

8 March 2021

Dear Investor

RE: Ballot for amalgamation

The purpose of this letter is to communicate details of the proposed amalgamation of the **Nedgroup Investments Growth Fund and Nedgroup Investments Value Fund** into the **Nedgroup Investments SA Equity Fund (the amalgamated Portfolio)**.

As an investor, you can vote in favour of, or against this proposal.

Rationale for proposed amalgamation

Laurium Capital (“Laurium”) has recently partnered with Nedgroup Investments to manage the Nedgroup Investments SA Equity Fund in the ASISA SA Equity General category.

Over the past two years Nedgroup Investments has reviewed its range of South African equity funds to ensure that the strategies remain relevant for future investor requirements and to provide investors with the optimal investment strategy to achieve their objectives in the South African listed equity markets. We believe a flexible mandate, that allows for the manager to select local stocks without any constraints around style or market cap bias, will deliver optimal long-term performance for investors. The basis for this view is premised on several key findings of our research:

- The dominance of Naspers in the index and the increased tracking error risk of an investment style or market-cap bias in an investment process;
- Liquidity constraints in small/mid-cap counters as SA has become increasingly less important in the emerging market index, particularly for the strategies of larger fund managers investing in local equity market;
- Structural shifts in the JSE that has seen the number of investable stocks decline over the past two decades

In light of this, we would like to merge these three funds into a single solution by amalgamating the Nedgroup Investments Growth Fund and Nedgroup Investments Value Fund into the Nedgroup Investments SA Equity Fund.

Nedgroup Investments

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Nedgroup Investments Proprietary Limited (Company registration number 1996/017075/07)

Incorporating Nedgroup Collective Investments (RF) Proprietary Limited (Company registration number 1997/001569/07)

Nedgroup Investment Advisors Proprietary Limited (Company registration number 1998/017581/07) an authorised Financial Services Provider (FSP licence number 1652)

Directors: I Ruggiero, NA Andrew, CE Sevenoaks

www.nedgroupinvestments.com



The outcome expected by an investor in the Nedgroup Investment Value Fund and Nedgroup Investment Growth Fund will remain the same or improve to ensure that incumbent investors receive fair treatment during the amalgamation into the Nedgroup Investments SA Equity Fund.

Please refer to Table A below for a comparison of the Portfolios investment policy.

Table A

	Nedgroup Investments Value Fund	Nedgroup Investments Growth Fund	Nedgroup Investments SA Equity Fund	Impact of difference
Investor profile	The portfolio is suitable for investors seeking exposure to the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives.	The portfolio is suitable for investors seeking exposure to the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives.	The portfolio is suitable for investors seeking exposure to the domestic equity market with maximum capital appreciation as their primary goal over the long term. Investors should have a tolerance for short-term market volatility in order to achieve long-term objectives.	None
Risk profile	High (4 out of 5) Equity investments are volatile by nature and subject to potential capital loss.	High (4 out of 5) Equity investments are volatile by nature and subject to potential capital loss.	High (4 out of 5) Equity investments are volatile by nature and subject to potential capital loss.	None
Time horizon	Minimum 5 – 7 years	Minimum 5 – 7 years	Minimum 5 – 7 years	None
Benchmark	ASISA Category Average	ASISA Category Average	FTSE/JSE Capped SWIX	Benchmark will change to the existing Laurium equity strategy benchmark
ASISA classification	South African Equity General	South African Equity General	South African Equity General	None
Income distribution frequency	Annually (December)	Annually (December)	Annually (December)	None
Regulation 28 compliant	No	No	No	None
Direct foreign exposure allowed	No	No	Yes	The fund will remain a SA Equity focused fund and the offshore allowance will be sought to deal with the accumulation of offshore shares as a result of corporate actions. Allowing for foreign exposure will enable the manager to dispose the shares in structured way to maximise the exit price.

Full details of the investment policies of the impacted Funds can be found in Addendum 1.





How the amalgamation will affect your investments

Apart from the **differences in investment policy highlighted above**, Section 99 of the Collective Investment Schemes Control Act (“the Act”) determines that where investments of any investor of one unit trust portfolio are absorbed into another unit trust portfolio, the investor will be issued with replacement units in the amalgamated unit trust portfolio. The value of the replacement units will not be less than the market value of the units held pre-amalgamation (except possibly due to normal market movements), although the actual number of units held by the investor may change. The newly amalgamated unit trust portfolio will determine future performance and Net Asset Value pricing.

Income distributions

There will be no impact to the income distribution frequency for investors as all three funds currently distribute income annually.

A special income distribution will be processed for both Funds prior to the amalgamation and income will be reinvested or paid out in accordance with your selected preference.

Impact on investors invested in the Nedgroup Investments SA Equity Fund

Investors currently within the Nedgroup Investments SA Equity Fund will remain in the same unit class post-amalgamation.

Impact on investors invested in the Nedgroup Investments Growth Fund

The amalgamation will result in the following decreases in the Fund management fees and charges, however as both portfolios have different classes of units; depending on the type of investor that you are, we may need to switch your investment into a newly created class, as per the table below, within the amalgamated Portfolio.

Pre-amalgamation		Post-amalgamation		
Growth Fund		SA Equity Fund		
Class	Fund management fee (excl VAT)	Class	Fund management fee (excl VAT)	
A	1.50%	A2	1.25%	↓
A1	1.75% (incl 0.50% Financial Planner Fee)	A2	1.25% (no Financial Planner fee will be included)	↓
B	1.10%	B	1.00%	↓
R	1.00% (Restricted)	R	1.00% (Restricted)	-





Impact on investors invested in the Nedgroup Investments Value Fund

The amalgamation will result in the following decreases in the Fund management fees and charges, however as both portfolios have different classes of units; depending on the type of investor that you are, we may need to switch your investment into a newly created class, as per the table below, within the amalgamated Portfolio.

Pre-amalgamation		Post-amalgamation		
Value Fund		SA Equity Fund		
Class	Fund management fee (excl VAT)	Class	Fund management fee (excl VAT)	
A	1.50%	A2	1.25%	↓
A1	1.75% (incl 0.50% Financial Planner Fee)	A2	1.25% (no Financial Planner fee will be included)	↓
A2	1.25%	A2	1.25%	↓
B	1.65% (incl a 0.60% LISP rebate & a 0.75% Financial Planner Fee)	B	1.00% (LISP rebate and Financial Planner fee will fall away)	↓
B2	1.10%	B	1.00%	↓
R	1.00%	R	1.00%	-

Effective date of the amalgamation and name change

The effective date of the amalgamation of the Nedgroup Investments Growth and Nedgroup Investments Value merge into the Nedgroup Investments SA Equity Fund will be **4 June 2021**, provided that the necessary consent is obtained from investors.

Action required

The Act protects the interests of investors on amendments and the Act determines that all investors in the unit trust portfolios affected by amendments must be advised in writing of the details of the proposals and can vote in favour of, or against the proposals.

For an amalgamation of portfolios section 99 of the Act requires the consent of investors holding a majority in value of units in each portfolio. Should we not receive your vote, or should you decide not to reply, **it will be deemed that you have voted in favour of the amalgamation.**

Investors will be reassured to know that the Trustees of the Nedgroup Collective Investments Scheme (approved by the Financial Sector Conduct Authority in terms of the Act), being the Standard Bank of SA Limited have formally consented to the proposed amendment as set out in this letter.

Please complete, sign and return by post the enclosed ballot form to our auditors, Deloitte, in the accompanying pre-paid, self-addressed envelope or via email to Nedgroupinvestments@deloitte.co.za. Please note that the





form must reach our auditors by midnight on **23rd April 2021**. All ballots date-stamped **23rd April 2021** or before will be accepted for three working days after the cut-off date and will be included in the audit process.

What are your options?

Should you not be comfortable with this proposal, you may either:

1. Vote against the proposal;
2. Switch your investment to one of the other Nedgroup Investments unit trust portfolios at no switching fee if we are in receipt of your switching instruction before **4th June 2021**, and provided that the unit trust portfolio switched to is not closed for additional investment, or
3. Sell your unit trust investment at the ruling Net Asset Value price, as defined in the Main Deed.

However, on deciding to switch or sell your participatory interests, **a Capital Gains Tax event is triggered and must be considered in your tax return.**

If you choose not to switch or sell your unit trust investment prior to the effective date of the amalgamation, then the proposals as set out in this letter (to the extent that investors approve them) will automatically apply to your unit trust investment.

We recommend that you vote in favour of this proposed amalgamation. While the asset value of the Nedgroup Investments Private Wealth Defensive Fund of Funds will be increased by the amalgamation it will not negatively impact investors and we believe that the proposal is appropriate for unitholders in the Nedgroup Investments Growth and Nedgroup Investments Value Fund as a result of the close match to the portfolio's benchmark and objectives. The Nedgroup Investments Growth and Nedgroup Investments Value Funds will cease to exist upon amalgamation.

For more information

Should you wish to know more about the amendment proposal, please contact your financial planner or call our Client Service Centre on 0860 123 263 (within RSA) or +27 21 416 6011 (outside of RSA).

We thank you for your on-going support and look forward to your response.

Yours faithfully

Nic Andrew
Head: Nedgroup Investments





Ballot Form

Please print, complete and return this page only, to our auditors Deloitte.

Email
Nedgroupinvestments@deloitte.co.za

Post
Private Bag X6
Gallo Manor
2052

I, the undersigned, _____
(please print full names)

Investor number _____

Date of birth/registration number _____

Do hereby vote to accept/reject **the proposed amalgamation of the Nedgroup Investments Growth and Nedgroup Investments Value merge** into the **Nedgroup Investments SA Equity Fund** in terms of section 99 of the Act; please tick the appropriate block.

Accept

Reject

Signed at on this day of 2021

Authorised signature

If more than one signature required

Name

Capacity





Addendum 1: Current investment policies of the impacted Funds

Nedgroup Investments Growth Fund	Nedgroup Investments Value Fund	Nedgroup Investments SA Equity Fund
<ul style="list-style-type: none"> The portfolio aims to secure for investors an optimum overall yield, that is to say the steady growth of income and the preservation of capital in real terms. Assets of the portfolio will comprise a mix of securities and assets in liquid form as defined in the Act and the Deed as well as participatory interests in portfolios of collective investments schemes, both locally and internationally, subject to the provisions of CISCA. 	<ul style="list-style-type: none"> A specialist portfolio with the primary objective of capital growth over the long-term. The manager shall ensure that the portfolio is a specialist portfolio, having the primary objective of growth of capital for investors. The manager will focus on achieving this objective where the securities to be acquired for the portfolio will be comprised, in the main, of those established companies whose pricing does not fully reflect their future earnings potential; companies that have gone through temporary operational problems and are likely to experience an earnings rebound, companies that trade at large discounts to the net asset value and any other securities which are considered consistent with the portfolio's investment objectives, cash (assets in liquid form) and any other securities acquired on international exchanges that the Act may from time to time allow. The manager may also 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. 	<ul style="list-style-type: none"> The primary investment objective of the fund is long-term capital growth. The portfolio is aimed at investors who require specific exposure to listed South African equity securities as part of their overall investment strategy, with capital appreciation as their primary goal over the long term. The investable universe consists of a mix of equity, real estate markets, "assets liquid form" and participatory interests and any other securities which are considered consistent with the portfolio's investment objective both locally and internationally. The Manager will be permitted to invest on behalf of Nedgroup Investments SA Equity Fund in offshore investments as legislation permits. The portfolio may from time to time invest in listed and unlisted financial instruments, in accordance with the provision of the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective. The manager may also 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.

