

STANLIB

STANLIB Collective Investments (RF) (Pty) Limited

1Invest Swix 40 ETF

JSE code: ETFSWX

ISIN: ZAE000279220

25 May 2022

Portfolios in the STANLIB ETF Collective Investment Scheme registered as such in terms of the Collective Investment Schemes Control Act, 45 of 2002, managed by STANLIB Collective Investments (RF) (Pty) Limited ("STANLIB").

BALLOT PROCEDURES IN RESPECT OF THE AMENDMENT OF THE INVESTMENT POLICY OF THE 1INVEST SWIX 40 ETF

THIS LETTER IS IMPORTANT AND REQUIRES YOUR ATTENTION

STANLIB Collective Investments (RF) (Pty) Limited, a Manager appointed in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 ("the Act"), hereby effects ballot voting procedures in terms of Clause 59 of the Deed in order to obtain approval for:

- I. Amendment of the investment policy of the 1Invest Swix 40 ETF to track a new index, the FTSE/JSE Capped Shareholder Weighted 40.

PLEASE NOTE: ONLY INVESTORS OF THE 1Invest Swix 40 ETF ARE REQUIRED TO VOTE ON THIS AMENDMENT.

BACKGROUND

1. Introduction

STANLIB Collective Investments (RF) (Pty) Ltd ("STANLIB") has accepted strategic proposals to amend certain of the Scheme's portfolios for the benefit of investors. To this end, STANLIB wishes to accept the proposals to effect certain investment policy amendments with the aim of streamlining the Scheme's portfolio range.

1Invest Fund managers (Pty) Ltd (“1Invest”) is an Index Product Provider within the Standard Bank Group. 1Invest implements all strategies using fixed methodologies (index tracking) and without utilising discretion when it comes to implementation of strategies. As much as the process around implementation is unemotional, at the core of the business is a strong risk management function. The overarching reason for move from the FTSE/JSE Shareholder Weighted Top 40 Index to the FTSE/JSE Capped Shareholder Weighted 40 is concentration risk mitigation.

To mitigate concentration risk, a number of alternative indexes were reviewed and the results indicate that the FTSE/JSE Capped Shareholder Weighted 40 Index is the most suitable alternative to the FTSE/JSE Shareholder Weighted Top 40 Index, given that it provides exposure to the same securities and follows the same index methodology, with the exception that all securities are capped at 10% at each index rebalancing, therefore reducing the concentration risk prevalent in the uncapped index. By changing the benchmark to the FTSE/JSE Capped Shareholder Weighted 40 Index investors will have exposures to the same securities as they currently have and will ensure that investors are not exposed to increased risk in any particular security, so that could be weighted over 10% of the index in the future, the proposal is not a short term fix to current problem, but we believe it to be an appropriate solution for the future.

It is proposed that the investment policy of the 1Invest Swix 40 ETF be amended to allow for greater risk management and limiting single stock exposure, which should reduce concentration risk prevalent and help ensure competitiveness by amending the benchmark in accordance with the ASISA Category South Africa - Equity – Large Cap. This would allow for more diversification and improved risk-adjusted returns.

2. A summary of our existing offering and impact of proposed changes

The 1Invest Swix 40 ETF was initially launched in 2010, “the investment policy of the portfolio shall be to replicate the FTSE/JSE SWIX Top 40 Index as closely as possible, apart from holding assets in a liquid form -

- Buying only securities included in the Index, in the weightings in which they have been Included in the Index; and

- Selling only securities which are excluded from the Index from time to time as a result of corporate actions or quarterly Index reviews, so as to ensure that at all times the portfolio holds securities included in the Index in the same weightings as they are included in the Index; or
- Trading in derivative instruments, as permissible in terms of the Act, to replicate the Index”

The sole purpose of buying and selling securities in the portfolio is to ensure Index tracking and not a profit motive. Therefore, the manager does not buy or sell securities based on economic, financial, investment judgement or any market analysis. The objective of the portfolio is solely full Index replication.

Impact of proposed changes

Proposed investment policy amendment

A summary of the proposed amendment in investment policy can be found in Annexure I. Annexure I provides detailed information on the potential impact the proposed amendments in investment policy may have on the terms of your current investment, as well as details of the investment policies of the portfolio under the STANLIB ETF Collective Investment Scheme.

Portfolio management

1Invest will remain responsible for the investment management of the above-mentioned portfolio.

3. The impact of outcomes of the ballot procedures

Ballot outcome: Consent for the amendment of the investment policy of the 1Invest Swix 40 ETF

The proposed amendment to the investment policy of the 1Invest Swix 40 ETF is expected to become effective should the affected investors of ballot procedures provide consent for the proposed changes

How will the proposed investment policy amendment affect your investment?

Value of investment

There will be no effect on the value of your investment as a result of the proposed investment policy amendment. For example, if you have R1000 worth of participatory interests in your current portfolio prior to the proposed change, you will hold R1000 worth of participatory interests after the proposed change.

A. Taxation implications

Capital Gains Tax (CGT) implications

There will be no capital gains implications as a result of the proposed investment policy amendment. However, should you elect to sell or switch any or all of your participatory interests, it will be viewed as a normal transaction and Capital Gains Tax may apply in that instance.

Dividend Withholding Tax (DWT) implications

There will be no Dividend Withholding Tax implications as a result of the investment policy amendments.

B. Charges

No additional fees, charges, taxes or brokerage will be borne by either investors or the portfolio as a result of the proposed investment policy amendment. STANLIB will carry all costs relating to the proposed amendment.

C. Distributions and special distribution

The distribution frequency will remain unchanged save as for any amendments detailed in Annexure I.

D. Changes in policies and conditions of investment

All the differences in respect of the proposed investment policy amendment of the 1Invest Swix 40 ETF Fund are outlined in Annexure – I.

Your rights as an investor and the ballot process

In terms of Section 98 of the Collective Investment Schemes Control Act 45 of 2002 (“the Act”), STANLIB may only amend the deed of the Scheme with respect to a portfolio, if the consent of investors holding a majority in value in the respective portfolio has been obtained as prescribed in terms of Clause 59 of the deed of the Scheme.

- Investors holding no less than 25% in value of the total number of participatory interests then issued in the respective portfolio, must respond in writing.
- Each proposed investment policy amendment must be given consent by investors holding a majority in value of the participatory interests held by the investors who have responded.
- If investors holding less than 25% in value of the total number of participatory interests then issued have responded, a second ballot will be conducted. In the event of a second ballot, investors holding a majority in value of the participatory interests held by the investors who have responded must consent to the amendment.

The Trustees of the Scheme, ABSA Bank Limited, have considered and consented to the proposed investment policy amendment.

Should you not agree with any of the proposed investment policy amendment, you may elect at any time to switch your holdings to another portfolio, or to dispose of your holdings and withdraw your funds at the net asset value (NAV) price, as defined in the deed. **Should you elect to sell, switch any or all your participatory interests, it will be viewed as a normal transaction and Capital Gains Tax may apply in that instance.**

If you choose not to withdraw your funds prior to 18 May 2022, the relevant investment policy amendment as set out in this letter will automatically apply to your investment, should it be consented to in terms of the ballot process.

4. Action required from investors

- 4.1. Please vote by completing the enclosed ballot form and return it to the auditors in the enclosed self-addressed envelope or scan and e-mail the form directly to the auditors at Ballot@za.pwc.com by 06 July 2022.
- 4.2. Please do not include any other instructions regarding your holdings with your ballot form – e.g. requests for repurchases, switching instructions, etc. will not be possible

to implement with this ballot because ballot forms are addressed directly to the auditors who will not act on any transaction requests that may be included. (Please refer to our website: www.stanlib.com for applicable forms for transactions.)

- 4.3. If you have disposed of your investment before 18 May 2022, no action is required to vote

5. Approval and Commencements

In-principle approval for amendment to the index was granted by the JSE on 14 March 2022.

Subject to the ballot voting procedure being successful and approval by the Financial Sector Conduct Authority (“the Authority”) of Collective Investment Schemes, the investment policy amendment will be with effective from commencement of business on [10 December 2020]. Copies of the 1invest Swix 40 ETF Pricing Supplement, in English, may be obtained during normal business hours from the office of the local manager, STANLIB Collective Investments (RF) Proprietary Limited, located at 17 Melrose Boulevard, Melrose Arch, 2196 and is available on the website: www.stanlib.com

Timelines for the implementation of the amendments on 1invest Swix 40 ETF ballot:

Activity	Date
1. Declaration and Finalisation Data SENS announcement of approval of the Amendments	25 May 2022
2. Last day of investors/ their JSE brokers/ CSDPs to return respond to the Auditors on whether they approve the Amendments as set out in this supplement or not	06 July 2022
3. Deadline for Auditors to submit the findings report to STANLIB	20 July 2022
4. STANLIB to submit the Auditor’s findings report to FSCA	20 July 2022
5. FSCA to advise STANLIB to submit signed supplemental deeds for approval	03 August 2022

6. Effective date:	15 August 2022
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Should you require any further assistance please send an email to

Corporate advisor and sponsor: Standard Bank South Africa Limited

Trustee: ABSA Bank Limited

Annexure - I

Existing Portfolio	Proposed Amended Portfolio
1Invest Swix 40 ETF	1Invest Swix 40 ETF
<p>INVESTMENT POLICY</p> <p>The investment policy of the portfolio shall be to replicate the FTSE/JSE SWIX Top 40 Index as closely as possible by, apart from holding assets in a liquid form:</p> <p>Buying only securities included in the Index, in the weightings in which they have been Included in the Index; and</p> <p>Selling only securities which are excluded from the Index from time to time as a result of corporate actions or quarterly Index reviews, so as to ensure that at all times the portfolio holds securities included in the Index in the same weightings as they are included in the Index; or</p> <p>Trading in derivative instruments, as permissible in terms of the Act, to replicate the Index.</p> <p>The sole purpose of buying and selling securities in the portfolio is to ensure Index tracking and not a profit motive. The manager will therefore not buy or sell securities based on economic, financial, investment judgement or any market analysis. The objective of the portfolio is solely full Index replication.</p> <p>The composition of the portfolio will be adjusted quarterly or at any other time that the Index provider, FTSE/JSE affect changes to the Index.</p> <p>The portfolio shall hold securities purely for the economic rights and benefits attaching thereto and, accordingly, if there is a takeover bid or other corporate actions occurs in relation to any entity the securities of which are included in the portfolio, the portfolio shall not surrender any securities held by the portfolio which may be subject to such takeover bid or other corporate action, unless such surrender is mandatory in terms of any applicable law or under the rules of a regulatory authority or body having jurisdiction over the portfolio and/or the applicable securities. However, if any takeover or corporate action results in an entity previously included in the Index no longer qualifying for inclusion in the Index, any securities in such entity held by the portfolio, shall be disposed of by the portfolio and the proceeds derived from such disposal shall be applied in effecting the appropriate adjustments to the portfolio so as to ensure same tracks the Index.</p> <p>The portfolio's ability to replicate the price and income performance will be affected by the cost and expenses incurred by the portfolio.</p> <p>Any material change in the investment policy of the portfolio constitutes an amendment of the deed and shall be subject to the provisions of clause 59 of the deed, in which event investors shall be given reasonable notice to enable</p>	<p>INVESTMENT POLICY</p> <p>The investment policy of the portfolio shall be to replicate the FTSE/JSE Capped Shareholder Weighted 40 Index as closely as possible by, apart from holding assets in a liquid form:</p> <p>Buying only securities included in the Index, in the weightings in which they have been Included in the Index; and</p> <p>Selling only securities which are excluded from the Index from time to time as a result of corporate actions or quarterly Index reviews, so as to ensure that at all times the portfolio holds securities included in the Index in the same weightings as they are included in the Index; or</p> <p>Trading in derivative instruments, as permissible in terms of the Act, to replicate the Index.</p> <p>The sole purpose of buying and selling securities in the portfolio is to ensure Index tracking and not a profit motive. The manager will therefore not buy or sell securities based on economic, financial, investment judgement or any market analysis. The objective of the portfolio is solely full Index replication.</p> <p>The composition of the portfolio will be adjusted quarterly or at any other time that the Index provider, FTSE/JSE affect changes to the Index.</p> <p>The portfolio shall hold securities purely for the economic rights and benefits attaching thereto and, accordingly, if there is a takeover bid or other corporate actions occurs in relation to any entity the securities of which are included in the portfolio, the portfolio shall not surrender any securities held by the portfolio which may be subject to such takeover bid or other corporate action, unless such surrender is mandatory in terms of any applicable law or under the rules of a regulatory authority or body having jurisdiction over the portfolio and/or the applicable securities. However, if any takeover or corporate action results in an entity previously included in the Index no longer qualifying for inclusion in the Index, any securities in such entity held by the portfolio, shall be disposed of by the portfolio and the proceeds derived from such disposal shall be applied in effecting the appropriate adjustments to the portfolio so as to ensure same tracks the Index.</p> <p>The portfolio's ability to replicate the price and income performance will be affected by the cost and expenses incurred by the portfolio.</p> <p>Any material change in the investment policy of the portfolio constitutes an amendment of the deed and shall be subject to the provisions of clause 59 of the deed, in which event investors shall be given reasonable</p>

<p>them to redeem their participatory interest prior to implementation of the change.</p> <p><u>Portfolio Benchmark:</u></p> <p>The current benchmark is the FTSE/JSE Shareholder Weighted Top 40 Index.</p>	<p>notice to enable them to redeem their participatory interest prior to implementation of the change.</p> <p><u>Portfolio Benchmark:</u></p> <p>The current benchmark will change to the FTSE/JSE Capped Shareholder Weighted 40.</p>
<p><u>Classes of participatory interests and fees:</u></p> <p>There will be no change in classes of participatory interests and fees.</p> <p><u>Distribution:</u></p> <p>There will be no change in the frequency of distributions.</p> <p><u>Valuation times:</u></p> <p>There will no change to valuation times.</p> <p><u>Trading closing time:</u></p> <p>There will be no change in the trading closing time.</p> <p><u>Trustee:</u></p> <p>The trustee will remain Standard Chartered Bank.</p> <p><u>ASISA Classification:</u></p> <p>The current ASISA classification is South African - Equity - General category.</p> <p>There will be no change in the ASISA classification.</p>	