

## Risks (portfolio specific)

**Derivatives:** There is no assurance that a portfolio's use of a derivative strategy will succeed. A portfolio's management may employ a sophisticated risk management process to oversee and manage derivative exposures within a portfolio, but the use of derivative instruments may involve risks different from, and in certain cases greater than, the risks presented by the securities from which they are derived.

**Exposure to foreign securities:** Foreign securities within portfolios may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

**Drawdown:** The potential magnitude of loss – the largest peak-to-trough decline in returns over the period, also known as the maximum drawdown.

**Liquidity:** The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).

**Equities:** The value of equities may vary according to company profits and future prospects, as well as more general market factors. In the event of a company default, the owners of their equity rank last in terms of any financial payment from that company.

**Bonds:** The value of fixed income investments (such as bonds) tends to decrease when interest rates and/or inflation rises. Bonds issued by major governments and companies will be more stable than those issued by emerging markets or smaller corporate issuers. If an issuer experiences financial difficulty, there may be a risk to some, or all, of the capital invested. Any historical or current yields quoted should not be considered reliable indicators of future performance.

**Tax-free savings accounts:** For classes of participatory interests that are tax-free investments, you do not pay tax on capital gains, dividends, or interest. National Treasury introduced tax-free investments to encourage people to save. From 01 March 2020, the maximum annual investment limit is R36 000 per tax year (from beginning March to end February), and the lifetime investment limit is R500 000. You cannot contribute more than R36 000 per tax year, and any capital amounts withdrawn do not get deducted from the contributions made in calculating the use of the allowance. The maximum investment limits apply across financial products, not per financial product, so your contribution amounts are aggregated across financial products in calculating the use of the allowance. The limits are not applicable to the growth on your investment. If you exceed these limits, the SARS will levy a tax of 40% on all contributions that exceed R36 000 per tax year. Therefore, you should monitor your contributions so that you do not incur a 40% tax rate on excess contributions. From 01 March 2018, transfers between providers are permitted, and you may not convert existing investments into tax-free investments.

**Money market portfolios:** A money market portfolio is not a bank deposit account. A variable price (VNAV) is applied to a participatory interest. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures, and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

**Fund of funds:** A fund of funds is a portfolio that invests in portfolios of collective investment schemes (unit trusts) that levy their own charges, which could result in a higher fee structure for the fund of funds.

**Feeder funds:** A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.



## General

Collective investment schemes (unit trusts) are generally medium-term to long-term investments. The value of participatory interests (units) or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending (such as borrowing and lending of assets). The manager does not provide any guarantee, either with respect to the capital or the return of a portfolio. Different classes of participatory interests apply to these portfolios and are subject to different fees and charges. A schedule of all fees and charges, inclusive of VAT and maximum commissions, is available on request from us or from your financial adviser. Forward pricing is used.

## Redemptions

The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The ability of the portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity, and the manager must keep the investors informed about these circumstances.

## Yields

The yield for bond and income portfolios is historical and is calculated quarterly. The yield for the money market portfolio is calculated daily. The yield is calculated by means of a yield curve, which will be the daily updated average of the Negotiable Certificate of Deposit (NCD) rates that are published by the four major South African banks, namely First National Bank, ABSA Bank, Standard Bank and Nedbank. A compounding formula is applied to the curve, depending on whether the instrument pays interest annually (NACA), semi-annually (NACS), or quarterly (NACQ).

## Prices

The latest **prices** and TER are published daily in the Business Report (South Africa's National Financial Daily) and are made available on our website.

## Performance fees

Performance fees are not levied on the portfolio.

## Performance returns

Lump-sum performance returns are being quoted. Income distributions, prior to deduction of applicable taxes, are included in the performance calculations. NAV to NAV figures have been used for the performance calculations, as calculated by the manager at the valuation point defined in the deed, over all reporting periods. Investment performance calculations are available for verification upon request by any person. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. The performance is calculated for the fee class. The individual investor performance may differ, as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The rate of return is calculated on a total return basis, and the following elements may involve a reduction of the investor's capital: interest rates, economic outlook, inflation, deflation, economic and political shocks or changes in economic policy. Annualised returns are period returns re-scaled to a period of one year. This allows investors to compare returns of different assets that they have owned for different lengths of time. All period returns greater than one year have been annualised. Returns for periods less than one year have not been annualised. A cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period of time involved. Actual annual figures are available to the investor on request.

## Valuations and transaction cut-off times

The portfolio is valued daily, at the end of the day (18:00). The withdrawal instruction must be received before 13:00 on the pricing date, failing which, the next pricing date will apply.

## Additional information

For additional information on the portfolio, refer to the following documents, available on our website, from your financial adviser, or on request from the manager, free of charge. (Click on the name to download the document.)

- [Application form for legal entities](#)
- [Application form for individual investors](#)
- [Annual report](#)
- [Fee and charges schedule](#)
- [Quarterly general investor report](#)
- [Portfolio summary](#)

## Complaints and conflicts of interest

The **complaints handling procedure**, as well as the **conflicts of interest management policy**, are available on our website. Associates of the manager may be invested within certain portfolios, and the details thereof are available from the manager.

## Closure of the portfolio

The manager has the right to close certain portfolios to new investors in order to manage them more efficiently, in accordance with their mandates.

## Contact details

### CIS Manager

Alexander Forbes Investments Unit Trusts Limited

Registration number: 2001/015776/06

Physical address: 115 West Street, Sandown, 2196

Postal address: PO Box 786055, Sandton, 2146

Telephone number: + 27 (0)11 505 6000

Email: [afinvestments@alexforbes.com](mailto:afinvestments@alexforbes.com)

Website: [www.alexforbes.com/za/en/](http://www.alexforbes.com/za/en/)

Directors: <https://www.alexforbes.com/za/en/about-us/company-directors>

The manager is registered as a manager of collective investment schemes in terms of the *Collective Investment Schemes Control Act*. The manager, through Alexander Forbes Group Holdings Limited, is a member of the Association for Savings and Investment SA (ASISA).

### Trustee

FirstRand Bank Limited, acting through RMB Trustee Services

Registration number: 1929/001225/06

Physical address: No. 3 First Place, Corner Jeppe and Simmonds Streets, Johannesburg, 2001

Postal address: PO Box 7713, Johannesburg, 2000

Telephone number: +27 (0) 87 736 1732

Email: [info@rmb.co.za](mailto:info@rmb.co.za)

Website: [www.rmb.co.za](http://www.rmb.co.za)

The trustee is registered as a trustee of collective investment schemes, in terms of the *Collective Investment Schemes Control Act*.

### Investment Manager

Alexander Forbes Investments Limited

Registration number: 1997/000595/06

FSP number: 711

Physical address: 115 West Street, Sandown, 2196

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Website: [www.alexforbes.com/za/en/](http://www.alexforbes.com/za/en/)

The investment manager is an authorised Financial Services Provider (FSP), as discretionary FSP, in terms of section 8 of the *Financial Advisory and Intermediary Services Act (FAIS)*, and is a registered insurer licensed to conduct life insurance business. This information is not advice, as defined in FAIS. Please be advised that there may be representatives acting under supervision.

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