

STANLIB Collective Investments (RF) (Pty) Limited
1invest Swix 40 ETF
JSE code: ETFSWX
ISIN: ZAE000279220

Portfolios in the STANLIB ETF Collective Investment Scheme are 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 SWIX All Share Index.

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 effect certain investment policy amendments of the Scheme’s portfolio (ETFSWX) for the benefit of investors.

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) determined by the index provider and therefore, without utilising discretion in terms of weightings of the securities held in the fund as these are determined by the index provider’s set of rules.

In September 2022, the FTSE/JSE tabled a proposal ([FTSE/JSE Index Harmonisation Market Proposal](#)) which sought to consolidate the methodology behind its index construction to ensure that the indices are aligned with evolving market requirements and continue to be relevant in the future. This project seeks to simplify current benchmark complexity by collapse the vanilla and SWIX indices into a unified set of benchmark indices, simplifying current benchmark complexities and overlaps, and centralising liquidity. The project will be implemented in two phases, with the first phase effective from the March 2024 quarterly index rebalancing.

The initial phase involved aligning the free floats of the vanilla indices with those of the SWIX indices. Consequently, the FTSE/JSE Top 40 index is now aligned with the methodology of the FTSE/JSE SWIX 40 index, meaning the 1invest Top 40 ETF and the 1invest SWIX 40 ETF have identical underlying holdings and exposure. To address this

duplication, we propose changing the benchmark of the 1invest SWIX 40 ETF from the FTSE/JSE Capped SWIX 40 Index to the FTSE/JSE Capped SWIX All Share Index, thereby providing investors with broader market equity exposure.

In order to effect the investment policy amendment, investors in the 1invest SWIX 40 ETF are required to vote on the proposed investment policy changes and this letter provides you with detailed information and facts to enable you to make an informed decision.

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 by, 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 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 02 December 2024, 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 (refer to Annexure – II) and return it to the auditors in the enclosed self-addressed envelope or scan and e-mail the form directly to the auditors at **za_ballots@pwc.com** by 31 October 2024.
- 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 11 September 2024, no action is required to vote

5. Approval and Commencements

Provisional approval for amendments was granted by the JSE on 23 July 2024.

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 [02 December 2024]. 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.1invest.co.za

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	09 September 2024
2. Cut-off date for investors on record to be balloted	11 September 2024
3. Date on ballot letter and the date on which the SENS is announced to investors.	18 September 2024
4. Closing date of the Ballot (last date on which ballot letters may be returned to the Auditors).	31 October 2024
5. Time required for Auditors to count the ballots and issue required audit certificate.	31 October 2024 to 14 November 2024

6. Time required for FSCA to review ballot results and required audit certificate before giving their final approval for the investment policy.	14 November 2024 to 29 November 2024
7. Effective date:	02 December 2024

Conclusion

STANLIB appreciates your effort and time to consider the proposed investment policy amendment as set out in Annexure – I.

Should you require further information regarding the ballot process or its implication, please send email to:

JSE Sponsor: The Standard Bank South Africa Limited

Trustee: ABSA Bank Limited

18 September 2024

Annexure - I

Existing Investment Policy	Proposed Investment Policy	Changes and impact
<p>1 Invest SWIX 40 ETF</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 notice to enable them to redeem their participatory interest prior to implementation of the change.</p> <p>Portfolio Benchmark: FTSE/JSE Capped Shareholder Weighted 40 Index</p>	<p>1 Invest SWIX 40 ETF</p> <p>The investment policy of the portfolio shall be to replicate the FTSE/JSE Capped SWIX All Share 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 them to redeem their participatory interest prior to implementation of the change.</p> <p>Portfolio Benchmark: The current benchmark will change to the FTSE/JSE Capped SWIX All Share Index</p>	<p>Investment objective will remain the same however the fund will now replicate the FTSE/JSE Capped SWIX All Share Index</p> <p>FTSE/JSE Capped SWIX 40 Index to FTSE/JSE Capped SWIX All Share Index</p>

Classes of participatory interests and fees:

There will be no change in classes of participatory interests and fees.

Distribution:

Portfolio distributes on a quarterly basis. There will be no change in the frequency of distributions.

Valuation times:

The portfolio is valued at 17h00. There will no change to valuation times.

Trading closing time:

There will be no change in the trading closing time.

Trustee:

The trustee will remain Absa Bank Limited.

ASISA Classification:

The current ASISA classification is South African - Equity - Large Cap. There will be no change in the ASISA classification.

Annexure - II

STANLIB Collective Investments (RF) (Pty) Ltd

Ballot Form (for Direct Investors)

Instructions for completing the form

- The ballot is to be completed by current investors in the **1invest SWIX 40 ETF** with respect to the proposed benchmark change in the investment policy to provide investors with broader market equity exposure.
- Please read and complete all fields on this ballot form as instructed and return it to the auditors in the enclosed self-addressed envelope or scan and email directly to the auditors at **za_ballots@pwc.com**.
- Failure to complete all required sections will render the vote invalid.

Investor Name: _____
(Please print full names and surname)

Entity Number: _____

Please vote as detailed below

I, the undersigned,

1. Accept Rej the proposed benchmark change in the investment policy of the 1invest SWIX 40 ETF under the STANLIB ETF Collective Investment Scheme, to provide investors with broader market equity exposure.

in accordance with the ballot process as provided for in terms of Sections 98 of the Collective Investment Schemes Control Act No 45 of 2002, the details of which are set out in the letter from STANLIB dated **18 September 2024**.

Signed at _____ on the ____ day of _____ 2024

Signature _____

