



# Investment Solutions

## Information Circular to the Unitholders of the Investment Solutions Strategic Global Fund (ISSGF) Strategic Sterling Bond Fund (the **Class Fund**)

24 February 2014

Dear Investor,

This letter serves to inform you as a unit-holder that this Class Fund will be closed on the 31<sup>st</sup> of March 2014. You may elect to either switch or redeem your investment ahead of this closure date, at which point all outstanding units will be automatically redeemed.

### **Proposed closure of the Class Fund**

The Class Fund, established on 29 April 1997 to cater to the needs of South African investors' offshore allowance requirements, has been stagnant from a new business perspective for some time, and has experienced a consistent outflow of redeeming investors in recent years with corresponding NAV reduction in the Class Fund as follows;

| <b>Year End</b> | <b>NAV (GBP)</b> | <b>Investors</b> |
|-----------------|------------------|------------------|
| 31/12/10        | 595 438.19       | 61               |
| 31/12/11        | 551 972.61       | 52               |
| 31/12/12        | 450 143.91       | 41               |
| 31/12/13        | 369 903.01       | 34               |

Accordingly, pursuant to the terms of the Trust Instrument and the Prospectus in respect of the ISSGF Investment Solutions Jersey Limited, as Manager of the ISSGF, is of the view that the closure of the Class Fund is in the best interests of investors in the Class Fund.

Accordingly the Manager has decided, and hereby provides the required notice to unit holders, to close the Class Fund on the 31<sup>st</sup> of March 2014 (the **Compulsory Redemption Date**).

All units in the Class Fund will be fully redeemed in cash on the Compulsory Redemption Date unless investors choose to take action sooner as set out below.

### **Alternative Investments for clients wishing to switch**

As set out in more detail in the Prospectus of ISSGF, this Class Fund invests through a sub-fund of the Russell Investment Company Public Limited Company (**RIC**), a UCITS scheme incorporated under the laws of Ireland, with an investment objective of providing capital appreciation over a 5-7 year period with moderate volatility primarily through investment in Sterling denominated debt instruments which may have fixed or floating interest rates.

Investors may wish to consider the following reinvestment options:

1. ISSGF Strategic Global Bond Fund for **investors who wish to maintain bond exposure**;

Established on 29 April 1997, this US Dollar denominated class fund invests through a sub-fund of the Russell Investment Company Public Limited Company (**RIC**), a UCITS scheme incorporated under the laws of Ireland, with an investment objective of providing income and capital growth over a period of 5-7 years with moderate volatility by investing primarily in transferable debt instruments



# Investment Solutions

denominated in a variety of currencies and which may have fixed or floating interest rates. Further details of the investment policy can be found in the ISSGF and RIC prospectus.

2. **ISSGF Strategic Sterling Liquidity Fund for investors who wish to maintain a Sterling denomination;**

Established on 31 March 2000, this class fund invests through a sub-fund of the Russell Investment Company III Public Limited Company (**RIC III**), a UCITS scheme incorporated under the laws of Ireland with an investment objective of providing the maximum current income that is consistent with the preservation of capital and liquidity by investing in short-term, high grade debt and debt-related instruments. Further details of the investment policy can be found in the ISSGF and RIC III prospectus.

3. Should the above alternative fund options not meet your requirements, please refer to the Prospectus for additional fund options in our ISSGF portfolio range.

**Please note that both switches and redemptions will be realisation events. This means that investors may be subject to taxation (such as Capital Gains Tax) or other tax implications arising from either of these events. We recommend that investors speak with their tax advisors if they are unsure as to any potential consequences.**

### Return comparison

A comparison of the return history and fees of the Alternative Investments and the Class Fund as at 31 December 2013 are set out below:

|                                                          | 1 Month       | 6 Months      | 1 Year        | 3 Years       | 5 Years       | 10 years     | Since Inception |
|----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|-----------------|
| <b>Investment Solutions Strategic Sterling Bond</b>      |               |               |               |               |               |              |                 |
| <b>Sterling Return (Net)</b>                             | <b>-1.09%</b> | <b>-0.21%</b> | <b>-3.34%</b> | <b>4.15%</b>  | <b>6.05%</b>  | <b>3.13%</b> | <b>4.27%</b>    |
| <b>Sterling Return (Gross)</b>                           | <b>-0.94%</b> | <b>0.68%</b>  | <b>-1.61%</b> | <b>5.99%</b>  | <b>7.91%</b>  | <b>4.95%</b> | <b>6.11%</b>    |
| Benchmark                                                | -1.11%        | 0.06%         | -2.63%        | 5.44%         | 5.59%         | 5.11%        | 6.38%           |
| <b>Investment Solutions Strategic Global Bond</b>        |               |               |               |               |               |              |                 |
| <b>Dollar Return (Net)</b>                               | <b>-0.25%</b> | <b>2.10%</b>  | <b>-3.29%</b> | <b>2.94%</b>  | <b>5.75%</b>  | <b>3.69%</b> | <b>4.01%</b>    |
| <b>Dollar Return (Gross)</b>                             | <b>-0.10%</b> | <b>3.01%</b>  | <b>-1.56%</b> | <b>4.75%</b>  | <b>7.61%</b>  | <b>5.52%</b> | <b>5.84%</b>    |
| Benchmark                                                | -0.46%        | 2.31%         | -2.65%        | 2.67%         | 3.77%         | 4.50%        | 5.53%           |
| <b>Investment Solutions Strategic Sterling Liquidity</b> |               |               |               |               |               |              |                 |
| <b>Sterling Return (Net)</b>                             | <b>-0.01%</b> | <b>-0.10%</b> | <b>-0.32%</b> | <b>-0.34%</b> | <b>-0.30%</b> | <b>1.88%</b> | <b>2.45%</b>    |
| <b>Sterling Return (Gross)</b>                           | <b>0.06%</b>  | <b>0.28%</b>  | <b>0.44%</b>  | <b>0.41%</b>  | <b>0.45%</b>  | <b>2.64%</b> | <b>3.23%</b>    |
| Benchmark                                                | 0.04%         | 0.22%         | 0.43%         | 0.48%         | 0.49%         | 2.66%        | 3.26%           |



# Investment Solutions

## Fee comparison

|                    | <b>Investment Solutions Strategic Sterling Bond</b> | <b>Investment Solutions Strategic Global Bond</b> | <b>Investment Solutions Strategic Sterling Liquidity</b> |
|--------------------|-----------------------------------------------------|---------------------------------------------------|----------------------------------------------------------|
| Management fee     | 0.65% p.a.                                          | 0.65% p.a.                                        | 0.3% p.a.                                                |
| Service fee        | 0.50% p.a.                                          | 0.50% p.a.                                        | n/a                                                      |
| Administration fee | 0.1% p.a.                                           | 0.1% p.a.                                         | 0.1% p.a.                                                |
| <b>TOTAL fee</b>   | <b>1.25% p.a.</b>                                   | <b>1.25% p.a.</b>                                 | <b>0.40% p.a.</b>                                        |

## **Actions required by 11:00am (Jersey time) 28 March 2014**

- Unitholders who choose to switch their full investment into one or a combination of the Alternative Investments prior to the Compulsory Redemption Date will be required to complete and submit the attached switch request form
- Unitholders who wish to redeem their full investment prior to the Compulsory Redemption Date will be required to complete and submit the attached redemption form
- Those Unitholders who take no action will have their investments automatically redeemed on the Compulsory Redemption Date (31<sup>st</sup> of March 2014).

In order to process your switch or redemption, principle and joint unit-holders are required to submit updated FICA/KYC documentation and banking details. These include;

- a. Contact details
- b. Certified ID document
- c. Certified utility bill of not older than 3 months reflecting a residential address
- d. Banking details

Should your FICA/KYC documentation or banking details not be up to date, redemption proceeds will be held by the Manager in Sterling until up to date details are received.

To submit switch or redemption request forms, to verify your details, or provide supplemental identity documentation please contact our Client Interaction Centre between 8am and 5pm (South African time), Monday to Friday on **+27 (0) 860 00 17 50** (South African investors), **+27 (0) 11 324 3420** (International investors) or via email to [investadmin@aforges.co.za](mailto:investadmin@aforges.co.za).

The current prospectus and latest audited annual, and unaudited semi annual, financial statements of ISSGF are available on the Investment Solutions Jersey website:  
<https://sa.investmentsolutions.co.za/Jersey/DownloadCentre/MarketingMaterial>

Should you have any queries, please contact your financial adviser.

Yours faithfully

## **Investment Solutions (Jersey) Limited as Manager of the Investment Solutions Strategic Global Fund**

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# Investment Solutions

## Important Information

Unit-holders in the Class Fund should note that any investment decision in relation to investing in the Alternative Investment should be made only on the basis of information contained in the prospectus in respect of ISSGF and the Alternative Investments (set out at <https://sa.investmentsolutions.co.za/Jersey/Home/>) and any further documentation referred to therein and not on this Information Circular. No offer to sell units in the Alternative Investments is made by virtue of this Information Circular and it should not be relied upon by any person for the purposes of evaluating an investment in the Alternative Investments. This Information Circular is not and is not intended to be a prospectus and does not and is not intended to constitute or form part of an offer to sell or an invitation to purchase any units in the ISSGF or the Alternative Investment. If you are in any doubt about the content of this Information Circular and/or any action you should take, you should seek advice immediately from your financial adviser or other professional who specialises in advising on opportunities of this type.

Nothing in this Information Circular constitutes investment, tax, legal or financial advice. There is no implication that any information contained herein is correct as of any time subsequent to the date of this Information Circular.

Any offer for sale of units in the Alternative Investments will be based on the prospectus in respect of ISSGF and the Alternative Investments and any recipient of this Information Circular should inform themselves about and observe any applicable legal and regulatory requirements contained therein.

The value of and income from the units in the Alternative Investments can fall as well as rise and is not guaranteed. An investor in the Alternative Investments may not get back the original amount invested. Any investment in the Alternative Investments may not be suitable for all recipients of this Information Circular.

This Information Circular is confidential, is being supplied for the information of Unit-holders of the Class Fund only and may not be distributed, published, communicated, disclosed, copied or reproduced, in whole or in part, except for the purpose of taking professional advice or with the prior written consent of the Manager.

This Information Circular has not been approved as a prospectus of ISSGF or the Alternative Investments (or any amendment thereto) by the Jersey Financial Services Commission or any other regulatory authority.