

Overview of changes to the ASISA fund classification structure – Effective 1 January 2013

- Classification to follow “Where” and “What “ principle, i.e. where is it invested and in what.
- All percentages refer to net (effective) exposure to the stated asset class.
- Each Tier 1 category will have the full Tier 2 available. New Tier 3 sub-categories will be created if there are at least five funds with a similar investment universe.

New Tier 1 – “Where” Principle

Tier 1 indicates the geographic exposure of the fund.

Current name	New name	Current restrictions	New restrictions
Domestic	South African	min 75% South Africa / max 5% Africa / max 20% Global	min 70% South Africa / max 25% Global plus 5% Africa (aligned with current pension fund regulations)
Worldwide	Worldwide	All regions as defined in the Collective Investment Schemes Control Act (CISCA)	no restrictions
Foreign	Global	min 85% Global / max 15% South Africa	min 80% Global / max 20% South Africa. Less than 80% in any specific country/region
n/a	Regional	n/a	min 80% % in any specific country/region / max 20% South Africa

New Tier 2 – “What” Principle

Tier 2 indicates the main asset class in which the fund will be invested.

Current name	New name	Current restrictions	New asset class restrictions
Equity	Equity	min 75% equity	min 80% of Net Asset Value (NAV) invested in equity
Asset Allocation	Multi Asset	All asset classes as defined in CISCA	All asset classes as defined in CISCA
Fixed Interest	Interest Bearing	Min 100% fixed interest	100% of NAV in interest bearing instruments
Real Estate	Real Estate	Min 50% listed property	min 80% of NAV invested in listed real estate

New Tier 3 – “Main Investment Focus” Principle

<u>Current name</u>	<u>New name</u>	<u>Current restrictions</u>	<u>New asset class restrictions</u>	<u>Performance ranking</u>
Equity – General	Equity – General	No restrictions	No restrictions	Yes
Equity – Growth	Close			
Equity – Value	Close			
Equity – Large cap	Equity – Large Cap	80% of equity must be in sector (Alsi40). Can only buy into share if in sector	80% of funds NAV must be in investable universe plus: <ul style="list-style-type: none"> • 100% of share purchases must be in investable universe at time of purchase • Investable universe defined as any share with market cap greater or equal to the smallest constituent of the JSE Top 40 Index or appropriate foreign index as published by an international stock exchange 	Yes
Equity – Smaller companies	Equity – Mid/Small Cap	80% of equity must be in sector (outside of Alsi40). Can only buy into share if in sector.	80% of funds NAV must be in investable universe plus: <ul style="list-style-type: none"> • 100% of share purchases must be in investable universe at time of purchase • Investable universe defined as all shares with a market capitalisation value smaller than that of the last constituent of the JSE Top40 Index or appropriate foreign index as published by an international stock exchange 	Yes
Equity – Oil, gas and basic materials	Equity – Resources	80% of equity must be in sector description. Can only buy into share if in sector.	80% of funds NAV must be in investable universe plus: <ul style="list-style-type: none"> • 10% may be invested in shares not included in the investable universe. (Rationale is to allow for resources shares that are not classified in the resources sector). • Investable universe defined as all shares falling in the Oil, Gas and Basic Materials sectors of JSE or a similar sector of an international stock exchange, excluding funds investing exclusively in gold and other precious metals 	Yes
Equity – Financial	Equity – Financial	80% of equity must be in sector description. Can only buy into share if in sector.	80% of funds NAV must be in investable universe plus: <ul style="list-style-type: none"> • 10% may be invested in shares not included in the investable universe. (Rationale is to allow for financial shares that are not classified in the financial sector). • Investable universe defined as all shares in the Financial sector of JSE or similar sector of an international stock exchange 	Yes
Equity – Industrial	Equity – Industrial	80% of equity must be in sector description. Can only buy into share if in sector	80% of funds NAV must be in investable universe plus: <ul style="list-style-type: none"> • 10% may be invested in shares not included in the investable universe. (Rationale is to allow for industrial shares that are not classified in the industrial sector) • Investable universe defined as all shares in the Industrial sector of JSE or similar sector of an international stock exchange 	Yes
Equity – Technology	Close			
Equity – Varied Specialist	Equity – Unclassified	Used if a fund cannot be classified in another equity sector.	To be used if a fund cannot be classified in another equity sector e.g. gold, dividend, technology etc.	No

Current name	Proposed name	Current restrictions	Proposed asset class restrictions	
Asset Allocation – Prudential Low Equity	Multi Asset – Low Equity	Max 40% equity	Min 0% / Max 40% equity	Yes
Asset Allocation – Prudential Medium Equity	Multi Asset – Medium Equity	Min 40% / Max 65% equity	Min 0% / Max 60% equity	Yes
Asset Allocation – Prudential Variable Equity	Multi Asset - High Equity	Min 0% / Max 75% equity	Min 0% / Max 75% equity	Yes
Asset Allocation – Flexible	Multi Asset - Flexible	No restrictions	No restrictions	Yes
	Multi Asset – Income		Min 0% / Max 10% equity	No
Asset Allocation – Prudential High Equity	Close			
Asset Allocation – Targeted Absolute and Real Return	Close			

Current name	Proposed name	Current restrictions	Proposed asset class restrictions	
Fixed Interest – Bond	Interest bearing - Variable term	Modified duration unlimited	Modified duration unlimited. 100% of purchases must be in money market instruments, government or corporate bonds. No exposure to equity, real estate or cumulative preference shares.	Yes
Fixed Interest – Income	Interest bearing - Short term	Max 2 years modified duration	Max weighted modified duration of 2. 100% of purchases must be in money market instruments, government or corporate bonds. No exposure to equity, real estate or cumulative preference shares.	Yes
Fixed Interest – Money market	Interest Bearing – Money market	Money Market as per CISCA	Money Market instruments as defined in CISCA.	Yes
Fixed Interest – Varied Specialist	Close (These funds to move to multi asset income.)			

Current name	Proposed name	Current restrictions	Proposed asset class restrictions	
Real Estate – General	Real Estate – General	min 50% of NAV in listed real estate	80% of funds NAV must be in investable universe plus: <ul style="list-style-type: none"> 10% may be invested in shares not included in the investable universe. (Rationale is to allow for real estate shares that are not classified in the real estate sector) Investable universe defined as all shares falling in the Real Estate sector of the JSE or similar sector of an international stock exchange 	Yes