

26 February 2021

*Dear Investor*

## **Proposed change of the Amity BCI Managed Select Fund's investment policy – 2<sup>nd</sup> round ballot**

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

The purpose of this letter is to inform you of and to obtain your approval to amend the Amity BCI Managed Select Fund's investment policy to that of a fund of funds.

The investment manager, Amity Investment Solutions (Pty) Ltd, requested us to ballot investors to obtain your approval to change investment policy of the Amity BCI Managed Select Fund's to a fund of funds portfolio.

The reasons being:

- Amity is of the opinion that a fund of fund investment strategy should allow them to easier diversify the portfolios and provide them with a wider range of potential underlying managers; and
- The portfolio's relatively small size is more suited to a fund of funds rather than being multi-managed for diversification purposes.

The first round was unsuccessful as an intermediary business didn't circulate the ballot letter to all the investors, 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?**

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.



If successful, then the portfolio will no longer invest in direct securities and other portfolios. It will, apart from cash, invest in other portfolios only. This will allow Amity to diversify the portfolio by investing across a wider range of unit trust portfolios and therefore not be to the detriment of investors. While the annual fund management fee charged by Amity will not change, the Total Investment Charge is expected to increase under the new structure as the portfolio switches out of the segregated mandates where the investment management fee is paid by Amity to unit trust portfolios that charge their own investment management fee. The investment policy change will have no CGT impact.

### Action required



Kindly study this document, complete the attached form and return it to our auditors by no later than **28 April 2021**. 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 ***bciballot@kpmg.co.za***.
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.

Amity 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 24 May 2021. 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 24 May 2021, 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 24 May 2021 close of business, provided that the necessary consent is obtained from investors and the Financial Sector Conduct Authority.

#### Covid19 contingency

Due to the impact of the current Covid19 crisis we have implemented a contingency plan. In the event that you are unable to provide us with a copy of your signed ballot letter, then please contact us via email or call us at the number below and we will arrange for alternative arrangements to assist you in getting your vote to the auditors before the due date.

#### 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

Amity BCI Managed Select Fund (current mandate)	Amity BCI Managed Select Fund of Funds (proposed future mandate)	Notes
<p><b>Investment objective and policy</b> The Amity BCI Managed Select Fund is a multi-managed solution wherein the Manager will carefully chose local and global investment managers deemed most suitable to access investment opportunities given the current market environment. In selecting suitable investments, the Manager, will seek to follow an investment policy which will provide investors with growing capital in real terms over the medium to long term.</p> <p>The portfolio will be managed in compliance with prudential investment guidelines for retirement funds in South Africa to the extent allowed for by the Act. The portfolio’s net equity exposure will range between 0% and 75% of the portfolio’s net asset value.</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, 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.</p> <p>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</p>	<p><b>Investment objective and policy</b> The Amity BCI Managed Select Fund aims to provide investors with growing capital in real terms over the medium to long term.</p> <p>The portfolio will be managed in compliance with prudential investment guidelines for retirement funds in South Africa to the extent allowed for by the Act. The portfolio’s net equity exposure will range between 0% and 75% of the portfolio’s net asset value.</p> <p>Investments to be included in the portfolio will, apart from assets in liquid form, consist of participatory interests and other forms of participation of local and global collective investment schemes, or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the manager and trustee of a sufficient standard to provide investor protection at least equivalent to that in South Africa. The investments will be in consistent with the portfolio’s primary objective, investing in equity securities, property and property related securities, non-equity securities, money market instruments financial instruments, bonds and other interest-bearing instruments and securities.</p> <p>To the extent that the assets in the portfolio are exposed to exchange rate risk, the manager may enter into financial transactions for the exclusive purpose of</p>	<p>Objective remains the same. The portfolio will no longer be multi managed, but the effect will be the same as it will invest in other unit trust portfolios only.</p> <p>No change</p> <p>Converting from a standard portfolio to a fund of funds, so investing in underlying funds only instead of portions being directly invested in underlying securities.</p> <p>Similar</p>



<p>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, open that portfolio again to new investors on a date determined by the manager.</p>	<p>hedging such exchange rate risk subject to the conditions and limits as stipulated by the Act.</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, open that portfolio again to new investors on a date determined by the manager.</p>	<p>No change</p>
<p><b>Annual service fee (excluding VAT)</b> Class A: 0.85% Class B: 0.25%</p> <p>No performance fees</p>	<p><b>Annual service fee (excluding VAT)</b> Class A: 0.85%</p> <p>No performance fees</p>	<p>Class B to close as it is a dormant class</p> <p>The annual service fee is charged by Amity. Under the new structure, all underlying unit trust funds charges its own fee, which increases the Total Investment Charge (currently less than 80% of the portfolio assets are invested in other funds).</p>
<p><b>Income distribution declaration</b> 30 June and 31 December</p>	<p><b>Income distribution declaration</b> 30 June and 31 December</p>	<p>No change</p>
<p><b>Benchmark</b> ASISA SA Multi Asset High Equity category average</p>	<p><b>Benchmark</b> ASISA SA Multi Asset High Equity category average</p>	<p>No change</p>
<p><b>ASISA Category</b> SA – Multi Asset – High Equity</p>	<p><b>ASISA Category</b> SA – Multi Asset – High Equity</p>	<p>No change</p>



**Annexure B: Ballot form: Proposed Amity BCI Managed Select Fund investment policy change**

**I, the undersigned,** .....  
(please print full names\*)

account number.....

date of birth/registration number .....

Linked Services Product company name, if any: .....

+ do hereby vote to accept/reject the proposals as set out in annexure A to the ballot letter (please mark with a "X"):

		ACCEPT	REJECT
1	Amend the Amity BCI Managed Select Fund's investment policy to that of a fund of funds, named the Amity BCI Managed Select Fund of Funds		

SIGNED AT \_\_\_\_\_ on this day of \_\_\_\_\_ 202\_\_

\_\_\_\_\_  
(please sign in full)

If you are signing in a representative capacity, please insert your own name and the name of the person / trust / deceased estate / company / close corporation on whose behalf you are signing.

+ Note: Please complete, sign and return the ballot form to our auditors in the enclosed pre-paid, self-addressed envelope (if applicable) or via email to [bciballot@kpmg.co.za](mailto:bciballot@kpmg.co.za), to reach them by no later than midnight on 28 April 2021.