



2 February 2021

Dear Investor

### **Proposed change to the Old Mutual Maximum Return Fund of Funds**

As an investor in the **Old Mutual Maximum Return Fund of Funds**, we request that you participate in a ballot on a proposed change to the investment policy and name of the above-mentioned unit trust portfolio. The proposal is to change the structure of the fund from a fund of funds to a fund and to align the name of the fund to accurately reflect the structural change. We believe that these changes will be in your best interest and encourage you to read this letter and addendum attached, in order to understand the proposed change and vote accordingly.

Your ballot form must reach our auditors by **16 March 2021** at the latest, for your vote to be counted. If the ballot is successful, the proposed changes will be effective on **30 April 2021**.

The rationale and implications of the proposed changes are explained in the addendum attached. We urge you to read this carefully, come to a considered decision and **exercise your vote by completing the Ballot Form attached as Annexure B**.

### **Your rights as an investor and actions required with respect to the proposed ballot.**

The rights of investors are firmly entrenched in the Collective Investment Schemes Control Act (CISCA), the Main Scheme Deed and the Trust Deed of each portfolio.

1. As an investor in one or more of these unit trust portfolios, you must be given an opportunity to vote in favour of, or against, the proposed changes in terms of section 98 read with clause 67 of CISCA.
2. The proposed changes will not trigger a Capital Gains Tax (CGT) event *unless* you choose to switch or to sell from this unit trust portfolio.
  - a) If you are uncomfortable with the proposed changes, you may switch your investments to any Old Mutual portfolio, provided we receive switching instructions by no later than **26 April 2021**. Switching costs may apply to investments that are made through a Linked Investment Service Provider platform.
  - b) If you are not comfortable with the proposal and do not wish to switch your investment, you may sell your investment at any time and withdraw your funds at the net asset value price, as defined in the relevant Trust Deed.



- c) **A switch or sale of investments will constitute a CGT event** for which you may be liable to pay CGT at your next income tax assessment and will impact your grandfather status (if applicable for the product you are invested in).
3. If this ballot receives investor approval the proposed changes will automatically apply to your investment, unless you choose to switch or sell them by 26 April 2021, at the latest.

### Recommendation

We recommend that you vote in favour of this change as we believe it is in your best interest.

#### Immediate Action Required

Please complete and sign the enclosed ballot form and return it to our auditors, KPMG, by no later than midnight on **16 March 2021 to:**

Email: [OM-ballot@kpmg.co.za](mailto:OM-ballot@kpmg.co.za)

Fax: 0100016659

Mail (free post): KPMG Incorporated, Business Reply Service Licence No. CB 11396, Cape Town 8000

Please note all ballots date stamped on or before **16 March 2021** will be accepted for three days after the cut-off date for audit purposes.

An independent auditor will verify the outcome of the ballot.

### Effective date

The effective date of the proposed changes will be **30 April 2021**, provided that the necessary consent is obtained from investors and the Financial Services Conduct Authority (FSCA).

### Contact us

If you have any questions about these changes or any of the other unit trust funds available to you, you may contact your financial planner or our Unit Trust Client Service Centre by sending an email to [unittrusts@oldmutual.com](mailto:unittrusts@oldmutual.com) or calling 0860 234 234.

Kind regards

Deon Wessels

**Head of Linked Investments**



## Annexure A

### 1. Proposed changes to the investment policy and name of the Fund

#### The current Fund

The Old Mutual Maximum Return Fund of Funds is a fund under the Old Mutual Unit Trust Scheme. The aim of the Old Mutual Maximum Return Fund of Funds is to generate the maximum possible investment return over a long-term investment horizon, by gaining exposure to a range of specialist asset class building block portfolios.

#### The proposed changes

The proposed change to the investment policy and name of the fund will be strictly in terms of CISCA and in our opinion will not be to the detriment of any client invested in the fund.

Below is the proposed amendment to the investment policy which will change the structure of the Fund from a Fund of Funds to a Fund. The proposal is to also amend the name of the Fund, in line with the structural change as detailed below - specifically as highlighted in section 3.1:

CURRENT CLAUSE	PROPOSED CLAUSE
<p><b>3.1 OLD MUTUAL MAXIMUM RETURN FUND OF FUNDS</b> will be a specialist portfolio and in selecting securities for this portfolio the Manager shall seek to achieve maximum growth of capital and income over a long-term investment horizon by investing in <b>portfolios that will grant exposure to</b> South African and international listed and unlisted equity securities, listed and unlisted non-equity securities, listed property, assets in liquid form and listed and unlisted derivatives.</p> <p>In order to achieve the portfolio's investment objective, the <b>OLD MUTUAL MAXIMUM RETURN FUND OF FUNDS will, apart from assets in liquid form, consist solely of</b> participatory interests, or any other form of participation, in South African and international collective investment schemes which are to the</p>	<p><b>3.1 OLD MUTUAL MAXIMUM RETURN FUND</b> will be a specialist portfolio and in selecting securities for this portfolio the Manager shall seek to achieve maximum growth of capital and income over a long-term investment horizon by investing in South African and international listed and unlisted equity securities, listed and unlisted non-equity securities, listed property, assets in liquid form and listed and unlisted derivatives.</p> <p>In order to achieve the portfolio's investment objective, the <b>OLD MUTUAL MAXIMUM RETURN FUND</b> may also invest in participatory interests or any other form of participation in South African and international collective investment schemes which are to the satisfaction of the trustee or the Financial Services Board compliant with the requirements of the</p>



<p>satisfaction of the trustee compliant with the requirements of the Collective Investment Schemes Control Act, 2002 and <b>Notice 80</b> thereto, as may be amended from time to time</p>	<p>Collective Investment Schemes Control Act, 2002 and/or Notice 90 thereto, as may be amended from time to time.</p>
<p><b>3.2</b> Nothing in this Supplemental Deed shall preclude the Manager from varying the ratio of assets in liquid form and investments in the underlying portfolios, to maximise growth and investment potential in a changing economic environment or market conditions or to meet the requirements, if applicable, of any exchange and from retaining cash or placing cash on deposit in terms of the Deed and this Supplemental Deed; provided that the Manager shall ensure that the aggregate value of the assets comprising the portfolio shall consist of assets of the aggregate value required from time to time by the Act.</p>	<p><b>3.2</b> Nothing in this Supplemental Deed shall preclude the Manager from varying the ratio of assets in liquid form and investments in the underlying portfolios, to maximise growth and investment potential in a changing economic environment or market conditions or to meet the requirements, if applicable, of any exchange and from retaining cash or placing cash on deposit in terms of the Deed and this Supplemental Deed; provided that the Manager shall ensure that the aggregate value of the assets comprising the portfolio shall consist of assets of the aggregate value required from time to time by the Act.</p>
<p><b>3.3</b> The Manager will be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.</p>	<p><b>3.3</b> The Manager will be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.</p>
<p><b>3.4</b> The Trustee shall ensure that the investment policy set out in this Supplemental Deed is carried out.</p>	<p><b>3.4</b> The Trustee shall ensure that the investment policy set out in this Supplemental Deed is carried out.</p>
<p><b>3.5</b> For the purpose of this portfolio, the Manager shall reserve the right to close the portfolio to new investors on a date determined by the Manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The Manager may, once a portfolio has been closed, open that portfolio again to new investors on a date determined by the Manager.</p>	<p><b>3.5</b> For the purpose of this portfolio, the Manager shall reserve the right to close the portfolio to new investors on a date determined by the Manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The Manager may, once a portfolio has been closed, open that portfolio again to new investors on a date determined by the Manager.</p>



### **Impact of the proposed changes on you as Investor**

- a) The change from a Fund of Funds structure to a Fund structure implies that the Fund will, going forward, fulfil its mandate by investing directly in a combination of SA and global equity and non-equity securities. The fund may also gain limited exposure to participatory interests in Collective Investment Schemes, but will no longer gain exposure to underlying Collective Investment Schemes only.
- b) The structural change will not have a material impact on the asset class exposure of the Fund and will not impact on the Funds performance objective, benchmark or risk profile.
- c) We believe that the structural change will ultimately be to the benefit of investors as a hybrid fund structure better aligns with the management style of the Investment Manager and the investment process it applies to the range of Old Mutual multi-asset strategy funds it manages.
- d) The structural change from a Fund of Funds to a Fund will not have any impact on the annual service fees of the portfolio and is expected to result in a lower TER at a similar asset allocation.