22 February 2021

Dear client,

Proposed Amalgamation of the AF Investments Balanced Fund of Funds with the AF Investments Performer Managed Unit Trust

This letter is important, and requires your immediate attention. It is being sent to you in your capacity as a client within either the source portfolio, or the target portfolio, or both, as listed in the table below.

Source portfolio	Target portfolio
AF Investments Balanced Fund of Funds	AF Investments Performer Managed Unit Trust

The purpose of this letter is to obtain your approval to amalgamate the AF Investments Balanced Fund of Funds with the AF Investments Performer Managed Unit Trust (to continue to exist as the AF Investments Performer Managed Unit Trust), being portfolios established under the Alexander Forbes Investments Unit Trust Scheme.

Reasons for the proposed amalgamation

Alexander Forbes Investments Unit Trusts Limited (AFI UT) is rationalising its range of collective investment schemes in securities (long-only unit trusts). As part of this rationalisation exercise, and after analysing these portfolios, AFI UT has decided to amalgamate the AF Investments Balanced Fund of Funds (source portfolio) with the AF Investments Performer Managed Unit Trust (target portfolio), because we believe that these portfolios provide similar investment solutions for our clients, and the target portfolio provides a better overall value proposition to clients, both pre-retirement, and post-retirement. This amalgamation provides an attractive investment proposition to clients that is in line with AFIL's Best Investment View.

Impact on clients

These portfolios are both multi-asset class portfolios, with the target portfolio being our best investment view multi-asset class portfolio. Both portfolios are classified within the South African - Multi Asset – High Equity portfolio classification category. Therefore, no clients are affected. The primary objective of both portfolios is long-term capital growth, with a higher exposure to growth assets, such as equities. Therefore, no clients are affected. Although the service charge of the target portfolio is higher than that of the source portfolio, the total expense ratio, and total investment charges, are lower, because the source portfolio is a fund of funds, so it has additional fees from the underlying portfolios. Therefore, clients invested in the source portfolio will benefit from the reduced total expense ratio, and total investment charge, of the target portfolio.

The source portfolio is a fund of funds, so it invests solely into underlying portfolios, and assets in liquid form. The target portfolio is a standard portfolio, so it invests directly into securities, across asset classes, and may invest into underlying portfolios, up to an aggregate maximum of 80%.

Therefore, the portfolios are managed in a different way, to achieve the same objective. Clients invested in the source portfolio are affected by the change in portfolio type (i.e. the change from a fund of funds to a standard portfolio). However, the underlying asset allocation of both portfolios is similar, with similar exposure to underlying securities (i.e. the underlying investment universe of both portfolios is similar). Therefore, clients invested in the source portfolio are not affected by exposure to a different investment universe. Both portfolios have a similar underlying foreign exposure, so there is no effect on clients invested in the source portfolio. The overall risk rating of both portfolios is similar, with a high probability of a capital loss, or negative return, in any 12-month period, a high long-term expected return ahead of inflation, and a low expected range of returns around the benchmark, in any 12-month period.

If you are invested in the target portfolio, please note that no changes will be made to the portfolio characteristics of the target portfolio.

If you are invested in the source portfolio, please refer to Annexure A, for more details of the changes.

This ballot process provides you, as a client, an opportunity to vote in favour of, or against, the proposed amalgamation. If you are in any doubt about what action to take, please consult your financial adviser, or call the Contact Centre on +27 860 333 316.

Action required by you:

1. Please complete the enclosed ballot form, and return it to our auditors, PricewaterhouseCoopers (PwC) via email to elizma.taljaard@pwc.com, or fax the ballot form to **+27 (41) 391 4675 (for the attention of Elizma Taljaard)**, to reach the auditors by no later than **20 April 2021.**
2. If you have already disposed of your investment, no action is required.

In terms of section 99 of the *Collective Investment Schemes Control Act 45 of 2002*, the ballot will be valid, if the majority of clients vote in favour of the amalgamation. The absence of a response will be regarded as a vote in favour of the amalgamation.

How the proposed 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 portfolios are amalgamated, clients will be issued with replacement participatory interests in the new amalgamated portfolio. The replacement participatory interests will be equal in market/monetary value to the participatory interests held before the amalgamation, although the number of participatory interests held may change.

The amalgamation process requires that each portfolio has a special income distribution on the effective date, being **4 June 2021**.

Please take note of the underlined sections of the portfolios, reflected in the table of Annexure A, which indicates the key differences between the source portfolio and target portfolio. The effect of the amalgamation on each specified portfolio characteristic is reflected after the table.

Your rights as a client

The rights of clients are firmly entrenched in the *Collective Investment Schemes Control Act 45 of 2002* (the Act) and the Deed. In terms of section 99 of the Act, the Financial Sector Conduct Authority requires that:

- All clients invested in the affected portfolio will be advised, in writing, of the details of the proposed amalgamation of the collective investment scheme portfolio.
- All clients are given an opportunity to vote in favor of, or against the proposed amalgamation.
- An independent auditor will verify the outcome of the ballot.
- Enclosed is a ballot form. **Please complete, sign, and return, the ballot form to our auditors** via, email to elizma.taljaard@pwc.com, or fax the ballot form to **+27 (41) 391 4675 (for the attention of Elizma Taljaard)**, to reach the auditors by no later than **20 April 2021**.
- **If clients do not participate in the amalgamation ballot timeously, they will be deemed to have voted in favor of the amalgamation.**
- The Financial Sector Conduct Authority will not consent to the amalgamation of portfolios, unless it is satisfied that the amalgamation will not be detrimental to clients.
- The amalgamation will be a Capital Gains Tax (CGT) roll-over event, so no CGT is payable upon amalgamation.
- The trustee supports the amalgamation.

If you are not comfortable with the amalgamation proposal, in so far as it relates to the portfolio in which you hold participatory interests, you may switch your investments to any of AFI UTs other long-only unit trusts, at no switching cost, provided we receive your switching instructions before **28 May 2021**.

If you not be comfortable with the amalgamation proposal, and do not wish to switch your investments to any of AFI UTs other long-only unit trusts, you may elect to redeem your participatory interests at any time, and withdraw your money at the net asset value 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.

If you choose not to switch, or redeem, your investments before **28 May 2021**, the amalgamation proposal, as set out in this letter (to the extent that it is approved by clients, and the Authority), will automatically apply to your investment.

Effective date of proposed amalgamation

The effective date of the proposed amalgamation is **4 June 2021**, subject to the approval of clients, and the Financial Sector Conduct Authority.

For more information

If you require further information about what action to take, please consult your financial adviser, or call the Contact Centre on 0860 333 316.

We thank you for your ongoing support, and look forward to your response.

Yours faithfully

Lisa Stott
CFO of AF Investments
Director of AFIUT

Annexure A: Comparison between source and target portfolios

The key differences between the portfolios have been underlined for ease of reference. The effect of the amalgamation on each specified portfolio characteristic is reflected after the table. No changes will be made to the portfolio characteristics of the target portfolio.

Source portfolio	Target portfolio
Portfolio name AF Investments Balanced Fund of Funds	**Portfolio name** AF Investments Performer Managed Unit Trust
Portfolio benchmark South African – Multi Asset – High Equity – Category Average	**Portfolio benchmark** South African – Multi Asset – High Equity Category Average
Portfolio classification South African – Multi Asset – High Equity	**Portfolio classification** South African – Multi Asset – High Equity
Service charge (incl. VAT) A: 0.58% (retail investors) L: 0.40% (high net worth and employees) Performance fees are not levied on the portfolio.	**Service charge (incl. VAT)** A: 1.15% (retail investors) D: 0.99% (LISPs) L: 0.92% (high net worth and employees) Z: 0.75% (specific investor) Performance fees are not levied on the portfolio.
Total Investment Charge A: 1.82% L: 1.65%	**Total Investment Charge** A: 1.53% D: 1.37% L: 1.29% Z: 1.12%
Income declaration Bi-annual (March, September)	**Income declaration** Bi-annual (March, September)
Investment policy The AF Investments Balanced Fund of Funds will invest solely in a range of participatory interests of portfolios of collective investments schemes that have exposure to equities, bonds, listed property, cash and financial instruments as permitted by the Collective Investment Schemes Control Act No. 45 of 2002 (“CISCA”) and subordinate legislation promulgated thereunder. The portfolio’s strategy will focus on maximising long term capital growth and will have a varying equity exposure of between 0% and 75%. Where the Portfolio is invested in portfolios administered in territories other than South Africa, the Manager and the Trustee shall ensure that the regulatory environment of that territory is of a sufficient standard to provide investor protection at least equivalent to that in South Africa or complies with any conditions	**Investment policy** The Manager shall apply a multi-manager investment management style in the management of the fund. The AF Investments Performer Managed Unit Trust’s primary objective is to achieve long term capital growth through maintaining a high exposure to growth asset classes such as equities. The AF Investments Performer Managed Unit Trust will invest in a wide range of domestic and offshore assets, with exposure to equities, listed property, non-equity securities, as well as listed and unlisted financial instruments, as permitted by the Collective Investment Schemes Control Act No. 45 of 2002 (“CISCA”) and subordinate legislation promulgated thereunder. The portfolio will be managed in accordance with the prudential requirements as required for retirement funds in South Africa, to the extent allowed by CISCA, and will include equity exposure applicable to a high risk equity portfolio, in accordance with the South African

which the Registrar may from time to time determine.	Multi Asset High Equity Portfolios ASISA Fund Classification category. The portfolio will not be leveraged. The portfolio follows an active investment approach and the Manager will actively manage the exposure to various instruments and asset classes over time, including the allocation between domestic and offshore investments as permitted by the Collective Investment Schemes Control Act No. 45 of 2002 ("CISCA") and subordinate legislation promulgated thereunder. The Manager may from time to time 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. Where the aforementioned schemes are administered in territories other than South Africa, participatory interests or any other form of participation in portfolios of these schemes will be included in the fund when such funds are invested within South Africa.
Nothing in this Supplemental Deed shall preclude the Manager from varying the ratios of securities, to maximise capital growth and investment potential either due to economic or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the Deed and this Supplemental Deed, provided that the Manager shall ensure that the aggregate value of the assets comprising the portfolio shall consist of securities and asset in liquid form investments of the aggregate value required from time to time by the Act.	Nothing in the Supplemental Deed of the portfolio shall preclude the Manager from varying the ratios of securities, to maximise capital growth and investment potential either due to economic or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the Trust Deed and the Supplemental Trust Deed, provided that the Management Company shall ensure that the aggregate value of the assets comprising the fund shall consist of securities and liquid asset investments of the aggregate value required from time to time by the Act. 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. The Trustee shall ensure that the portfolio is managed in accordance with this investment policy at all times.

Effect of proposed amalgamation on clients

Portfolio name

Clients should take note that the source portfolio is a fund of funds, and the target portfolio is a standard portfolio. Therefore, the portfolio name reflects this difference. Clients invested in the source portfolio will be affected by the portfolio having a different name, reflecting that the portfolio is a different portfolio type. Clients invested in the target portfolio are not affected by this change.

Portfolio benchmark

The portfolios have the same benchmark. Therefore, no clients are affected.

Portfolio classification

The portfolios are classified within the same portfolio classification category. Therefore, no clients are affected.

Service charge

Clients should take note that the service charge of the A class of participatory interests (for retail investors) of the target portfolio is higher than that of the source portfolio. However, the total expense ratio, and total investment charges, are lower, because the source portfolio is a fund of funds, so it has additional fees from the underlying portfolios. Therefore, clients invested in the source portfolio will benefit from the reduced total expense ratio, and total investment charges, of the target portfolio. The service charge of the L class of participatory interests (discounted for employees of Alexander Forbes, and high net worth individuals) of the target portfolio, is higher than that of the source portfolio, so employees, and high net worth individuals, will be charged a higher fee. However, clients invested in the source portfolio will benefit from the reduced total expense ratio, and total investment charge, of the target portfolio. The target portfolio has a D class of participatory interests (for LISPs), and a Z class of participatory interests (for a specific institutional client), which the source portfolio does not have, so no clients in the source portfolio will be affected.

Please note that while the service charge of the source portfolio makes it appear to be better value than the target portfolio, it is important to note that the total investments charge of the target portfolio is lower, thereby ensuring that clients invested in the source portfolio are paying less costs after the amalgamation.

Income declaration

The portfolios have the same income declaration frequency. Therefore, no clients are affected.

Investment policy

Clients should take note that these portfolios are both multi-asset class portfolios, with the target portfolio being our best investment view multi-asset class portfolio. Both portfolios are classified within the South African - Multi Asset – High Equity portfolio classification category. Therefore, no clients are affected. The primary objective of both portfolios is long-term capital growth, with a higher exposure to growth assets, such as equities. Therefore, no clients are affected. The source portfolio is a fund of funds, so it invests solely into underlying portfolios, and assets in liquid form. The target portfolio is a standard portfolio, so it invests directly into securities, across asset classes, and may invest into underlying portfolios, up to an aggregate maximum of 80%. Therefore, the portfolios are managed in a different way, to achieve the same objective. Clients invested in the source portfolio are affected by the change in portfolio type (i.e. the change from a fund of funds to a standard portfolio). However, the underlying asset allocation of both portfolios is similar, with similar exposure to underlying securities (i.e. the underlying investment universe of both portfolios is similar). Therefore, clients invested in the source portfolio are not affected by exposure to a different investment universe. Both portfolios have a similar underlying foreign exposure, so there is no effect on clients invested in the source portfolio. The overall risk rating of both portfolios is similar, with a high probability of a capital loss, or negative return, in any 12-month period, a high long-term expected return ahead of inflation, and a low expected range of returns around the benchmark, in any 12-month period.

BALLOT FORM - ALEXANDER FORBES INVESTMENTS UNIT TRUSTS SCHEME

PricewaterhouseCoopers Inc (PwC)
Attention: **Elizma Taljaard**
Ascot Office Park, 1 Ascot Road, Greenacres, Port Elizabeth, 6045
E-mail: elizma.taljaard@pwc.com
Fax: **+27 (41) 391 4675**

Proposed amalgamation of the AF Investments Balanced Fund of Funds with the AF Investments Performer Managed Unit Trust

In response to the above request, I, the undersigned, a client invested in one, or more, of the specified portfolios within the Alexander Forbes Investments Unit Trust Scheme, vote as follows, **by marking only the appropriate box below**.

Amalgamate the AF Investments Balanced Fund of Funds with the AF Investments Performer Managed Unit Trust	**ACCEPT** ☐	**REJECT** ☐

Client name	
Client number	
Client identity/registration number	

SIGNED AT ______________________ on this _____day of ____________________2021.

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(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.

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INVESTMENTS