

4 August 2023

*Dear Investor*

## **Proposed change of the Fibonacci BCI Diversified Growth Fund's investment policy – 2<sup>nd</sup> round ballot**

### **THIS LETTER IS IMPORTANT AND REQUIRES YOUR ATTENTION**

The investment manager, Fibonacci Asset Management (Pty) Ltd ("Fibonacci"), requested us to ballot investors to obtain their approval to change the **Fibonacci BCI Diversified Growth Fund's** investment policy to that of a standard balanced portfolio that is managed according to prudential guidelines.

The first round was unsuccessful as the response rate was below the 25% minimum required response rate, so we have to conduct this 2<sup>nd</sup> round ballot. It is important that you vote as a for this round there is no minimum response rate, and a clear majority of responses will determine the success of the ballot.

### **How does the proposed change in investment policy impact your investment?**

The proposed investment mandate change will result in the maximum potential equity exposure to increase from 60% to 75% of the portfolio size, resulting potentially higher but more volatile future investment returns. However, nothing stops Fibonacci to reduce the equity exposure when equity markets are not performing well.

As part of the process the portfolio's name will change to the Fibonacci BCI Balanced Fund.

All investors in the portfolios are given an opportunity to vote in favour of, or against the proposed amendment in the investment policy in terms of clause 67 of the Deed. For the ballot to be successful more than 50% of responses should be in support of the changes for this round.

### **Action required**

Kindly study this document, complete the attached form and return it to our auditors by no later than **28 September 2023**. The similarities and differences between the portfolios are illustrated in *Annexure A*.



1. Please complete and sign the enclosed ballot form and return it in the enclosed self-addressed envelope (where applicable) **or** via email to ***za\_bciballots@pwc.com***
2. If you have disposed of your participatory interests, no action is required.
3. **If you do not vote, then your vote will not be taken into account – so please vote.**

Please do not include any other instructions regarding your holdings with your ballot form, for example requests for purchases, switching instructions, etc. Your ballot form will go directly to our auditors and should such instructions be sent to the auditors, it will not be processed.



We will appreciate a vote in support.

### **Your rights as an investor**

The rights of investors are firmly entrenched in the Act and the Deed:

1. All investors in the portfolios are given an opportunity to vote in favour of, or against, the proposals above.
2. An independent auditor will verify the outcome of the ballot.
3. Should you not be comfortable with the proposal in so far as they relate to the portfolio in which you hold participatory interests, you may switch your investments to any of the Boutique Collective Investment Scheme portfolios, at no switching cost, provided we receive your switching instructions before 31 July 2023. Should you not be comfortable with the proposal and do not wish to switch your investments to any of the Boutique Collective Investment Scheme portfolios, you may elect to redeem your participatory interests at any time and withdraw your money at the NAV price, as defined in the Deed, subject to that it is a discretionary investment. **By electing to redeem or switch your participatory interests, it will constitute a CGT event for which you will be liable to pay CGT at your next income tax assessment.**
4. If you choose not to switch or withdraw your investments prior to 31 October 2023, the proposals as set out in this letter (to the extent that they are approved by investors) will automatically apply to your investment.



### **Effective date**

The effective date of the proposed investment policy change shall be 1 November 2023, provided that the necessary consent is obtained from investors and the Financial Sector Conduct Authority.



**For more information**

If you are in any doubt as to what action to take, please consult your financial advisor or call BCI at 021 007 1500.

**Attachments**

Annexure A: Comparison between current and proposed portfolio and impact of changes

Annexure B: Ballot form

Yours faithfully



**Gregory Abrahams**

**Managing Director**





**Annexure A: Portfolio Comparisons**

Fibonacci BCI Diversified Growth Fund (current)	Fibonacci BCI Balanced Fund (proposed)	Impact
<p><b>Investment policy</b>            The Fibonacci BCI Diversified Growth Fund’s investment objective is to provide investors with long term capital growth by investing across a diversified range of asset classes and securities. The portfolio maintains a moderate risk profile and its maximum equity exposure is 60% of its net asset value. The portfolio will be managed in compliance with prudential investment guidelines for retirement funds in South Africa with a moderate risk profile to the extent allowed for by the Act.</p> <p>In order to achieve its objective, the investments normally to be included in the portfolio may comprise a combination of assets in liquid form, money market instruments, interest bearing securities, bonds, debentures, corporate debt, equity securities, other interest-bearing securities, property securities, preference shares, convertible equities and non-equity securities. The manager may invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes as the Act may allow from time to time, and which are consistent with the portfolio’s investment policy. Where the aforementioned schemes are operated in territories other than South Africa, participatory interests or any other form of participation in portfolios of these schemes will be included in the portfolio only where the regulatory environment is, to the satisfaction of the manager and the trustee, of sufficient standard to provide investor protection at least equivalent to that in South Africa. The portfolio may from time to time invest in listed and unlisted financial instruments, in accordance with the provisions of the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio’s investment objective. The manager may also include forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes.</p> <p>The Trustee shall ensure that the investment policy set out in this Supplemental Deed is carried out. For the purpose of this portfolio, the manager shall reserve the right to close the portfolio to new investors on a date determined by the manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The manager may, once a portfolio has been closed,</p>	<p><b>Investment policy</b>            The Fibonacci BCI Balanced Fund is a managed portfolio with the objective of providing investors with a moderate to high long term total return. The portfolio is managed in compliance with prudential investment guidelines for retirement funds in South Africa to the extent allowed for by the Act.</p> <p>In order to achieve its objective, the investments normally to be included in the portfolio may comprise a combination of assets in liquid form, money market instruments, interest bearing securities, bonds, debentures, corporate debt, equity securities, other interest-bearing securities, property securities, preference shares, convertible equities and non-equity securities. The manager may invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes as the Act may allow from time to time, and which are consistent with the portfolio’s investment policy. Where the aforementioned schemes are operated in territories other than South Africa, participatory interests or any other form of participation in portfolios of these schemes will be included in the portfolio only where the regulatory environment is, to the satisfaction of the manager and the trustee, of sufficient standard to provide investor protection at least equivalent to that in South Africa. The portfolio may from time to time invest in listed and unlisted financial instruments, in accordance with the provisions of the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio’s investment objective. The manager may also include forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes.</p> <p>The Trustee shall ensure that the investment policy set out in this Supplemental Deed is carried out. For the purpose of this portfolio, the manager shall reserve the right to close the portfolio to new investors on a date determined by the manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The manager may, once a portfolio has been closed,</p>	<p>Slightly more aggressive risk profile, thus can expect higher but more volatile future investment returns.</p> <p>Similar</p> <p>Similar</p>



open that portfolio again to new investors on a date determined by the manager.	open that portfolio again to new investors on a date determined by the manager.	
<b>Annual service fee (excluding VAT)</b> Class B: 0.75% Class C: 1.05% No performance fees	<b>Annual service fee (excluding VAT)</b> Class B: 0.75% Class C: 1.05% No performance fees	No change
<b>Income distribution declaration</b> 30 June and 31 December	<b>Income distribution declaration</b> 30 June and 31 December	No change
<b>Benchmark</b> ASISA SA Multi Asset Medium Equity category average	<b>Benchmark</b> ASISA SA Multi Asset High Equity category average	Refer above for impact
<b>ASISA Category</b> SA Multi Asset Medium Equity	<b>ASISA Category</b> SA Multi Asset High Equity	Refer above for impact



