

13 December 2022

Dear Valued Investor

## **Proposed changes to the investment policy (structure) of the Satrix MSCI World Equity Index Feeder Fund, as well as the name of the fund**

***This letter is important and requires your immediate attention.***

The purpose of this letter is to inform you of the proposed changes to the investment policy of the **Satrix MSCI World Equity Index Feeder Fund** and to provide you with sufficient information in order to vote on this proposal.

This ballot amending the investment policy and structure is conducted at the request of Satrix Managers (RF) (Pty) Ltd (Satrix) (FSP no 15658).

The reason for the ballot is that Satrix wants to change the structure of the above portfolio from a Feeder portfolio to an ordinary portfolio. This portfolio was launched in October 2013 and has, since inception, held approximately 100% of its assets in the Satrix World Equity Tracker Fund, which is an Irish-domiciled UCITS (Undertakings for Collective Investment in Transferable Securities).

After much consideration, we have concluded that it would be beneficial to unitholders to convert this feeder portfolio to an ordinary portfolio. These benefits include:

- South Africa has a double taxation agreement with the United States of America, which allows a 15% withholding tax on dividends as opposed to the standard 30% withholding tax rate. By holding the US equities directly, as opposed to via the UCITS, allows the unit trust to take advantage of the lower withholding tax rate, thereby enhancing performance and providing a better tracking experience for clients.
- The feeder fund structure has an intrinsic day lag in reporting performance and is also less efficient in implementing flows due to cut-offs on when the investment manager can subscribe/redeem units from the underlying UCITS. Changing the structure will remove the performance lag and allow for more efficient implementation of subscriptions/redemptions on the unit trust, thereby contributing to a better tracking experience for clients.

The transition of the portfolio from a feeder portfolio to an ordinary portfolio will involve an in-specie transfer of the assets in the ordinary portfolio. This will be done over a period of time (in line with settlement cycles in the various markets) deemed suitable by the investment manager.

The name of the portfolio will also change from:

**Satrix MSCI World Equity Index Feeder Fund**

to

**Satrix MSCI World Index Fund**

The table below lists the current investment policy, as well as the proposed changes to the new investment policy which have been underlined for easy reference. The only changes that the feeder fund will change to an ordinary fund, and will therefore hold underlying securities directly, rather than via a UCITS.

Current investment policy	New investment policy	Impact on Investor
<p>The objective of the Satrix MSCI World Equity Index Feeder Fund is to provide an investment vehicle for investors wishing to track the movement of the MSCI World Equity Index (Developed Markets) by investing in securities of global companies which are primarily constituents of the MSCI World Equity Index (Developed Markets).</p> <p>The portfolio will apart from assets in liquid form, invest in participatory interests of the Sanlam World Equity Tracker Fund established under the Sanlam Universal Funds PLC approved by the Irish Regulator in August 2011. The Sanlam World Equity Tracker Fund will employ replication, sampling and optimisation techniques and, subject to the limits and within the conditions laid down by the Central Bank of Ireland, may use financial derivative instruments for efficient portfolio management purposes to track the performance of the MSCI World Equity Index (Developed Markets), rather than attempting to hold all of the securities in the MSCI World Equity Index (Developed Markets). The Sanlam World Equity Tracker Fund may also invest indirectly in such securities through quoted investment vehicles, such as Exchange Traded Funds, and holdings in UCITS funds domiciled in a Member State and other open-ended collective investment schemes that satisfy the requirements of the Central Bank of Ireland.</p>	<p>The objective of the Satrix MSCI World Index Fund is to provide an investment vehicle for investors wishing to track the movement of the MSCI World Index by investing in securities of global companies which are primarily constituents of the MSCI World Index.</p> <p>The portfolio shall seek to achieve this objective by investing as far as is possible and practicable in the constituents of the MSCI World Index as well as assets in liquid form and financial instruments for efficient portfolio management purposes. The manager intends to use physical tracking techniques such as portfolio optimisation in order to achieve a similar return to the Index and it is therefore not expected that the portfolio will hold each and every underlying constituent of the Index at all times or hold them in the exact same proportion as their weightings in the Index. However, from time to time the portfolio may hold all constituents of the Index. The combination of shares will enable the Manager to track the performance of the MSCI World Index.</p> <p>The portfolio may utilise listed and unlisted financial instruments, in accordance with the provisions of the Act and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective.</p> <p>The portfolio may also invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes in line with the investment objective of the fund as the Act may allow from time to time, and which are consistent with the portfolio's investment policy.</p> <p>The Fund endeavours to replicate the performance of developed equity markets by tracking the MSCI World Index in South African Rand (ZAR) (un-hedged) with income reinvested. When the fund is changed it will be holding the securities directly and will therefore distribute any income and dividends less fund expenses.</p>	<p>There is no negative impact on the investors within the Satrix MSCI World Equity Index Feeder Fund as a result of the implementation of the proposed restructure.</p>

Current fund benchmark	New fund benchmark	Impact on Investor
MSCI World (Developed Markets) Index	MSCI World Index	No change to benchmark

### Action required

1. Please read this circular on the proposed change to the portfolio, your rights as an investor and the impact this will have on your investment.
2. Please complete the enclosed ballot form and email it directly to our external auditors, KPMG, at [satrixballot@kpmg.co.za](mailto:satrixballot@kpmg.co.za) on or before **31 January 2023**. If you do not participate in the ballot in time, you will be deemed to have voted in favour of the change.



3. Please do not include any other instructions regarding your holdings with your ballot form, e.g. 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 effected.

If you are no longer invested in these portfolios, no action is required

### **The effect on you as investor**

The proposed changes to this fund will not change the nature of the underlying strategy. The change will convert the feeder fund to an ordinary fund, and will therefore hold underlying securities directly, rather than via a UCITS.

### **Effective date of change**

The effective date of the proposed changes in the investment policy of the portfolio will be **13 March 2023**, provided that the necessary consent is obtained from investors and the Financial Sector Conduct Authority (“FSCA”).

### **Charges, performance and unit pricing**

Investors will not be liable for the payment of any additional fees, charges, taxes or brokerage as a result of the investment policy and name change.

### **Special distribution**

No special distributions will be effected nor applicable.

### **Your rights as an investor**

The rights of investors are firmly entrenched in the Act. In terms of section 98 of CISCA and Clause 67 of the Deed, at least 25% in value of investors must respond to the ballot of which the majority of the 25% (i.e. more than 50%) must consent to the change. Furthermore, in terms of Section 99 of the Act, the Financial Sector Conduct Authority (FSCA) requires that:

- All investors are given an opportunity to vote in favour of, or against, the proposed change.
- 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, and
- All investors be balloted in order for them to vote on the proposed changes.

**If investors do not respond before the cut-off date, they will be deemed to have voted in favour of the change.**

### **COVID-19 contingency**

Due to the impact of the COVID-19 crisis we have implemented various contingency plans, amongst others:



- In the event that you are unable to provide us with a copy of your email ballot vote, 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.
- In the event of the ballot being aborted or delayed before the response deadline, **31 January 2023**, we will stop the ballot process. In such case we will agree a new effective date with the FSCA and recirculate ballot letters once we can recommence with the ballot process.
- In the event that the response deadline is met and the ballot is successful, but the effective date has to be postponed, then we will agree a new effective date with intermediary investment platforms and obtain approval from the FSCA, where after we will notify investors of the change.

In addition, you have the following alternatives available:

- Should you not want to invest in the above fund, you may at any time elect to switch your investments to one or more of the other collective investment portfolios in the Satrix suite of funds, without incurring a switching fee, provided we receive your switching instruction before 28 February 2023. Please note that switching may trigger a capital gains tax (“CGT”) event and that you may be liable for CGT at your next income tax assessment.
- Should you not be comfortable with the proposed change in investment policy, and do not wish to switch your investments to any other unit trust, you may elect to redeem your units at any time and withdraw your funds at the net asset value price, as defined in the Deed. Please note that by electing to redeem your units, your action may constitute a CGT event and you may be liable for CGT at your next income tax assessment.

**If you choose not to switch or sell your funds prior to the effective date of the change of investment structure as set out in this letter (if approved by investors), the amended investment policy will automatically apply to your investment.**

Should you require further information on the proposed change or should you wish to exercise your right to switch or sell any of your investments, please contact Satrix Managers on 0860 111401, or You can also send an email to [info@satrix.co.za](mailto:info@satrix.co.za).

Yours faithfully,



Rick Martin  
Chief Financial Officer



**SATRIX MANAGERS (RF) PTY LTD**  
**BALLOT FORM**

I, the undersigned,

	<i>(full names*)</i>
	<i>(investor code(s))</i>
	<i>(identity number/date of birth)/registration number of company or trust)</i>
	<i>(Name of Linked Investment Services Provider (if applicable) and account number(s))</i>

hereby:

<b>A)</b> ACCEPT <input style="width: 100px; height: 20px;" type="checkbox"/>	<b>OR</b>	<b>B)</b> REJECT <input style="width: 100px; height: 20px;" type="checkbox"/>
---	-----------	---

**(Please tick the applicable box)**

**the proposed changes in the investment policy of Satrix MSCI World Equity Index Feeder Fund in terms of Section 98 of the Collective Schemes Control Act, 2002 (Act No. 45 of 2002), and Clause 67 of the Deed as set out in the letter of 13 December 2022 from Satrix Managers RF (Pty) Ltd.**

**SIGNED AT \_\_\_\_\_ ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2023.**

\_\_\_\_\_  
**(Please sign in full)**

\_\_\_\_\_  
**Capacity if signing on behalf of a third party**

*\* If you are signing in a representative capacity, please insert your own name, the name of the investor / trust / deceased estate / company / close corporation / retirement annuity fund / pension fund / preservation fund on whose behalf you are signing, and your designation.*

