



Reporting

Wrap Fund

Wrap funds are not required by law or by industry standards to publish any form of reporting.

Fund of Funds

The standard reporting applicable to other CISs also applies to funds of funds (i.e. fund factsheets).



Ownership and Taxation

Wrap Fund

The investor owns units in the underlying CISs and any other investment instruments, such as shares and cash accounts, wrapped in the wrap fund. Thus from a tax perspective, the investor will be liable for any tax applicable at the underlying investment level.

Fund of Funds

The investor owns units in the fund of funds and not the underlying investments. This means that any applicable taxation will only apply at the fund of funds level (i.e. capital gains tax is payable if the investor sells the fund of funds units).

key differences between wrap funds and funds of funds

Cost	Fund of Funds	Wrap Funds
Initial fees	Investment manager upfront cost (typically compensation for associated distribution businesses).	Typically no charges at the wrap fund level.
Annual charges	<ul style="list-style-type: none"> Annual management fees at the fund of funds level. Performance fees can vary from 0.00% to possibly uncapped. 	<ul style="list-style-type: none"> Investment consulting fees charged by the investment manager. Administration fees charged by the administrator (i.e. LISPs).
Other costs	<ul style="list-style-type: none"> Advisory fees. Administration fees. Annual management fees for the underlying investments. 	



Legal Structure and Governance

Wrap Fund

A wrap fund is a collection of underlying investments, such as CISs and shares, that is administered as a single offering or product with no legal structure. Wrap funds inherit their governance from the underlying investments and the service providers involved in its administration and management.

Applicable governance may include CISCAs, the Financial Advisory and Intermediary Services Act, Financial Market Control Act and Exchange Control Act.

Fund of Funds

A fund of funds is any registered collective investment scheme (CIS) approved under the Collective Investment Schemes Control Act (CISCA) that invests in other collective investment schemes. A fund of funds has to invest in at least two CISs and the investment in any of the underlying CISs cannot be greater than 75%.



Investable Universe and Management

Wrap Fund

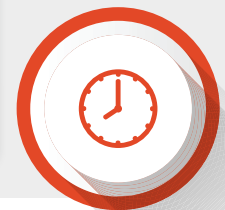
The investable universe is limited to the range of investment products available on the investment administrator's platform. Wrap funds can be managed by the following:

- An FSB-approved portfolio manager.
- A multi-manager (such as Sanlam Multi Manager International) on behalf of category 1 or category 2 Financial Service Providers.
- Typically, the investment committee will include the Financial Service Provider (i.e. adviser) ensuring that the investors' concerns are taken into account by the wrap fund investment manager.

Fund of Funds

Funds of funds are limited to investments in CISs. They, however, consist of the following:

- Exchange rate swaps (i.e. they are able to invest in foreign denominated CISs while priced in another currency such as rand). Therefore an investor will not require SARB approval to gain offshore exposure.
- Investment management is carried out by an FSB-approved portfolio manager.



Investment Access (Distribution Channels)

Wrap Fund

These are single investment offerings available via an investment administration service provider (i.e. a LISP) and not available from the various management companies of the underlying investments. It is possible for similar investment mandate wrap funds to co-exist on multiple LISPs provided the same CISs are available on the other LISPs.

Fund of Funds

Since funds of funds are registered CISs, they are available for investment from the management company administering the funds of funds and any other intermediary distributors offering it (i.e. LISPs).

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