11.17.1 The Manager currently has four non-executive directors, namely:

11.17.1.1 Mr Alan Jonathan Miller;
11.17.1.2 Mr Andries Benjamin La Grange;
11.17.1.3 Mr Edward Montagu Southey; and
11.17.1.4 Mr Edwin Marcus Letty.

Of these directors, Mr La Grange is independent and Mr Edward Montagu Southey and Mr Edwin Marcus Letty have also recently been appointed as independent non-executive directors – 75% of the board of directors of the Manager therefore being comprised of independent non-executive directors. Mr Southey and Mr Letty have substituted Mr Butana Mangaliso Khoza and Mr Ethan Gilbert Dube as non-executive directors of the Manager.

11.17.2 In light of the fact that Mr Southey and Mr Letty were only recently appointed as independent non-executive directors of the Manager, the table below sets out certain important and relevant information relating to their qualifications and experience:

<table>
<thead>
<tr>
<th>Full names</th>
<th>Edward Montagu Southey</th>
<th>Edwin Marcus Letty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>69 (Born 20 January 1942)</td>
<td>70 (Born 20 December 1941)</td>
</tr>
<tr>
<td>Nationality</td>
<td>South African</td>
<td>South African</td>
</tr>
<tr>
<td>Qualifications</td>
<td>BA LLB (University of Cape Town)</td>
<td>Diploma in Law, Higher Diploma in Tax Law (Wits University)</td>
</tr>
<tr>
<td>Business address</td>
<td>c/o Webber Wentzel 1st Floor 10 Fricker Road 32 Fricker Road Illovo Boulevard Illovo Johannesburg 2196 2196</td>
<td></td>
</tr>
<tr>
<td>Occupation and experience</td>
<td>Admitted as an attorney, notary and conveyancer in 1967</td>
<td>Admitted as an attorney, notary and conveyancer in 1967</td>
</tr>
</tbody>
</table>
11.17.3 Further particulars relating to directorships and other positions held by Mr Southey and Mr Letty are set out in Annexure D.

11.17.4 Neither of Mr Southey or Mr Letty have been appointed as directors for a fixed term and neither hold any interest whatsoever in the Manager.

11.17.5 Information relating to the Manager’s policy on the appointment of directors as well as the powers, duties and responsibilities of directors is available on the NewFunds website (www.newfunds.co.za).

11.17.6 Absa and Vunani each currently hold a 50% shareholding in the Manager. Absa proposes to acquire Vunani’s shareholding in the Manager such that the Manager will become a wholly-owned subsidiary of Absa. The Registrar of Banks’ approval for Absa to acquire Vunani’s share in the Manager has been sought in terms of section 52 of the Banks Act. Once the Registrar of Banks has granted its approval, Absa will also apply to the Registrar for its consent to the proposed acquisition in terms of CISCA.

11.17.7 Once the respective regulatory consents have been obtained and the acquisition finalised, an updated Offering Circular reflecting the up-to-date information will be submitted to the JSE and distributed to all holders of Participatory Interests.

11.17.8 Save for a director’s fee in an amount of R20,000 per month paid to the Chairman fees or other remuneration are currently payable to the directors of NewFunds.
12. CORPORATE GOVERNANCE

The Manager is fully committed to the principles of the Code. The directors recognise the need to govern the Manager with integrity and in accordance with the generally accepted corporate practices. The Manager is currently a joint venture between Absa Capital and Vunani. Absa and Vunani each currently hold a 50% shareholding in the Manager. Absa proposes to acquire Vunani’s shareholding in the Manager such that the Manager will become a wholly-owned subsidiary of Absa Capital. The Manager has no employees and its management is outsourced to Absa Capital. Notwithstanding the aforementioned, the directors of the Manager are of the opinion that the Manager has complied with the principles and recommendations of the Code in the following manner:

12.1 Independent advice

A director or any member of a board committee of the Manager may, if necessary, take independent professional advice at the expense of the Manager.

12.2 Manager secretary

All directors of the Manager have access to the advice and services of a manager secretary, who provides guidance to the board as a whole and to individual directors with regard to how their responsibilities should be discharged in the best interest of the Manager.

12.3 Audit committee

The Manager has a duly appointed and properly constituted audit committee currently comprising Mr A J Miller, Mr E M Southey and Mr E M Letty, that meets twice per year and performs its functions in accordance with relevant legislation and its terms of reference. Its functions include the review of the appointment of external auditors and the consideration and review of non-audit services.

12.4 Internal audit

The internal audit function of the Manager is conducted by Absa Group Internal Audit in terms of a service level agreement.

12.5 Remuneration philosophy

Save for a director's fee in an amount of R20 000 per month paid to the Chairman, the directors of the Manager are not currently paid any remuneration by the Manager.

12.6 Risk management

The Manager adopted the Absa Group Risk Policy. Absa Management, together with Absa Risk management, has developed and is developing appropriate risk processes in respect of the Manager. Absa Risk Management assists in assessing and reporting risk matters to the board of directors of the Manager.

12.7 Managing stakeholder relationships

The board of directors of the Manager delegates to Absa management to proactively deal with stakeholder relationships.

12.8 Fundamental and affected transactions

The Manager does not conduct business with entities in which its directors have an interest. Directors are required to declare their directorships in other companies on an annual basis.

12.9 IT Governance

Information Technology governance is performed in terms of the Absa Group IT Policy.

SIGNED AT JOHANNESBURG BY OR ON BEHALF OF ALL OF THE DIRECTORS OF NEWFUNDS (PROPRIETARY) LIMITED ON 25 NOVEMBER 2011.
CORPORATE INFORMATION

Originator
Absa Capital, the investment banking division of Absa Bank Limited
(Registration number 1986/004794/06), affiliated with Barclays Capital
15 Alice Lane
Sandton
2196
(Private Bag X10056, Sandton, 2146)
Contact: Vladimir Nedeljkovic
Telephone No: (011) 895 5367

Legal Advisers
Webber Wentzel
10 Fricker Road Illovo Boulevard
Illovo
Johannesburg
Contact: Mr Johann Scholtz/Mr Dawid de Villiers
Telephone: 011 530 5214/5241

Sponsor and Corporate advisor
Absa Capital, the investment banking division of Absa Bank Limited
(Registration number 1986/004794/06), affiliated with Barclays Capital
15 Alice Lane
Sandton
2196
(Private Bag X10056, Sandton, 2146)
Contact: Marian Gaylard
Telephone No: (011) 506 7951

Manager
NewFunds (Proprietary) Limited
(Registration number 2005/034899/07)
15 Alice Lane
Sandton
2196
(Private Bag X10056, Sandton, 2146)
Contact: Ann van der Westhuizen/Trinisha Chanka
Telephone (011) 895 5517

Portfolio Manager
Absa Capital Alternative Asset Management (Proprietary) Limited
(Registration number 1999/027973/07)
163 Hendrik Verwoerd Drive
Plattekloof
7550
PO Box 4110
Tygervalley
7536
Contact: Tarren Wilson
Tel No: (021) 927 6404

Registered office of the Manager
Absa Secretarial Services (Proprietary) Limited
(Registration number 1973/014516/07)
7th Floor, Absa Towers West
15 Troye Street
Johannesburg, 2001
(PO Box 5438, Johannesburg, 2000)
Contact: Sipho Mahlangu
Telephone No: (011) 350 7064

Trustee
The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
20th Floor, Main Tower
Standard Bank Centre
Heerengracht
Cape Town, 8001
Contact: Seggie Moodley
Telephone No: (021) 441 4100

Market Maker
Absa Capital, the investment banking division of Absa Bank Limited
(Registration number 1986/004794/06)
affiliated with Barclays Capital
15 Alice Lane
Sandton
2196
(Private Bag X10056, Sandton, 2146)
Contact: Mandla Khumalo
Telephone No: (011) 895 5146

Company secretary of the Manager
Absa Secretarial Services (Proprietary) Limited
(Registration number 1973/014516/07)
7th Floor, Absa Towers West
15 Troye Street
Johannesburg, 2001
(PO Box 5438, Johannesburg, 2000)
Contact: Sipho Mahlangu
Telephone No: (011) 350 7064

Auditors
KPMG Incorporated
(Registration number 1999/021543/21)
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)
Contact: Christine Bronkhorst
Telephone No: (011) 647-8880
Regulator
The Registrar of Collective Investment Schemes
c/o Financial Services Board
Riverwalk Office Park, Block B
41 Matroosberg Road (Corner Garsfontein and
Matroosberg Roads) Ashlea Gardens,
Extension 6
Menlo Park
Pretoria, 0081
PO Box 35655, Menlo Park, 0102

Issuer CSDP
The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
25 Sauer Street
Johannesburg, 2001

Calculation Agent
Barclays Bank PLC
(Registration number 1026167)
acting through the Barclays Capital Division
1 Churchill Place
London
E14 SHP
Contact: Roderick Martin
Telephone No: + 44 207 773 6713

Issuer Agent
Absa Capital, the investment banking division of
Absa Bank Limited
(Registration number 1986/004794/06)
affiliated with Barclays Capital
Absa Towers North
180 Commissioner Street
Johannesburg, 2001
(PO Box 5013, Johannesburg, 2000)
Contact: Debbie Billings
Telephone No: (011) 350-1580

Participating brokers
Absa Stockbrokers (Proprietary) Limited
(Registration number 1973/010798/07
65 Empire Road
Parktown, 2193
(PO Box 1133, Auckland Park, 2006)
Telephone No: (011) 647 0830
Absa Capital Securities (Proprietary) Limited
member of the Absa Group Limited
group of companies
(Registration number 2008/0211179/07)
15 Alice Lane
Sandton, 2196
(Private Bag X1056, Sandton, 2146)
Contact: Cameron Ashton or Carlyle Whittaker
Telephone No: (011) 895 6848

Fund Administrator
Maitland Fund Services (Proprietary) Limited
(Registration number 1998/004065/07)
Maitland House 1
River Lane
Mowbray, 7700
Cape Town

Directors of the Manager
E M Southey (independent non-executive)
E M Letty (independent non-executive)
A B La Grange (independent non-executive
chairman)
A J Miller (non-executive)
## COMPOSITION OF THE BASKET OF CONSTITUENT SECURITIES

<table>
<thead>
<tr>
<th>Security code</th>
<th>Bond code</th>
<th>Years to maturity</th>
<th>Relative weight</th>
<th>Value in ZAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>R189</td>
<td>1.41</td>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>12.96%</td>
<td>5,617,061.80</td>
</tr>
<tr>
<td>R211</td>
<td>5.25</td>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>8.55%</td>
<td>3,706,627.58</td>
</tr>
<tr>
<td>R212</td>
<td>0.26</td>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>8.99%</td>
<td>3,897,499.08</td>
</tr>
<tr>
<td>R197</td>
<td>12.11</td>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>34.63%</td>
<td>15,013,233.20</td>
</tr>
<tr>
<td>R210</td>
<td>16.42</td>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>10.11%</td>
<td>4,382,803.14</td>
</tr>
<tr>
<td>R202</td>
<td>22.12</td>
<td>REPUBLIC OF SOUTH AFRICA</td>
<td>24.76%</td>
<td>10,732,265.20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>100.00%</strong></td>
<td><strong>43,349,490.00</strong></td>
</tr>
</tbody>
</table>

Index level: 433.4949  
Date: 1 November 2011  
Price per Participatory Interest: 43.34949  
Block: 1,000,000.00  
Basket value: R43,349,490.00  

The Constituent Securities, Index Level and Basket value set out above are extracted from the latest available information as at 1 November 2011 (which is not the most recent rebalancing date but the most recent date upon which the relevant information was available) are included for information purposes only. For accurate information on the Constituent Securities, the number of Constituent Securities in one Basket, the Basket value and the Index Level, consult the NewFunds website (www.newfunds.co.za).
SALIENT PROVISIONS OF THE ILBI ETF SUPPLEMENTAL DEED

Set out below are extracts from the ILBI ETF Supplemental Deed:

2. “CONSTITUTION OF PORTFOLIO

There is hereby established the NewFunds ILBI Exchange Traded Fund Portfolio, as a Portfolio of the scheme.

3. AMENDMENTS TO THE DEED

3.1 Clause 1.2 of the Deed is hereby amended by the addition of the following new definition:

“Index” means the Barclays Capital/Absa Capital South African Government Inflation-Linked Bond Total Return Index, an index consisting of bonds issued by the South African Government which are linked to the South African Consumer Price Index and calculated on a daily basis by Barclays Capital, a division of Barclays Bank Plc (or such other independent calculation agent appointed by the manager from time to time, with the prior written approval of the Registrar and the JSE).

3.2 Clause 1.2 of the Deed is amended in respect of the following definitions:

3.2.1 “accounting period” in relation to the first distribution in respect of the Portfolio to be made in terms of this deed, means the period not exceeding 12 months commencing on the date of the commencement of the Portfolio as declared by the manager in consultation with the trustee and ending on the last day of each calendar month, or such other date as may be determined by the manager in consultation with the trustee and, in relation to each subsequent deemed distribution, means the period beginning with the first day of each calendar month following that in which the most recent ex dividend date occurs and ending on the last day of the month in which the next following ex dividend date occurs: Provided that after the first deemed distribution in respect of the Portfolio, the financial year end of the Portfolio must each year coincide with the last day of an accounting period.

3.3 Clause 40.5 of the Deed is hereby deleted in its entirety and replaced with a new clause which reads as follows:

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 shall be deemed to be available for distribution to investors in that Portfolio at the next ex dividend date.

3.4 Clauses 42.1, 42.2, 42.3 of the Deed are hereby deleted in their entirety and replaced with the following new clauses:

42.1 The manager must on each declaration date publish an announcement in compliance with the JSE Listings Requirements notifying investors (including the manager in respect of any participatory interests to which it is entitled) registered in the register of a Portfolio as at the close of business on the relevant LDT, pro rata to the number of participatory interests then held by such investors in a Portfolio, the amount verified by the trustee as deemed to be available for distribution but re-invested in this Portfolio as hereinafter provided in respect of the accounting period to which such LDT relates.

42.2 On each ex dividend date, the amount required to effect deemed 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. On the ex dividend date the said amount shall remain in the Income Account under the supervision and control of the trustee and will be re-invested by buying additional securities for the benefit of investors, which amount shall be deemed distributed on the distribution date. The amount that is deemed to be distributed and subsequently re-invested in respect of each participatory interest must be rounded down to the nearest one-hundredth of a cent.
The aggregate balance remaining to the credit of the Income Account on completion of a deemed distribution and subsequent re-investment shall be carried forward and added to the amount that shall be available for a deemed distribution and subsequent re-investment in the next accounting period.

42.3 Although distributions will be periodically declared on the ex dividend date to investors in respect of income received by the Portfolio in respect of the securities, such distributions shall not be paid to investors on distribution date but shall be re-invested in the Portfolio on behalf of investors on the ex dividend date through the purchase of securities, in accordance with the calculation methodology of the Index, on the first business day, or as soon thereafter as is practically possible, following receipt by the trustee of the income accruals and payments in lieu of accruals accruing to the Portfolio in respect of each accounting period. Such re-investments shall not be evidenced by the issue of new participatory interests to investors, but will increase the net asset value of the Portfolio and consequently shall increase the value of each participatory interest issued in the Portfolio proportionately at the time of such re-investing.

Clause 43 of the Deed is hereby deleted and replaced with a new clause which reads as follows:

43 Determination of amount available for deemed distribution

An amount equal to the income accruals during the accounting period plus in lieu of income accruals accruing to the Portfolio during the accounting period, and any balance carried forward, less any permissible deductions, shall be deemed to be distributed to investors on the distribution date.

4. INVESTMENT POLICY

4.1 The investment policy of the Portfolio shall be to:

4.1.1 track the Index as closely as possible by, to the fullest extent possible:

4.1.1.1 buying only securities in the Index in the weightings in which they are included in the Index; and

4.1.1.2 selling only securities which are excluded from the Index from time to time as a result of the monthly Index reviews or corporate actions, so as to ensure that at all times the Portfolio holds securities in the Index in the same weightings in which they are included in the Index; and

4.1.2 as a further objective, to manage the securities held by the Portfolio to generate income for the benefit of investors.

4.2 The Portfolio shall not buy or sell securities for the purpose of making a profit nor for any purpose other than tracking the Index.

4.3 The Portfolio will be passively managed in that the manager will not buy and sell securities based on economic, financial and/or market analysis but rather, will buy and sell securities solely for the purpose of ensuring that the Portfolio tracks the Index. As such the investment objective and style of the Portfolio will be full replication of the Index.

4.4 Investors may obtain participatory interests in the Portfolio on the secondary market or by subscribing for new participatory interests in the Portfolio on the primary market. In order to achieve this objective the manager may, subject to the Act and the Deed, create and issue an unlimited number of participatory interests in the Portfolio.

4.5 The manager shall further be entitled, in its discretion and only on a temporary basis, to employ such other investment techniques and instruments as will most effectively give effect to the object or the investment policies of the Portfolio, subject to the provisions of the Deed and the Act from time to time.

4.6 The composition of the Portfolio will be adjusted periodically to conform to changes in the composition and weightings of the securities in the Index so as to ensure that the composition and weighting of the Portfolio are a reflection of the composition and weighting of the securities contained in the Index.
4.7 Assets in liquid form will form a minor part of the Portfolio.

4.8 The Portfolio’s ability to replicate the price and yield performance of the Index will be affected by the costs and expenses incurred by the Portfolio.

4.9 Since the manager will not be distributing to investors any income (including coupons) in the Portfolio, the manager will disclose in the Portfolio Supplements that such income will be reinvested in the Portfolio.

4.10 Any material change in the investment policy of the Portfolio shall constitute an amendment of the Deed, and shall be subject to the provisions of clause 59 of the Deed, in which event investors shall be given reasonable notice to enable them to redeem their participatory interest prior to implementation of the change.

4.11 The manager shall in managing the assets of the Portfolio ensure that it is aligned with the limits as prescribed by Regulation 28 of the Pension Funds Act, 24 of 1956, to the extent allowed by the Act.

5. SERVICE CHARGE AND METHOD OF CALCULATION

5.1 For purposes of clauses 44 and 45 of the Deed, the Manager is entitled to a service fee per calendar month, payable monthly in arrears, accruing daily and calculated as follows:

\[
\frac{D \times 100\text{bps}}{365} \times N
\]

Where:

- \(D\) = the daily market value of the total assets of the portfolio excluding income accruals and permissible deductions, if any;
- bps = basis points;
- \(N\) = number of days in the month in question; or

5.1.2 any lower amount nominated at the Manager’s discretion.

5.2 The Manager may change any charge of the 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;
- the necessary amendments to the Deed have effected;
- the prior written approval of the JSE has been obtained.

6. UNDERTAKING

The parties to this Supplemental Deed No. 12 hereby confirm that the Deed has been scrutinised to ensure that this Supplemental Deed No. 12 is compatible with the Deed.

7. EFFECTIVE DATE

This Supplemental Deed No. 12 shall take effect from the date of approval hereof by the Registrar."
In the past 5 years, Mr Southey has held the position of director/trustee/partner in respect of the following companies/trusts/partnerships:

- Accelerator Fund 1 (Pty) Limited
- Accelerator Fund 1 Security SPV (Pty) Limited
- Accelerator Fund 2 (Pty) Limited
- Accelerator Fund 2 Security SPV (Pty) Limited
- Accelerator Fund 3 (Pty) Limited
- Accelerator Fund 3 Security SPV (Pty) Limited
- Assore Limited
- Attorneys Insurance Indemnity Fund
- Blue Granite Investments No.1 (Pty) Limited
- Blue Granite Investments No. 2 (Pty) Limited
- Blue Granite Investments No. 3 (Pty) Limited
- Blue Granite Investments No. 4 (Pty) Limited
- Blue Granite Investments No. 5 (Pty) Limited
- Blue Granite No. 1 Security SPV (Pty) Limited
- Blue Granite No. 2 Security SPV (Pty) Limited
- Blue Granite No. 3 Security SPV (Pty) Limited
- Blue Granite No. 4 Security SPV (Pty) Limited
- Collaterised Auto Receivables Securitisation 1 Guarantor (Pty) Limited
- DHB Investments (Pty) Limited
- Eagle Newco Number One (Pty) Limited
- Eagle Security Co Number One (Pty) Limited
- Edu-Loan (Pty) Limited
- Epoch Investment Holdings Limited
- Epoch Two Investment Holdings Limited
- Fintech Lease Rentals (Pty) Limited
- FNB Retail Equities Nominees (Pty Limited
- Grainflow Investments (Pty) Limited
- Home Obligators Mortgage Enhanced Securities (Pty) Limited
- Homeplan Financial Solutions (Pty) Limited
- Homeplan Financial Solutions Security SPV (Pty) Limited
- Ian McLaren Family Holdings (Pty) Limited
- Indwa Investments Limited
- iVuzi Investments Limited
Lexshell 596 Investments (Pty) Limited
Lexshell 624 (Secured Mortgages Two)
Main Street 220 (Pty) Limited
Main Street 367 (Pty) Limited
Main Street 728 (Pty) Limited
Maitland Executors Limited
Maitland Family Trust
Maitland Trust (KZN) (Pty) Limited
Mondi SSC SA (Pty) Limited
NBC Future Guard Security SPV (Pty) Limited
Newgold Managers (Pty) Limited
Nqaba Finance 1 (Pty) Limited
Philes One Hundred & Twenty Eight (Pty) Limited
Procul Limited
Sanlam Home Loans 101 Security SPV (Pty) Limited
Sanlam Home Loans 102 (Pty) Limited
Sanlam Home Loans 102 Security SPV (Pty) Limited
Sanlam home Loan 103 (Pty) Limited
Sanlam home Loans 103 Security SPV (Pty) Limited
Schindler Lifts SA (Pty) Limited
Secured Mortgages One (Pty) Limited
Security SPV 1 (Pty) Limited
Security SPV 2 (Pty) Limited
Security SPV 3 (Pty) Limited
Security SPV 4 (Pty) Limited
Tarl Investment Holdings Limited
The Oppenheimer Trust (Pty) Limited
Theseus Trustees (South Africa) (Pty) Limited
Trackhedge (Pty) Limited
Trackhedge Managers (Pty) Limited
Usat Trust Limited
Vukile Investment Property Securitisation (Pty) Limited
In the past 5 years, Mr Letty has held the position of director/trustee/partner in respect of the following companies/trusts/partnerships:

- Accelerator Fund 1 (Pty) Limited
- Accelerator Fund 2 (Pty) Limited
- Accelerator Fund 3 (Pty) Limited
- Accelerator Fund 4 (Pty) Limited
- Atrax Investments No. 2 (Pty) Limited
- Blue Granite Investments No. 1 (Pty) Limited
- Blue Granite Investments No. 2 (Pty) Limited
- Blue Granite Investments No. 3 (Pty) Limited
- Blue Granite Investments No. 4 (Pty) Limited
- Blue Granite Investments No. 5 (Pty) Limited
- Blue Granite Investments No. 5 Security SPV (Pty) Limited
- Blue Granite No. 1 Security SPV (Pty) Limited
- Blue Granite No. 2 Security SPV (Pty) Limited
- Blue Granite No. 3 Security SPV (Pty) Limited
- Blue Granite No. 4 Security SPV (Pty) Limited
- Brandmark (Pty) Limited
- Collateralised Auto Receivables Securitisation 1 Guarantor (Pty) Limited
- Columbia Falls Properties 118 (Pty) Limited
- ERS No 1 Security SPV (Pty) Limited
- Eagle Newco Number One (Pty) Limited
- Eagle Newco Securityco Number One (Pty) Limited
- Evening Shade Properties 118 (Pty) Limited
- Fedtrust (Pty) Limited
- Fedprop (Pty) Limited
- Fedbond Life Limited
- Fedbond Nominees (Pty) Limited
- Fedbond Participation Mortgage Bond Managers (Pty) Limited
- Fedgroup Management (Pty) Limited
- Grayston Conduit 1 Security SPV 1 (Pty) Limited
- Grayston Conduit 2 Security SPV 1 (Pty) Limited
- Grayston Conduit 4 Security SPV 1 (Pty) Limited
- Grayston Conduit 5 Security SPV 1 (Pty) Limited
- Green House Security SPV Series 1 (Pty) Limited
- Homeplan Financial Solutions Security SPV (Pty) Limited
LA Maison Vinasse (Pty) Limited
La Vinasse Vineyards (Pty) Limited
Lexshell 596 Investments (Pty) Limited
Lyrapix Investments (Pty) Limited
Mainbranch Investments 40 (Pty) Limited
Main Street 367 (Pty) Limited
MBT Channel Capital (Pty) Limited
NBC Future Guard (Pty) Limited
NBC Pension Backed Lening Guarantor SPV (Pty) Limited
Newgold Issuer Limited
Newshelf 839 (Pty) Limited
Nqaba Finance 1 Security SPV (Pty) Limited
Nqaba Guarantee SPV (Pty) Limited
Pacific Eagle Properties 224 (Pty) Limited
Nqaba Finance 1 Security SPV (Pty) Limited
Nqaba Guarantee SPV (Pty) Limited
Pacific Eagle Properties 224 (Pty) Limited
Private Commercial Mortgages Security SPV Series 1 (Pty) Limited
Private Commercial Mortgages Security SPV Series 2 (Pty) Limited
Private Mortgages 1 Security SPV (Pty) Limited
Private Mortgages 2 Security SPV (Pty) Limited
Private Mortgages 3 Security SPV (Pty) Limited
Sanlam Home Loans 101 Security SPV (Pty) Limited
Sanlam Home Loans 102 Security SPV (Pty) Limited
Sanlam Home Loans 102 (Pty) Limited
Sanlam Home Loans 103 (Pty) Limited
Sanlam Home Loans 103 Security SPV (Pty) Limited
Security SPV 1 (Pty) Limited
Security SPV 2 (Pty) Limited
Security SPV 3 (Pty) Limited
Security SPV 4 (Pty) Limited
Seniors’ Finance Security SPV (Pty) Limited
Southgold Security SPV (Pty) Limited
Tennant Benefit Consultants (Pty) Limited
The Thekwini Fund 2 Security SPV (Pty) Limited
The Thekwini Fund 3 Security SPV (Pty) Limited
The Thekwini Fund 4 Security SPV (Pty) Limited
The Thekwini Fund 5 Security SPV (Pty) Limited
The Thekwini Fund 6 Security SPV (Pty) Limited
The Thekwini Fund 7 Security SPV (Pty) Limited
The Thekwini Fund 8 Security SPV (Pty) Limited
The Thekwini Fund Private Placements Security SPV (Pty) Limited
The Thekwini Warehousing Conduit (Pty) Limited
The Thekwini Warehousing Conduit Security SPV (Pty) Limited
The South African Home Loans Hedge Company (Pty) Limited
Tiddlers (Pty) Limited
Trackhedge Managers (Pty) Limited
Trackhedge (Pty) Limited
Tutuni Investments No. 38 (Pty) Limited
Vukile Investment Property Securitisation (Pty) Limited