

Dear Advisor

February 2013

**NEW UNIT TRUST CLASSIFICATION SYSTEM**

The Association of Savings and Investments in South Africa ("ASISA") has finalised the new Fund Classification for South African Regulated Collective Investment Portfolios. The new classification system came into effect on 1 January 2013 and affects all existing fund categories.

On the first tier, the geographic exposure of the fund is now classified as follows:

- South African – previously Domestic
- Worldwide
- Foreign – previously Global
- Regional (new)

On the second tier, the funds are now classified by underlying assets according to four categories. These are further subdivided on a third tier level according to the main investment focus of the fund:

- Equity  
(Subcategories: Financial, General, Industrial, Large cap, Mid and small cap, Resources and Unclassified)
- Multi Asset – previously Asset Allocation  
(Subcategories: Flexible, Income, High equity, Medium equity and Low equity)
- Interest Bearing – previously Fixed Interest  
(Subcategories: Money market, Short term and Variable term)
- Real Estate  
(Subcategory: General property)

A number of fund categories have been discontinued. These include three equity categories, (technology, value and growth) and one fixed interest sector (varied specialist) funds and two asset allocation sectors (prudential high equity and the targeted absolute and real return sector).

In addition, some sectors have changed their names. In the equity sector, for example, the equity varied specialist sector has been renamed the equity unclassified sector. The asset allocation sector has been re-named the multi asset sector, and loses one sub-sector (targeted absolute and real return) and gains a sector (income). Many funds have moved from the old fixed interest sector to the new multi asset category, particularly the income sub-category, which is permitted to have a maximum of a 10% exposure to equity and now houses many of the funds previously classified in the asset allocation target absolute and real return category.

Other noticeable changes include the amalgamation of the asset allocation high and the asset allocation variable equity portfolios. These funds will continue in the new multi asset high equity category with the same investment limit imposed of a maximum weighting of 75% in equities (including international equity) and 25% in property (including international property).

The fixed interest sector has been re-named the variable interest category and the sub-sectors in this class include variable, (where most of the bonds funds are housed), short term and money market. The "real estate general" category has continued under the same name, but the minimum exposure to property has changed. Previously funds were required to have a minimum exposure of 50% in listed property, but as from 1 January 2013 the minimum exposure has been increased to 80%. In addition, these funds may now invest up to 10% in companies which conduct similar property related business activities.

Should you have any enquiries, please contact your Product Specialist or one of our Client Service Consultants on 0800 117 180 or [clientservice@psgam.co.za](mailto:clientservice@psgam.co.za).

Kind regards



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