29 April 2021

Dear Investor

Approval on the amalgamation of the Ashburton Multi Manager Funds with the FNB Multi Manager Funds

This communication is to confirm that the amalgamation of the Ashburton Multi Manager Funds and the Ashburton Wealth Management Solution Funds with the FNB Multi Manager Funds has been approved. As of 3 May 2021, the Ashburton Multi Manager Funds and Ashburton Wealth Management Solution Funds established under the Ashburton Collective Investment Scheme will be known as the FNB Multi Manager Funds managed under the FNB Funds Collective Investment Scheme.

The rationale for this amalgamation was to consolidate the unit trust portfolio range under one brand and distribution strategy, with a focused strategy to provide investors with quality investment solutions at reduced costs and a single point of access to a wide range of risk profiled products.

Key things to remember that pertain to the amalgamation:

- The investment team managing the funds will not change
- The changes will be effected at no cost or loss of value to the investors
- Investors will be issued with replacement participatory interests in the new portfolio that will be equal in market/monetary value to the participatory interests held before the amalgamation
- The amalgamation will not trigger income tax or capital gains tax (CGT)

The summary of changes is below.

Ashburton Stable Fund and the Ashburton Multi Manager Income Fund with the FNB Multi Manager Income Fund	
Changes to the investment policy	The Ashburton Multi Manager Income and Ashburton Stable funds had been managed in a similar manner. We have over the past few years managed the portfolio to mirror Ashburton Multi-Manager Income Fund as far as practically possible due to the Ashburton Stable Fund constraints/inefficiencies in size being below R50 Million for a long time. The Ashburton Stable Fund invest in the Ashburton Multi-Manager Income Fund up to the maximum as allowed by CISCA of 20% in a zero-fee class. There is thus no change in the expected levels of income and risk that clients will experience before and after the merger.

Change in benchmark	The benchmark of the FNB Multi Manager Income fund is CPI+1% measured over rolling 1-2-year periods. It is slightly higher than the current benchmark of the Ashburton Stable Fund, and in the current economic conditions with SA inflation coming down, a slightly lower benchmark than 110% of STeFI. Over a full economic cycle, cash is expected to outperform local CPI by a small margin. However, the change in benchmark will not result in a change in how the fund is managed. We foresee that having an outcomes-based benchmark of beating inflation is, however, better aligned with the intended client's investment and advice philosophy.
Change in service charges	The service charges will remain the same for investors in the Ashburton Multi Manager Income Fund, except for investors in A1 that will be switching into B1, a lower fee class. The clients in the Ashburton Stable Fund will be switched to similar fee classes. The L fee class reduced by 10 basis points.
Change to distribution periods	The distribution periods of the FNB Multi Manager Income fund remains the same as that of the Ashburton Multi Manager Income fund, both distributing quarterly. However, the Ashburton Stable Fund distributed 6-monthly; in the new portfolio distributions are made quarterly i.e. more frequently.
Ashburton Multi Manager Equity Fund and the Ashburton Growth Fund with the FNB Multi Manager Equity Fund	
Changes to the investment policy	The Ashburton Multi Manager Equity and Ashburton Growth funds had been managed in a similar manner. There is thus no change in the expected levels of income, risk and return that clients will experience before and after the merger.
Change in benchmark	The benchmark of the Ashburton Multi Manager Equity fund and the FNB Multi Manager Equity fund is the same, but the Ashburton Growth Fund had a benchmark of CPI+4%. The change to an equity index as benchmark is a better reflection of the investment universe and how the fund has been managed. Over a long investment horizon, equities

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	are expected to outperform local CPI by a margin which has historically been in the order of 4-5%, provided that investors stayed invested throughout the period. There should thus be no change in the risk and return profile clients experience.
Change in service charges	For investors in the Ashburton Growth Fund, the service charge will be lower in the new portfolio as existing classes (A, B1, B2 and B3) will be moving into corresponding classes in the FNB Multi Manager Equity Fund. The service charges will remain the same for investors in the Ashburton Multi Manager Equity Fund, except for investors in A1 that will be switched into A2 of the FNB Multi Manager Equity Fund, a lower fee class.
Change to distribution periods	The distribution periods of the old and new portfolios remain the same.
Ashburton Multi Manager Prudential Flexible Fund with the FNB Multi Manager Balanced Fund	
Changes to the investment policy	The portfolio sits in the ASISA SA Multi-Asset High Equity category, is a Regulation 28 compliant fund and suitable for use in saving towards wealth creation. The reference previously to "maximise returns in both income and capital" and "while generating a reasonable level of income" should not be interpreted as an income-generating objective nor a portfolio that will be managed for an income need - income generated in the portfolio has never been the main focus, and a specific level of income or yield was never targeted nor guaranteed. The focus has been and will continue to be rather on growth for wealth creation (the investment horizon of medium to long term thus doesn't change), and this can also be deducted from the mandate that allows a much higher allocation to risk assets (e.g. maximum of 75% in equities and maximum of 25% in property) – these asset class limits also don't change post the amalgamation. The multi-asset nature of the fund (i.e. having exposure to bonds and cash as well as growth assets) is sufficient to cater for any incidental income needs that investors might

	have from time to time. The purpose of the change in wording was thus to better align the stipulated investment policy to that of a typical balanced fund. We therefore believe this will have no impact on your investment.
Change in benchmark	The benchmark for the FNB Multi Manager Balanced Fund is CPI+5% over the medium to long term (typically measured over rolling 7 years). The change to an inflation beating target as opposed to an ASISA category average is to better align with an outcomes-based advice philosophy. There is no change in how the portfolio is being managed.
Change in service charges	The clean fee class (L) reduces by 5 basis points. Clients currently in A1 will switch into A2 (lower fee) and clients currently in B2 will switch into B1 (same fee).
Change to distribution periods	None
Ashburton Multi Manager Property Fund with the FNB Multi Manager Property Fund	
Changes to the investment policy	None
Change in benchmark	None
Change in service charges	The clean fee class (L) reduces by 10 basis points. Clients in the A1 fee class will switch into A2 that charges a lower fee.
Change to distribution periods	None
Ashburton Multi Manager Bond Fund with the FNB Multi Manager Bond Fund	
Changes to the investment policy	None
Change in benchmark	None
Change in service charges	None
Change to distribution periods	None
Ashburton Defensive Fund with the FNB Defensive Fund of Funds	
Changes to the investment policy	The only change is that the FNB Defensive Fund of Funds comprises solely of participatory interests in collective investment schemes, which is not the case for the Ashburton Defensive Fund. However, the two funds have the same investment objectives and will be managed in a similar manner.
Change in benchmark	None

Change in service charges	None
Change to distribution periods	None

Thank you to all the investors who participated in the voting process. Our investment platforms have been updated and the new funds will reflect the changes accordingly. We will be communicating with you soon on the new process for accessing your account and any other relevant information relating to the changes.

We thank you for your continued support and we trust that you will continue to enjoy your investment experience.

Should you require further information, please contact your financial advisor or our Client Service Team on +27 (0) 860 000 339 or email query@ashburton.co.za for any administration-related queries.

Kind regards

Ashburton Investments