

August 2013

BALLOT LETTERS TO BE SENT TO INVESTORS

Investment Solutions Unit Trusts will on 16 August send out ballot letters regarding 16 of the company's portfolios, which investors should receive around the 22nd. Such ballots are required by the Financial Services Board (FSB) when there is to be an amendment to the supplemental deed of a unit trust fund, or when the amalgamation or closure of such funds is proposed.

Although 19 ballot letters across 16 funds are being sent out, investors will only receive the letters relating to their investments. Investors affected by more than one fund change may therefore receive more than one ballot letter. While investors may be required to vote on more than one ballot, they will only receive one envelope or ballot pack with all the relevant information.

The main reasons for the ballots are:

- The Association for Savings and Investment South Africa (ASISA) recently reclassified a number of unit trust fund categories. As such, the old supplemental deeds of some of the funds no longer align with the new categories and need to be changed
- The FSB has rewritten some of the guidelines in the Collective Investment Schemes Control Act (CISCA). The current supplemental deeds therefore need to be changed in some instances to comply with the new notice
- The proposed amalgamation of the Alexander Forbes Fund of Fund (FoF) range with the Investment Solutions (IS) Stable and Multi-Manager Balanced FoFs. This proposal was previously balloted to investors in the Alexander Forbes (AF) FoF range, but because a very small percentage of investors did not receive the ballot letters, the FSB rejected the ballot result and required Investment Solutions to re-ballot all investors in these unit trust funds. The FSB, as a further requirement (and as set out in the CISCA), also requires ballot letters to be sent to all investors in the Investment Solutions FoFs with which they are amalgamating
- Two of the Investment Solutions unit trusts (Multi-Manager Equity FoF and Performer Managed) are making minor changes to their names.

A summary of the unit trust funds affected and the category of ballot into which they fall is included in the appendix.

CONCLUSION

While Investment Solutions appreciates the complexity some of these changes will create for advisers and clients, this process is governed by law and is periodically required. All investors are encouraged to vote on the proposed changes. If you require further information regarding this process or its implications, please call Faye Blakeney on 011 505 6000.

APPENDIX - SUMMARY OF CHANGES

Ballot	Unit Trust	Change	Objective	Effect on Investors
Amalgamation Ballot	Alexander Forbes Aggressive FoF	Merge with Investment Solutions Multi-Manager Balanced FoF	On 4 November 2011, the FSB issued Notice 778 of 2011 of the Collective Investment Schemes Control Act, governing third-party (white-labelled) portfolios. The effect of this notice is that the Alexander Forbes FoFs can no longer operate on a white-label basis, hence the proposed amalgamation with other Investment Solutions FoFs	If the amalgamation is approved, the transition from the Alexander Forbes FoF to the Investment Solutions FoF (as detailed in the table) will be seamless and investors will not be liable for additional fees, charges, taxes or brokerage. The transfer of participatory interests to the new portfolios will not constitute a CGT event for tax purposes
Amalgamation Ballot	Alexander Forbes Balanced FoF	Merge with Investment Solutions Stable FoF	As above	As above
Amalgamation Ballot	Alexander Forbes Conservative FoF	Merge with Investment Solutions Stable FoF	As above	As above
Amalgamation Ballot	Alexander Forbes Moderate FoF	Merge with Investment Solutions Stable FoF	As above	As above
Amalgamation Ballot	Alexander Forbes Moderately Aggressive FoF	Merge with Investment Solutions Multi-Manager Balanced FoF	As above	As above
Amalgamation Ballot	Investment Solutions Multi-Manager Balanced FoF	Alexander Forbes Aggressive and Moderately Aggressive FoFs are amalgamated into the Investment Solutions Multi-manager Balanced FoF	Unit holders in the portfolios that are the destination portfolios of the proposed amalgamation of the Alexander Forbes FoF range must be given the opportunity to accept or reject the proposal	When the current Alexander Forbes Aggressive and Moderately Aggressive FoFs are absorbed into and amalgamated with the Investment Solutions Multi-Manager Balanced FoF, investors will be issued with replacement participatory interests in the new portfolio that will be equal in market and/or monetary value to those held pre-amalgamation, although the number held may change. There will in essence be no change for investors in the Investment Solutions Multi-Manager Balanced FoF
Amalgamation Ballot	Investment Solutions Stable FoF	Alexander Forbes Balanced, Moderate and Conservative FoFs are absorbed into the Investment Solutions Stable FoF	As above	As above, but applicable to the FoFs listed to the left
Investment Policy Ballot	Investment Solutions Global Fixed Income Feeder Fund	Amending the investment policy: removal of the reference made to credit ratings and the revision of certain investment terminology	To improve the alignment of the investment policy of the supplemental deed with the requirements prescribed by Notice 80 of CISA, as amended periodically	The objectives or structure of the portfolio will not change as a result of the proposal. There will be no change in the overall investment risk or expected return to investors
Investment Policy Ballot	Investment Solutions Property Equity Unit Trust	Amending the investment policy: removal of the reference made to assets in liquid form exposure investment limitations and the revision of certain investment terminology	As above	There will be minimal effect on investors as a result of the proposed changes as the objectives or structure of the portfolio will remain the same

Ballot	Unit Trust	Change	Objective	Effect on Investors
Investment Policy Ballot	Investment Solutions Pure Fixed Interest Unit Trust	Amending the investment policy: removal of the references made to credit ratings and the revision of certain investment terminology	As above	There will be minimal effect on investors. In fact, the company believes this would be beneficial to them in that it creates certainty for investors regarding the allowable investable universe
Investment Policy Ballot	Investment Solutions Real Return Focus Unit Trust	Amending the investment policy: amendment of the references to inflation-return limitations, removal of equity- exposure investment limitations and the revision of certain investment terminology	As above	There will be minimal effect on investors as a result of the proposed changes
Investment Policy Ballot	Investment Solutions Stable FoF	Amending the investment policy: amendment of the reference to equity- exposure investment limitations and benchmark, and the revision of certain investment terminology	As above	There will be minimal effect on investors as a result of the proposed changes. The objectives or structure of the portfolio will be unchanged
Investment Policy Ballot	Investment Solutions Superior Yield Unit Trust	Amending the investment policy: removal of the references to credit ratings and the revision of certain investment terminology	As above	There will be minimal effect on investors as a result of the proposed changes
Investment Policy Ballot	Investment Solutions US Dollar Feeder Fund	Amending the investment policy: removal of the reference to credit ratings and the revision of certain investment terminology	As above	The objectives or structure of the portfolio will not change as a result of the proposed changes
Investment Policy Ballot and Portfolio Name Change	Investment Solutions Multi-Manager Equity FoF	Amending the investment policy: changing the name of the portfolio to "Investment Solutions Equity Fund of Funds", removing the reference to medium-risk and equity- exposure investment limitations, and revising certain investment terminology	As above	There will be minimal effect on investors as a result of the proposed changes, although these might change the overall investment risk or expected return to investors because the portfolio is high risk, rather than medium risk
Investment Policy Ballot and Portfolio Name Change	Investment Solutions Performer Managed Unit Trust Fund	Amending the investment policy: changing the name of the portfolio to "Investment Solutions Performer Managed Unit Trust", removing the reference to equity exposure investment limitations and revising certain investment terminology	As above	There will be minimal effect on investors as a result of the proposed changes. The company believes the risk-return profile of the portfolio will be enhanced because asset managers will be better able to manage risk