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23 November 2023

Dear Investor

**Amalgamation of the Absa range of multi-managed portfolios with the Absa Sanlam co-named 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 Absa Sanlam 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 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 Multi Managed Absolute Return Prudential Fund   | Absa Sanlam Multi Managed Moderate Absolute Return Fund               |
| Absa Multi Managed Bond fund                         | Absa Sanlam Multi Managed Bond Fund                                   |
| Absa Multi Managed Core Accumulation Fund            | Absa Sanlam Multi Managed Core Accumulation Fund                      |
| Absa Multi Managed Core Growth Fund                  | Absa Sanlam Multi Managed Core Growth Fund                            |
| Absa Multi Managed Core Preserver Fund               | Absa Sanlam Multi Managed Core Preserver Fund                         |
| Absa Multi Managed Equity Fund                       | Absa Sanlam Multi Managed Equity Fund                                 |
| Absa Prudential Fund of Funds                        | Absa Sanlam Multi Managed Absolute Return Opportunity Fund            |
| Absa Multi Managed Accumulation Fund of Funds        | Absa Sanlam Accumulation Fund of Funds                                |
| Absa Multi Managed Growth Fund of Funds              | Absa Sanlam Growth Fund of Funds                                      |
| Absa Multi Managed Preserver Fund of Funds           | Absa Sanlam Preserver Fund of Funds                                   |
| Absa Multi Managed Income Fund                       | Absa Sanlam Multi Managed Income Fund                                 |
| Absa Multi Managed Passive Preserver Fund            | Absa Sanlam Multi Managed Passive Preserver Fund                      |
| Absa Multi Managed Passive Accumulation Fund         | Absa Sanlam Multi Managed Passive Accumulation Fund                   |
| Absa Multi Managed Passive Growth Fund               | Absa Sanlam Multi Managed Passive Growth 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 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](mailto: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 sent to the auditors, we cannot guarantee that any instruction after the start 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 for them to vote on the proposed changes.

If you choose not to switch or sell your funds before 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.

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](mailto: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 minor amendments have been made to the target fund's investment policies, 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.

The ASISA fund categories also remain unchanged. Attached is a table marked **Annexure A** which summarizes any material changes made (if any) to the target fund portfolios. 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 \(absainvestmentmanagement.co.za\)](http://Absa | Unit Trust Investment (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.

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.

The Annexure B attached is a summary of the fees to be charged in the target funds. Please note that while the fees in the target funds will increase, the multi manager will be paying the underlying domestic manager fees from the service fees received by the manager, i.e., this will be an all-in fee structure. This will exclude foreign underlying manager fees as these fees will continue to be deducted within the fund managed by the foreign managers. The change in fee methodology will have an immaterial impact on the Total Expense Ratio (TER). The TER is designed to capture costs for all layers of holdings. In other words, the costs of underlying funds will reflect in the TER.

A Ballot Form is also attached.

Kind regards



**Sylvester Kgatla**  
**Head: Absa Fund Managers**