

19 January 2021

Dear investor

A simplified fund offering to meet your investment needs

To assist you, our investors in navigating a fast-changing, increasingly complex and inter-connected world, we are simplifying our fund offerings. In response to your needs and requests, we are proposing to amalgamate several funds and amend some of the investment policies under the STANLIB Collective Investment Scheme.

We believe these proposals are in the best interests of you, our investors. The proposed changes enable us to remove redundant and overlapping mandates allowing for more focus on performance management across fewer funds. This will further allow for the sharing of fixed trading costs over a larger investor base, which will reduce investment charges payable per investor. Additional benefits will be streamlined operations, resulting in an improved service offering. Please be assured that you will not incur any additional costs for these proposed changes. All associated costs will be covered by STANLIB Collective Investments (RF) Limited.

We have taken specific care to ensure that the proposed changes do not alter funds' risk exposure, income profiles and/or growth opportunities.

In order to execute on these proposed changes, we need your consent by way of a ballot process. This will allow us to obtain approval from the Financial Sector Conduct Authority. The ballot process has been approved by the Financial Services Conduct Authority (FSCA) and our independent trustees Standard Chartered Bank. The ballot results will be audited by PricewaterhouseCoopers (PWC).

The enclosed documentation outlines the details on the proposed changes, as well as the process we intend to follow in executing these changes. Kindly take note of the proposed changes specific to the fund(s) you are invested in. Please read the enclosed ballot pack carefully and return your ballot form(s) to the appointed auditors, PWC, in the self-addressed envelope or scan and e-mail the form to za_ballots@pwc.com by **03 March 2021**.

Please note that if no response is received for the proposed amalgamations, your vote will be counted as being in favour of the proposed change.

If you require further information, please speak to your financial adviser or call our Contact Centre on 0860 123 003 (Monday to Friday 08h00 to 17h00).

Yours sincerely,



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René Miles
Chief Operating Officer: STANLIB Retail

Proposed Amalgamation of Portfolios under the STANLIB Collective Investment Scheme (“the Scheme”)

19 January 2021

Dear Investor

Important: This letter requires your immediate attention and action

The purpose of this letter is to inform you of the proposed amalgamation of the **STANLIB SA Equity Fund** and the **STANLIB Equity Fund**, and to provide you with sufficient information to vote on this proposal.

Proposal: To absorb into and amalgamate the STANLIB SA Equity Fund with the STANLIB Equity Fund

Background to the portfolio amalgamation proposal

STANLIB Collective Investments (RF) (Pty) Ltd (“STANLIB”) has accepted strategic proposals to amend certain of the Scheme’s portfolios for the benefit of investors. To this end STANLIB wishes to accept proposals from STANLIB Asset Management Pty Limited to effect certain investment policy amendments and to amalgamate certain of the Scheme’s portfolios, with the aim of streamlining the portfolio range.

In view of the similarities between the investment policy of the STANLIB SA Equity Fund and that of the STANLIB Equity Fund the interests of investors will be best served with the proposed amalgamation of the STANLIB SA Equity Fund with the STANLIB Equity Fund. STANLIB is of the view that both portfolios fulfil a similar objective, risk/return profile and benchmark for investors and keeping both portfolios would be a duplication of efforts. Amalgamating the two portfolios will result in:

- the reduction of transaction costs which will be a direct saving to clients;
- the increase in size and scale will result in improved fund performance; and
- improved operational efficiency and focused portfolio management in achieving return objectives.

The investment policy of the STANLIB Equity Fund will remain unchanged and therefore the portfolio is expected to retain its past track record.

The primary objective of the **STANLIB Equity Fund** will remain to provide steady growth of income and capital at a reasonable level of current income and the maximum stability for capital invested.

As an investor in the affected portfolios, you need to vote on the proposed amalgamation, and this letter provides you with detailed information and facts to enable you to make an informed decision.

Action required from you

- Please vote by completing the enclosed ballot form and return it to the auditors in the enclosed self-addressed envelope or scan and email the form directly to the auditors at za_ballots@pwc.com by **03 March 2021**.
- **Please do not include any other instructions regarding your holdings with your ballot form** – e.g. requests for repurchases, switching instructions, etc. will not be possible to implement with this ballot because ballot forms are addressed directly to the auditors who will not act on any transaction requests that may be included. (Please refer to our website: www.stanlib.com for applicable forms for transactions.)
- If you have disposed of your investment(s) before **19 January 2021**, no action is required to vote.

Impact of proposed amalgamation

Amalgamation of portfolios

A summary of the proposed amalgamation can be found in Annexure - I.

Portfolio management

STANLIB Asset Management Pty Limited will remain responsible for the investment management of the portfolio.

Effective date of ballot and cut-off date for instructions prior to the implementation of the proposed change

All investors on record as at **08 January 2021** will be balloted. The proposed amalgamation of portfolios will be executed starting on **14 May 2021**, given that the necessary approval is received from investors and the Financial Sector Conduct Authority”).

Cut-off date for instructions prior to the implementation of the proposed changes

Kindly note that no transaction instructions (new investments, additional investments, switches and withdrawals) will be accepted for the affected portfolios for approximately one week before the proposed amalgamation. STANLIB will therefore not be able to action any portfolio instructions between the trading closing time on **07 May 2021** and **14 May 2021**. This is to ensure that accurate, complete and up to date data is used for the purposes of the amalgamation.

How will the proposed amalgamation affect your investment?

1. Value of investment

There will be no effect on the value of your investment as a result of the proposed amalgamation. For example, if you have R1000 worth of participatory interests in your current portfolio prior to the proposed changes, you will hold R1000 worth of participatory interests after the proposed changes.

2. Taxation implications

Capital Gains Tax (CGT) implications

There will be no capital gains implications as a result of the proposed amalgamation. However, should you elect to sell or switch any or all of your participatory interests, it will be viewed as a normal transaction and Capital Gains Tax may apply in that instance.

Special Distribution

The proposed amalgamation will result in the following:

- A special dividend will be paid on the date of the proposed amalgamation to all existing investors in accordance with income earned in your respective portfolios over the period from the last income distribution date to the date of the proposed amalgamation. STANLIB will withhold the necessary dividends tax on this dividend.
- Once the STANLIB SA Equity Fund has amalgamated with the STANLIB Equity Fund, the STANLIB SA Equity Fund will be closed. Should you be due a tax refund, you will need to claim the refund directly from the South African Revenue Services (SARS).

3. Charges

No additional fees, charges, taxes or brokerage will be borne by either investors or the portfolio as a result of the proposed amalgamation. STANLIB will carry all costs relating to the proposal.

4. Distributions and special distribution

The distribution frequency of the STANLIB Equity Fund will remain unchanged. As the amounts and income distribution dates of portfolios do not always coincide, a special dividend will be distributed on the date of the proposed amalgamation of the portfolios. The special dividend will be calculated separately for each portfolio and paid to the respective investors before the proposed portfolios are amalgamated.

a. Changes in policies and conditions of investment

All the differences in respect of the two portfolios proposed for amalgamation are outlined in Annexure - I.

Your rights as an investor and the ballot process

In terms of Section 99 of the Collective Investment Schemes Control Act 45 of 2002, the Financial Sector Conduct Authority requires that **all investors** in the **STANLIB SA Equity Fund** and the **STANLIB Equity Fund** under the STANLIB Collective Investment Scheme are notified in writing of any proposed changes to the portfolios in which they hold a participatory interest. All affected investors are balloted so they can vote on the proposed amalgamation. Investors who do not return the completed amalgamation ballot form within the stipulated time will be deemed to have voted in favour of the proposed amalgamation.

Please note that in terms of the Act, the Financial Sector Conduct Authority will not grant his consent unless he is, *inter alia*, satisfied that the proposed amalgamation will not be detrimental to any investor. The Trustees of the Scheme, Standard Chartered Bank, have considered and consented to the proposed process.

Should you not agree with the proposed amalgamation of portfolios, you may elect at any time to switch your holdings to another portfolio, or to dispose of your holdings and withdraw your funds at the net asset value (NAV) price, as defined in the deed. **Should you elect to sell, switch any or all your participatory interests, it will be viewed as a normal transaction and Capital Gains Tax may apply in that instance.**

If you choose not to withdraw your funds prior to **14 May 2021**, the proposed amalgamation, as set out in this letter, will automatically apply to your investment, should they be consented to in terms of the ballot process.

Conclusion

STANLIB appreciates your effort and time to consider the proposed amalgamation of the STANLIB SA Equity Fund with the STANLIB Equity Fund as set out in Annexure – I. I wish to encourage you to cast your vote in respect of the proposed amalgamation and if you require further information regarding the ballot process or its implication, please call STANLIB on (0860) 123 003 or email to Contact@stanlib.com.

Sincerely



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René Miles

Chief Operating Officer: STANLIB Retail

Annexure - I

Source Portfolio STANLIB SA Equity Fund	Target Portfolio STANLIB Equity Fund
<p>INVESTMENT POLICY</p> <p>The STANLIB SA Equity Fund is a general portfolio.</p> <p>In selecting securities for the STANLIB SA Equity Fund, the manager shall seek to achieve an investment medium for investors which shall have, as its primary objectives, steady growth of income and capital in the longer term.</p> <p>To achieve these objectives the securities normally to be included in the portfolio will consist of financially sound ordinary shares from a broad spectrum of the sectors of the JSE Securities Exchange South Africa and, when appropriate, other securities, including, inter alia, non-equity securities, shares, stock including loan stock as defined in section 1 of the Financial Markets Control Act, 1989, or any subsequent amendment or replacement statute, financially sound preference shares, debenture stock, debenture bonds, unsecured notes, all to be acquired at fair market prices.</p> <p>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, and which are consistent with the portfolio's investment policy.</p> <p>The trustee shall ensure that the investment policy as set out in this supplemental deed is carried out: provided that nothing contained in this supplemental deed, the deed and any supplemental deeds thereto shall preclude the manager from retaining cash in the portfolio and/or placing cash on deposit in terms of this supplemental deed.</p> <p>The trustee shall ensure that the STANLIB SA Equity Fund is managed in such a way that it is not identical to the STANLIB Equity Fund i.e. the composition of its assets and their respective proportions differ at all times.</p>	<p>INVESTMENT POLICY</p> <p>In selecting securities for the portfolio, the manager shall seek to achieve an investment medium for investors which shall have as its primary objectives steady growth of income and capital, a reasonable level of current income and the maximum stability for capital invested.</p> <p>To achieve this objective, the securities normally to be included in the portfolio will consist of securities, embracing non-equity securities, shares, stock, including loan stock as defined in section 1 of the Financial Markets Control Act, 1989 (Act No. 55 of 1989), or any subsequent amendment or replacement statute, participatory interests of collective investment scheme in securities, whether listed or not, debentures, debenture stock, debenture bonds and unsecured notes, all to be acquired at fair market prices.</p> <p>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: provided that the investments are done in accordance with the manner, limits and conditions as determined by the Registrar from time to time. The manager may not invest in participatory interests in portfolios of collective investment schemes in participation bonds. 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 and of sufficient standard to provide investor protection at least equal to that in South Africa. Nothing in this clause contained shall preclude the manager from varying the ratio of securities and non-equity securities in terms of changing economic factors or stock exchange conditions and from retaining cash or placing cash on deposit in terms of this deed.</p> <p>The trustee shall ensure that investment policy set out in this supplemental deeds is carried out: provided that nothing contained in this supplemental deed, the deed and any supplemental deeds thereto shall preclude the manager from purchasing for the portfolio non-equity securities, financially sound ordinary shares, stock, debentures, debenture stock, debenture bonds, secured or unsecured notes and from retaining cash in the portfolio and /or placing cash on deposit in terms of the deed, the supplemental deeds thereto, and this supplemental deed.</p>
<p>DISTRIBUTION</p> <p>Distribution is semi-annually not later than the last business day of January and July of each year.</p>	<p>DISTRIBUTION</p> <p>Distribution is semi-annually not later than the last business day of January and July of each year.</p>
<p>BENCHMARK</p> <p>FTSE/JSE Shareholders Weighted All Share Index</p>	<p>BENCHMARK</p> <p>FTSE/JSE Shareholders Weighted All Share Index</p>
<p>ASISA CATEGORY</p> <p>South African - Equity - General</p>	<p>ASISA CATEGORY</p> <p>South African - Equity - General</p>
Source Portfolio STANLIB SA Equity Fund	Target Portfolio STANLIB Equity Fund
<p>IMPACT OF THE PROPOSED AMALGAMATION ON:</p> <p><i>Investment policy</i></p> <p>Both the STANLIB SA Equity Fund and the STANLIB Equity Fund invest predominantly in the same securities domestically, with the STANLIB Equity Fund able to invest offshore. Offshore allocation enhanced the range of investment opportunities available to the portfolio manager which offers both additional return and diversification opportunities over time with some currency risk. Other differences in the STANLIB SA Equity Fund and the STANLIB Equity Fund are as outlined above.</p>	

Distribution:

The STANLIB SA Equity Fund and STANLIB Equity Fund both distribute income semi-annually. Furthermore, a special distribution will take place on the proposed amalgamation date.

Portfolio benchmark:

The STANLIB Equity Fund and STANLIB SA Equity Fund have the same benchmark as outlined above.

ASISA classification:

There will be no change in the ASISA classification of the STANLIB Equity Fund.

Classes of participatory interests and fees:

Class	STANLIB SA Equity Fund	Service Fee, ex VAT		Class	STANLIB Equity Fund	Service Fee, ex VAT
Class A	STANLIB SA Equity Fund A	1.50%	Moves to	Class A	STANLIB Equity Fund A	1.50%
				Class B2	STANLIB Equity Fund B2	0.00%
Class B4	STANLIB SA Equity Fund B4	0.75%	Moves to	Class B4	STANLIB Equity Fund B4	0.75%
Class R	STANLIB SA Equity Fund R	1.00%	Moves to	Class R	STANLIB Equity R	1.00%

The proposed amalgamation will not result in higher charges for investors in the portfolios.

STANLIB Collective Investments (RF) (Pty) Ltd

Ballot Form (for Investors via LISP)

Instructions for completing the form

- The ballot is to be completed by ALL investors in the two STANLIB Collective Investment Scheme portfolios that are being proposed for amalgamation, namely **STANLIB SA Equity Fund** and **STANLIB Equity Fund**.
- Please read and complete all fields on this ballot form as instructed and return it to the auditors in the enclosed self-addressed envelope or scan and email directly to the auditors at **za_ballots@pwc.com**.
- Failure to complete all required sections will render the vote invalid.

Name of Entity: _____

(Only applicable if you are signing the form in a representative capacity, i.e. on behalf of an investor/ deceased estate/company / close corporation/ retirement annuity fund/ pension fund/ provident fund/ preservation fund)

LISP Name: _____

Investor Name: _____

(Please print full names and surname)

Account Number: _____

Please vote as detailed below

I, the undersigned,

1. Accept Reject the proposed amalgamation of **the STANLIB SA Equity Fund** with the **STANLIB Equity Fund**, both under the STANLIB Collective Investment Scheme.
(To be completed by ALL current investors in both portfolios)

in accordance with the ballot process as provided for in terms of Section 99 of the Collective Investment Schemes Control Act No 45 of 2002, the details which are set out in the letter from STANLIB dated **19 January 2021**.

Signed at _____ on the _____ day of _____ 2021

Signature _____