

07 June 2023

Dear Investor,

RE: BALLOT IN RESPECT OF AMALGAMATING AIP SNN MULTI-STRATEGY RETAIL HEDGE FUND TO AIP RCIS MULTI-STRATEGY RETAIL HEDGE FUND

This letter is important and requires your immediate attention.

The purpose of this letter is to inform you, as an investor, of the proposed amalgamation of the portfolios listed below, and to provide you, as an investor, with sufficient information to vote in favour of, or against, these proposed changes

SNN Retail Hedge Fund Scheme (Source Portfolio)	RCIS Retail Hedge Fund Scheme (Target Portfolio)
AIP SNN Multi-Strategy Retail Hedge Fund	AIP RCIS Multi-Strategy Retail Hedge Fund

Background

Sanne Management Company (RF) (Pty) Limited (“Sanne”) in conjunction with the co-named investment manager, AIP Capital Management (Pty) Ltd (“AIP”) would like to propose the amalgamation from the Source Portfolio to the Target Portfolio enlisted above. The Target Portfolio will be managed by the same portfolio management team with the same strategy employed, however, the Target Portfolio will be hosted on the Realfin Collective Investment Schemes (RF) (Pty) Limited (“Realfin”) Manco platform rather than the Sanne Manco platform where the Source Portfolio is currently hosted.

The management team of AIP, a transformed, majority black owned, and operated business has decided to consolidate administrative platforms. Realfin currently service AIP by offering administration services on AIP’s private equity portfolios. AIP would like to ensure that their portfolios are serviced by one provider and therefore wish to move from Sanne to Realfin.

If you are in any doubt as to what action to take, please consult Sanne Management Company (RF) (Pty) Ltd on +27 21 402 1711.

In terms of section 99 of the Collective Investment Schemes Control Act (Act 45 of 2022) the ballot will be valid if the majority of investors vote in favour of the amalgamation. Absence of a response will be regarded as a vote in favour of the amalgamation.

Action required

- Please read this circular on the proposed changes to this portfolio, your rights as an investor and the impact this will have on your investment.***
- Please complete the enclosed ballot form and return it by email to our external auditors at za_sanne_ballot@pwc.com to reach them no later than midnight on the 21 July 2023.***
- Please do not include any other instructions regarding your holdings with your ballot form, e.g. requests for purchases, switching instructions, etc. Your ballot form will go directly to our***

auditors and, should such instructions be sent to the auditors, we cannot guarantee that any instruction subsequent to the commencement of the ballot process will be affected.

4. *If you have disposed of your investments in this portfolio, no action is required.*

Effective date of proposed changes

The effective date of the proposed amalgamation of the two portfolios will be **23 August 2023**, provided that the necessary consent is obtained from investors and the FSCA.

How the changes will impact your investment

Section 99(3)(a) of the Collective Investment Schemes Control Act stipulates that on the effective date, every investor:

“shall...hold in the new scheme or portfolio, such participatory Interest with an aggregate money value which is not less than the lower of the net asset value or market value, as may be fair and reasonable in the circumstances, of the participatory interest which such investor, immediately before the date on which the proposed transaction become effective, held in an original scheme or portfolio.”

In other words, when the Source Portfolio is absorbed into and amalgamated with the Target Portfolio, investors will be issued with replacement participatory interest in the Target Portfolio. The replacement participatory interest will be equal in market/monetary value to the participatory interest held pre-amalgamation, although the number of participatory interest held may change.

Capital Gains Tax (“CGT”) implications

In terms of the Income Tax Act, the proposed change will not result in a CGT trigger event. However, should you elect to sell or switch any or all of your participatory interests, it will be viewed as a normal transaction and CGT may apply in that instance.

Charges, performance and unit pricing

Investors will not be liable for the payment of any additional fees, charges, taxes or brokerage as a result of the amalgamation of these portfolios. Future performance and unit pricing will be determined by the new amalgamated portfolio.

Special Distribution

To facilitate the amalgamation and transfer process, the Source Portfolio will undergo a special income distribution.

Your rights as investor in terms of the amalgamation

Your rights as an investor are firmly entrenched in the Collective Investment Schemes Control Act and the deed of the SNN Retail Hedge Fund Scheme.

1. All investors are advised, in writing, of the details of the proposed changes to the collective investment scheme portfolio in terms of section 99 of the Act.

2. All investors are given an opportunity to vote in favor of, or against the amalgamation in terms of section 99 of the Act.
3. Please note that investors who do not return the completed amalgamation ballot form within the stipulated time will be deemed to have voted in favour of the amalgamation.
4. The auditors used for this ballot process will be PricewaterhouseCoopers.
5. Please note that, in terms of the Collective Investment Schemes Control Act, the Authority of Collective Investment Schemes will not consent to the proposed amalgamation of the portfolio unless he/she is satisfied that the changes will not be detrimental to any investors, and investors have consented to the amalgamation.
6. Enclosed is a ballot form. Please complete, sign and return the ballot form to our auditors by email to za_sanne_ballot@pwc.com to reach them no later than midnight on the **21 July 2023**.
7. Should you not be comfortable with the proposal and do not wish to switch your investments to any of the SNN Retail Hedge Fund Scheme Portfolios, you may elect to redeem your participatory units at any time and withdraw your funds at the NAV price, as defined in the deed. ***Please note that by electing to redeem your units will constitute a capital gains tax ("CGT") event for which you could be liable to pay CGT at your next income tax assessment.***
8. If you choose not to switch or withdraw your investments prior to **23 August 2023** being the effective date as set out in this letter (to the extent that they are approved by investors), the amalgamation will automatically apply to your investment.

The existing Trustee (approved by the Authority of the Collective Investment Scheme Control Act), FirstRand Bank Limited (acting through its RMB Custody and Trustee Services division), has noted the proposed amalgamation, and consented to the ballot process as a means for determining the wishes of the investors as set out in this letter.

Should you require further information on the proposed amalgamation, or should you wish to exercise your right to switch or sell any of your investments, please contact your financial advisor or Sanne Management Company (RF) (Pty) Ltd on +27 21 402 1711. You could also send an email to SNNMancoOps@sannegroup.com.

Attachments:

- Annexure A: Comparison between the Source portfolio and the Target portfolio.
- Annexure B: Ballot form for the proposed amalgamation.

Yours Sincerely,



Christine Pretorius
Head of Compliance

Annexure A

Proposed Amalgamation:

AIP SNN Multi-Strategy Retail Hedge Fund (Source portfolio)	AIP RCIS Multi-Strategy Retail Hedge Fund (Target portfolio)
Retail Hedge Fund Scheme	Retail Hedge Fund Scheme
<p>The <u>AIP SNN Multi-Strategy Retail Hedge Fund</u> will aim to maximize total returns over the long term for investors by actively investing across different asset classes in a disciplined manner providing for diversification benefits serving to smooth returns, reduce volatility and decrease asset-class and single-strategy risks. <u>Short-term volatility of the returns may be reduced with the use of hedging instruments and techniques, strategy diversification, asset allocation and active risk management.</u> The portfolio will seek to capitalize on all investment opportunities and will have maximum flexibility to invest in a diverse range of instruments including, but not limited to, equity, equity-related securities, money market instruments, fixed interest securities, listed property securities, REITs, currencies, bonds, debentures, options, warrants, debt instruments, preference shares, commodities, exchange traded funds (ETFs), over the counter securities, forex, spot trades, swaps, forward rate agreements (FRAs), contract for difference (CFDs), futures and any other listed and unlisted financial instrument in line with conditions as determined by regulations from time to time. Unlisted investments in these instruments are permitted as determined by regulations from time to time.</p> <p><u>The portfolio will use the Value at Risk (“VaR”) approach to calculate the portfolio’s total exposure. The VaR will be based on a 20% loss limit at the 99% confidence interval over a month.</u></p> <p><u>The portfolio will predominately invest in South African markets but is however permitted to include investments in offshore jurisdictions subject to the investment conditions determined by regulations from</u></p>	<p>The <u>portfolio aims</u> to maximize total returns over the long term for investors by actively investing across different asset classes in a disciplined manner providing for diversification benefits serving to smooth returns, reduce volatility and decrease asset-class and single-strategy risks.</p> <p>The portfolio will seek to capitalize on all investment opportunities and will have maximum flexibility to invest in a diverse range of instruments <u>predominantly local but also offshore:</u></p> <p><u>Assets</u> including, but not limited to, equity, equity-related securities, money market instruments, fixed interest securities, listed property securities, REITs, currencies, bonds, debentures, options, warrants, debt instruments, preference shares, commodities, exchange traded funds (ETFs), over the counter securities, forex, spot trades, swaps, forward rate agreements (FRAs), contract for difference (CFDs), futures and any other listed and unlisted financial instrument in line with conditions as determined by regulations from time to time. Unlisted investments in these instruments are permitted as determined by regulations from time to time.</p> <p><u>Participatory interests of hedge fund portfolios in any retail investor collective investment scheme or collective investment schemes in securities, (collectively “Underlying Funds”), subject only to the requirements of the Act read with the Hedge Fund Requirements.</u></p> <p><u>The Manager may create leverage in the Portfolio by borrowing funds, using short positions or engaging in derivative transactions.</u></p>

<p><u>time to time. The portfolio may apart from assets in liquid form also include participatory interests or any other form of participation in portfolios of collective investment schemes or other approved retail hedge funds. Where the aforementioned schemes are operated in territories other than in South Africa, participatory interests or any other form of participation in these schemes will be included in the portfolio only where the regulatory environment is to the satisfaction of the manager and trustee and is of a sufficient standard to provide investor protection at least equivalent to that in South Africa.</u></p> <p><u>Nothing in the supplemental deed shall preclude the manager from varying the ratios of securities, to achieve the investment objective and investment potential in changing economic environments or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the deed and any supplemental deeds thereto; provided that the manager shall ensure that the aggregate value of the assets comprising the portfolio shall consist of securities of the aggregate value required from time to time by the Act.</u></p> <p><u>The trustee shall ensure that the investment policy set out in this supplemental deed, the deed and in all other applicable supplemental deeds is carried out.</u></p> <p><u>The manager, in consultation with the investment manager, reserves the right to close the portfolio to new investors on a date determined by the manager. This will be done to allow the portfolio to be managed in accordance with its mandate. The manager may, where a portfolio has been closed, reopen that portfolio again to new investors on a date determined by the manager.</u></p>	<p><u>The Portfolio shall be entitled to lend or borrow scrip, provided that it does so in accordance with any Applicable Law.</u></p> <p><u>The Manager shall use the value at risk approach to calculate the Portfolio's total exposure, in accordance with the requirements and limits stipulated in the Act read with the Hedge Fund Requirements.</u></p> <p><u>The Portfolio aims to deliver returns in excess of the STeFi Call Deposits Index [STFCAD].</u></p> <p><u>The Trustee shall ensure that the investment policy (including the applicable investment restrictions), as set out above, is adhered to by the Manager.</u></p>
Hurdle/Benchmark	Hurdle/Benchmark
STeFI Call Deposit Index (SFTCAD)	STeFI Call Deposit Index (SFTCAD)
ASISA Category	ASISA Category

South African - Multi-Strategy – Retail Hedge Fund	South African - Multi-Strategy – Retail Hedge Fund
Distribution Frequency	Distribution Frequency
Annually	Annually
Accounting Period	Accounting Year End Period
December Year End	February Year End
Valuation Frequency	Valuation Frequency
Daily	Daily
Annual Service Fees (excluding VAT) and Fee Class Naming Convention	Annual Service Fees (excluding VAT) and Fee Class Naming Convention
Class 1 - 1.5% ex Vat	Class A - 1.5% ex Vat
Minimum Investment	Minimum Investment
R10 000 lump sum or R 1 000 monthly contribution	R10 000 lump sum or R 1 000 monthly contribution
Performance Fee Methodology	Performance Fee Methodology
A performance fee is charged if the gross return of the participatory interest (after deduction of the base fee) over a 3-month rolling period exceeds the specified benchmark over the same period. The performance fee rate is 20% (excluding Vat).	A performance fee is charged if the gross return of the participatory interest (after deduction of the base fee) over a 3-month rolling period exceeds the specified benchmark over the same period. The performance fee rate is 20% (excluding Vat).
Risk Profile	Risk Profile
Medium - High	Medium - High
Leverage Measure	Leverage Measure
The portfolio will use the Value at Risk (“VaR”) approach to calculate the portfolio’s total exposure. The VaR will be based on a 20% loss limit at the 99% confidence interval over a month.	The portfolio will use the Value at Risk (“VaR”) approach to calculate the portfolio’s total exposure. The VaR will be based on a 20% loss limit at the 99% confidence interval over a month