

March 2015

Dear Adviser

CHANGES TO REGULATION 28 REPORTING

The Regulation 28 report that the Financial Services Board (FSB) gives to product providers to complete has changed.

PREVIOUS REPORTING REQUIREMENTS

Previously, all Regulation 28 compliant funds were included in the investment portfolio value, but you did not need take into consideration the actual asset composition of these funds when the portfolio was assessed for Regulation 28 compliance. This meant that you could effectively increase the equity exposure of an investment portfolio by including a Regulation 28 compliant fund in the portfolio.

NEW REPORTING REQUIREMENTS

Going forward, Regulation 28 funds can no longer be included in the investment portfolio value without taking into consideration the actual asset composition thereof.

IMPACT ON YOU

We have updated our Regulation 28 calculator to be in line with the new reporting requirements. At the same time, we have also changed the calculator to make use of the latest available actual asset allocations of a fund (sourced from the investment manager), as opposed to intended mandate limits which was previously used.

The new Regulation 28 calculator will be implemented on 1 April 2015. All new instructions received from 1 April 2015 must comply with the new requirements.

ADJUSTING CLIENT PORTFOLIOS

Some investors have previously been allowed to have equity or offshore exposures in excess of the new reporting requirements. These exposures must now be reduced to comply with the new reporting requirements. This means that the investments of these investors must be rebalanced.

We will send you a list of your clients who no longer comply with the new reporting requirements within the next month. You will have 12 months from the date of non-compliance to adjust these portfolios. If they are not adjusted within this time, PSG Wealth will have to adjust them in line with the investment policy approved by the Trustees of the Retirement Fund. This will involve selling as many units as needed to ensure compliance from all non-Money Market instruments in the investor's portfolio. The proceeds will then be invested in the PSG Money Market Fund on our platform.

If you have any enquiries, please contact your PSG Investment Specialist or one of our Client Service Consultants on 0800 117 180 or at clientservice@psg.co.za.

We thank you in advance for your cooperation and continued support.

Kind regards



Chris Swart
Head of Operations