



Absa Fund Managers

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Dear Investor

Amalgamation of the Absa range of global feeder fund portfolios with the Sanlam Schroder global feeder fund portfolios under the Sanlam Collective Investment Scheme

This letter is important and requires your immediate attention.

As per previous communication to all Absa investors, the Absa and Sanlam corporate transaction was concluded on 1 December 2022. During the transitional period from 1 December 2022, your investment will continue to be managed by Absa Fund Managers on the existing Absa systems. The proposed date to transition the Absa portfolios to Sanlam is 22 March 2024.

The purpose of this letter is to inform you of the proposed amalgamation of the Absa unit trust portfolios with the Sanlam unit trust portfolios as listed in the table below, as well as to provide you with sufficient information to vote on this proposal. This includes your rights as an investor, and the impact that this amalgamation will have on your current investment.

Portfolio amalgamation	
Source Fund under the Absa Fund Manager (AFM) Scheme	Target portfolio under the Sanlam Collective Investments (SCI) Scheme
Absa Global Core Equity Feeder Fund	Sanlam Schroder Global Core Equity Feeder Fund
Absa Global Value Feeder Fund	Sanlam Schroder Global Value Feeder Fund

In terms of Section 99 of the Collective Investment Schemes Control Act, 45 of 2002 ("the Act"), the ballot will be valid if the majority of investors vote in favour of the amalgamation.

If you do not participate in the ballot in respect of the proposed amalgamations timeously, you will be deemed to have voted in favour of the proposed amalgamations.

Details of the similarities and differences of the funds and the impact on you as an investor, are explained in Annexure A.

How the amalgamation affects 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 interests with an aggregate money value

that 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 interests which such investor, immediately before the date on which the proposed transaction becomes effective, held in an original scheme or portfolio.”

In other words, when the CIS portfolios are amalgamated, investors in the source fund will be issued with replacement participatory interests (units) in the target portfolios. The replacement units will be equal in market/monetary value to units held before the amalgamation, although the number of units held may change.

Capital gains tax (CGT) implications

In terms of the Income Tax Act, the CGT implications of the proposed portfolio amalgamations **will not** result in the realisation of a capital gain or loss and the CGT cost of your investment will be carried over to the new portfolios.

Special distribution

The Financial Sector Conduct Authority (“FSCA”) requires that all accrued income in portfolios to be transferred be distributed before the amalgamation takes place. Therefore, a special income distribution will be processed, and the pay out or reinvestment thereof will be handled in accordance with your current income instruction.

Effective date of amalgamation

The effective date of the proposed amalgamation of the portfolios will be **22 March 2024**, provided that the necessary consent is obtained from investors and the FSCA.

Action required

1. Please complete the enclosed ballot form and email it directly to our external auditors, KPMG, at absaballot@kpmg.co.za on or before **12 January 2024**. If this letter was posted to you, you could also return and post the ballot form in the enclosed self-addressed envelope. If you do not participate in the ballot in time, you will be deemed to have voted in favour of the amalgamation.
2. Please do not include any other instructions regarding your holdings with your ballot form, such as requests for purchases, switching instructions, etc. Your ballot form will go directly to our auditors and, if such instructions are included, they will not be processed. Should you need clarity on this, please contact your financial adviser or Absa Fund Manager’s Client Service Centre.
3. If you are no longer invested in these portfolios, no action is required.

Your rights as an investor

The rights of investors are firmly entrenched in the Act. In terms of Section 99 of the Act, the Registrar of Collective Investment Schemes requires that:

- All investors in the source portfolios will be advised in writing of the details of the proposed amalgamations of the portfolios.
- All investors are given an opportunity to vote in favour of or against the proposed amalgamations.
- An independent auditor will verify the outcome of the ballot.
- All investors will be notified in writing of any proposed material changes to the collective investment schemes and portfolios in which they hold units.
- All investors must be balloted for them to vote on the proposed changes.

If you choose not to switch or sell your units before the effective date of the amalgamation, the amalgamation proposals set out in this letter (if approved by investors and the FSCA), will automatically apply to your investment.

If you require further information on the proposed amalgamation, or if you want to exercise your right to switch or sell any of your investments, please contact your financial adviser or Absa Fund Manager’s Client Service Centre on 0860 111 456. You could also send an email to utenquiries@absa.co.za. **Kindly note that should you elect to switch or sell your investments, this will result in a CGT event for which you are liable to pay CGT at your next income tax assessment.**

Attachments

- A comparison between the Absa global portfolios and the Sanlam Schroder co-named unit trust portfolios, and the impact of changes on you as investor is attached market Annexure A. Please note that minor amendments have been made to the target fund’s investment policy, to reflect Sanlam Collective Investment’s preferences

and the latest industry terminology and practices, as well as regulatory requirements (Board Notice 90 of 2014), but it will not affect the manner in which the portfolio is managed, nor the investment universe.

- Ballot Form

We would also like to refer you to the Minimum Disclosure Document (MDD's) on the Absa Fund Managers website which gives you details of the features, risk profile, fund strategy and objective of each portfolio on [Absa | Unit Trust Investment \(absainvestmentmanagement.co.za\)](https://absainvestmentmanagement.co.za). The MDD's of the target funds which will be launched on 22 March 2024 will also be available on the Sanlam Investments website.

Kind regards

A handwritten signature in black ink, appearing to read 'Sylvester Kgatla', written in a cursive style.

Sylvester Kgatla
Head: Absa Fund Managers