



Absa Fund Managers

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23 November 2023

Dear Investor

Proposed amalgamation of nine Absa single managed portfolios with new Sanlam Investment Management portfolios under the Sanlam Collective Investment Scheme

This letter is important and requires your immediate attention.

As per previous communication to all Absa investors, the Absa and Sanlam corporate transaction was concluded on 1 December 2022. During the transitional period from 1 December 2022, your investment will continue to be managed by Absa Fund Managers on the existing Absa systems. The proposed date to transition the Absa portfolios to Sanlam is 22 March 2024.

The purpose of this letter is to inform you of the proposed amalgamation of nine Absa unit trust portfolios with nine new Sanlam Investment Management (SIM) unit trust portfolios listed in the table below, as well as to provide you with sufficient information to vote on this proposal, including your rights as an investor, and the impact that this amalgamation will have on your current investment.

Portfolio amalgamation	
Source Fund under the Absa Fund Manager (AFM) Scheme	Target portfolio under the Sanlam Collective Investment (SCI) Scheme
Absa Tactical Income Fund	SIM Tactical Income Fund
Absa Prudential Money Market Fund	SIM Corporate Money Market Fund
Absa Flexible Income Fund	SIM Institutional Income Fund
Absa Flexible Growth Fund	SIM Institutional Flexible Growth Fund
Absa Property Equity Fund	SIM Property Equity Fund
Absa Bond Fund	SIM Bond Fund
Absa Inflation Linked Income Fund	SIM Inflation Linked Income Fund
Absa Core Income Fund	SIM Core Income Fund
Absa Inflation Beater Fund	SIM Inflation Beater Fund

In terms of Section 99 of the Collective Investment Schemes Control Act, 45 of 2002 ("the Act"), the ballot will be valid if the majority of investors vote in favour of the amalgamation.

If you do not participate in the ballot in respect of the proposed amalgamations timeously, you will be deemed to have voted in favour of the proposed amalgamations.

How the amalgamation affects your investment

Section 99 (3) (a) of the Collective Investment Schemes Control Act stipulates that on the effective date, every investor "shall ... hold in the new scheme or portfolio, such participatory interests with an aggregate money value

Absa Fund Managers (RF) (Pty) Ltd Reg No 1991/000881/07 is a registered Collective Investment Scheme Manager, a full member of the Association for Savings and Investments South Africa (ASISA) and regulated by FSCA. Trustee: First Rand Bank Limited, 4 Merchant Place, Cnr Fredman Drive and Rivonia Road 2146

Latest terms and conditions and the minimum disclosure documents are available on the website <https://www.absainvestmentmanagement.co.za/wealth-and-investment-management/personal/investment-products/absa-unit-trusts/>

that is not less than the lower of the net asset value or market value, as may be fair and reasonable in the circumstances of the participatory interests which such investor, immediately before the date on which the proposed transaction becomes effective, held in an original scheme or portfolio.”

In other words, when the CIS portfolios are amalgamated, investors in the source fund will be issued with replacement participatory interests (units) in the target portfolios. The replacement units will be equal in market/monetary value to units held before the amalgamation, although the number of units held may change.

Capital gains tax (CGT) implications

In terms of the Income Tax Act, the CGT implications of the proposed portfolio amalgamations **will not** result in the realisation of a capital gain or loss and the CGT cost of your investment will be carried over to the new portfolios.

Special distribution

The Financial Sector Conduct Authority (“FSCA”) requires that all accrued income in portfolios to be transferred be distributed before the amalgamation takes place. Therefore, a special income distribution will be processed, and the payout or reinvestment thereof will be handled in accordance with your current income instruction.

Effective date of amalgamation

The effective date of the proposed amalgamation of the portfolios will be **22 March 2024**, provided that the necessary consent is obtained from investors and the FSCA.

Action required

1. Please complete the enclosed ballot form and email it directly to our external auditors, KPMG, at absaballot@kpmg.co.za on or before **12 January 2024**. If this letter was posted to you, you could also return and post the ballot form in the enclosed self-addressed envelope. If you do not participate in the ballot in time, you will be deemed to have voted in favour of the amalgamation.
2. Please do not include any other instructions regarding your holdings with your ballot form, such as requests for purchases, switching instructions, etc. Your ballot form will go directly to our auditors and, if such instructions are sent to the auditors, we cannot guarantee that any instruction after the start of the ballot process will be processed.
3. If you are no longer invested in these portfolios, no action is required.

Your rights as an investor

The rights of investors are firmly entrenched in the Act. In terms of Section 99 of the Act, the Registrar of Collective Investment Schemes requires that:

- All investors in the source portfolios will be advised in writing of the details of the proposed amalgamations of the portfolios.
- All investors are given an opportunity to vote in favour of or against the proposed amalgamations.
- 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.
- All investors must be balloted for them to vote on the proposed changes.

If you choose not to switch or sell your units before the effective date of the amalgamation, the amalgamation proposals, as set out in this letter (if approved by investors and the FSCA), will automatically apply to your investment.

If you require further information on the proposed amalgamation, or if you want to exercise your right to switch or sell any of your investments, please contact your financial adviser or Absa Fund Manager’s Client Service Centre on 0860 111 456. You could also send an email to utenquiries@absa.co.za, **Kindly note that should you elect to switch or sell your investments, this will result in a CGT event for which you are liable to pay CGT at your next income tax assessment.**

Please note that minor amendments have been made to the target funds investment policies, to reflect Sanlam Collective Investment’s preferences and the latest industry terminology and practices, as well as regulatory requirements (Board Notice 90 of 2014), but it will not affect the manner in which the portfolio is managed, nor the investment universe. The ASISA fund categories also remain unchanged.

Attached is a table marked **Annexure A** which summarizes material changes made (if any) to the target fund portfolios. We would also like to refer you to the Minimum Disclosure Document (MDD’s) on the Absa Fund

Managers website which gives you details of the features, risk profile, fund strategy and objective of each portfolio on [Absa | Unit Trust Investment \(absainvestmentmanagement.co.za\)](https://absainvestmentmanagement.co.za).

The MDD's of the source funds which will be launched on 22 March 2024 will also be available on the Sanlam Investments website.

Should you require a document reflecting the investment policies as contained in each supplemental deed, please request this from the email or Client Service Centre contact number provided above.

Please note that the fee classes of the source funds will be replicated for the target funds which means there are no changes to the current fee structure.

A Ballot Form is also attached.

Kind regards

A handwritten signature in black ink, appearing to read 'Sylvester Kgatla', enclosed in a thin black rectangular border.

Sylvester Kgatla
Head: Absa Fund Managers

ANNEXURE A

SOURCE FUND	TARGET FUND	CHANGE
Absa Tactical Income Fund	SIM Tactical Income Fund	In terms of the investment universe, there is a change whereby the new portfolio will primarily invest in the top 6 banks as per market capitalisation as well as government bonds, corporate bonds excluded. The portfolio may also hold equities and property. This is in line with the portfolio objective and strategy, and also differentiates the fund from other funds in the same category. This should make it more identifiable for investors. The benchmark will also change from 3-month JIBAR +2.5% to CPI +2.5% which is more in line with the other funds in the same ASISA category.
Absa Prudential Money Market Fund	SIM Corporate Money Market Fund	The primary objective of the target fund as well as the investment universe remains unchanged. The portfolio will therefore be managed in the same manner with no impact on investors.
Absa Flexible Income Fund	SIM Institutional Income Fund	The primary objective of the target fund as well as the investment universe remains unchanged. The portfolio will therefore be managed in the same manner with no impact on investors.
Absa Flexible Growth Fund	SIM Institutional Flexible Growth Fund	The primary objective of the target fund as well as the investment universe remains unchanged. The portfolio will therefore be managed in the same manner with no impact on investors.

Absa Property Equity Fund	SIM Property Equity Fund	The primary objective of the target fund as well as the investment universe remains unchanged. The portfolio will therefore be managed in the same manner with no impact of investors.
Absa Bond Fund	SIM Bond Fund	The primary objective of the target fund as well as the investment universe remains unchanged. The portfolio will therefore be managed in the same manner with no impact on investors.
Absa Inflation Linked Income Fund	SIM Inflation Linked Income Fund	The primary objective of the target fund as well as the investment universe remains unchanged. The portfolio will therefore be managed in the same manner with no impact on investors.
Absa Core Income Fund	SIM Core Income Fund	The target portfolio will have an average duration limit of 90 – 365 days whereas the source fund’s duration was 180 – 365 days. This change is necessary to optimize opportunities through various interest rate cycles.
Absa Inflation Beater Fund	SIM Inflation Beater Fund	The investment policy of the target portfolio specifies the inclusion of listed and unlisted financial instruments (derivatives). This enhancement has been made for efficient portfolio management purposes, to provide the portfolio manager with the flexibility to protect the portfolio, or aspects of the portfolio, against adverse market conditions and exchange rate risk. This should positively affect investors.

BALLOT FORM

Complete and return the Ballot Form to absaballot@kpmg.co.za on or before **12 January 2024**.
I, the undersigned,

	(full names*)
	(account number*)
	(identity number/date of birth/registration number of company or trust)
GLACIER	[Name of Linked Investment Services Provider (if applicable) and account number(s)]

(Please tick the applicable box)

NO	FUND NAME	ACCEPT	REJECT
1	Amalgamation of the Absa Tactical Income Fund with the Sanlam Investment Management Tactical Income Fund		
2	Absa Prudential Money Market Fund with the Sanlam Investment Management Corporate Money Market Fund		
3	Absa Flexible Income Fund with the Sanlam Investment Management Institutional Income Fund		
4	Absa Flexible Growth Fund with the Sanlam Investment Management Institutional Flexible Growth Fund		
5	Absa Property Equity Fund with the Sanlam Investment Management Property Equity Fund		
6	Absa Bond Fund with the Sanlam Investment Management Bond Fund		
7	Absa Inflation Linked Income Fund with the Sanlam Investment Management Inflation Linked Income Fund		
8	Absa Core Income Fund with the Sanlam Investment Management Core Income Fund		
9	Absa Inflation Beater Fund with the Sanlam Investment Management Inflation Beater Fund		

The proposed amalgamation of the Absa Collective Investments funds with the Sanlam Collective Investments funds in terms of Section 99 of the Collective Schemes Control Act, 2002 (Act No 45 of 2002), as set out in the letter from Sanlam Collective Investments (RF) (Pty) Ltd dated 23 November 2023.

SIGNED AT _____ ON THE _____ DAY OF _____ 2023/4.

(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.