



Absa Fund Managers

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Dear Investor

Amalgamation of the Absa range of single managed portfolios with the existing Sanlam Investment Management (“SIM”) single managed 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 six Absa unit trust portfolios with the six Sanlam Investment Management unit trust portfolios listed in the table below, as well as to provide you with sufficient information to vote on this proposal, including your rights as an investor, and the impact this amalgamation will have on your current investment.

Portfolio amalgamation	
Source Fund under the Absa Fund Managers (AFM) Scheme	Target portfolio under the Sanlam Collective Investments (SCI) Scheme
Absa Managed Fund	SIM Balanced Fund
Absa Absolute Fund	SIM Inflation Plus Fund
Absa Balanced Fund	SIM Medium Equity Fund
Absa Income Enhancer Fund	SIM Enhanced Yield Fund
Absa Select Equity Fund	SIM General Equity Fund
Absa Prime Equity Fund	SIM Top Choice Equity 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.

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 realization 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 prior to the amalgamation taking place. Therefore, a special income distribution will be processed, and the payout 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, should such instructions be sent to the auditors, we cannot guarantee that any instruction subsequent to the commencement of the ballot process will be processed.
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 in order for them to vote on the proposed changes.

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

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 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.**

Please note that the wording in the target funds’ investment policies will differ as this reflects Sanlam Collective Investment’s preferences and the latest industry terminology and practices, as well as regulatory requirements (Board Notice 90 of 2014). The source and target fund portfolios are however managed in a similar same way as per the ASISA fund categories which are the same.

Attached is a table marked **Annexure A** which summarizes any material changes between the source and target fund portfolios. We would also like to refer you to the Minimum Disclosure Document (MDD’s) on the Absa Fund Managers website [Absa | Unit Trust Investment \(absainvestmentmanagement.co.za\)](http://Absa | Unit Trust Investment (absainvestmentmanagement.co.za)) as well as Sanlam’s website <https://www.sanlaminvestments.com/adviser/factsheetcentre> which gives you details of the features, risk profile, fund strategy and objective of each portfolio. Should you require a document reflecting

the investment policies as contained in each supplemental deed, please request this from the email or Client Service Centre number provided above.

Please note that the fee classes of the source funds will be replicated for the target funds which means there are no changes to the current fee structure.

A Ballot Form is also attached.

Regards

A handwritten signature in black ink, appearing to read 'Sylvester Kgatla', is positioned above the typed name.

Sylvester Kgatla
Head: Absa Fund Managers