

# STANLIB Unit Trusts

## Explicit Adviser Fees and fee class switching

Frequently asked Question and Answers for investors

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## Explicit Adviser Fees

### 1. What are explicit adviser fees?

Explicit adviser fees will change how ongoing adviser fees are displayed on client statements. Where these fees are not displayed separately (explicitly) on statements, they will be shown clearly from 8 February 2021.

Explicit adviser fees will ensure that your investors will only be paying for ongoing advice and service fees.

### 2. What are the benefits, for clients and advisers, of explicit adviser fees?

To date, the fees clients pay their advisers have not been disclosed separately. Explicit adviser fees mean that, from 8 February 2021, you will be able to see the total cost of investing and servicing for each role player in the value chain. The advice fee will therefore be disclosed separately on your statements from 8 February 2021.

This information will ensure you are appropriately informed about the value of ongoing advice and the associated fees, which will help to create transparency between advisers, investment managers and investors.

### 3. What other fees are investors typically charged in addition to ongoing adviser fees?

- Investment Management charge (unit trust management)
- Upfront advice charges
- Administration charges (platform charges)
- Other charges which cover audit and trustee fees, and
- VAT

### 4. When will explicit adviser fees be rolled out to clients?

Communication on the pending implementation of explicit adviser fees to all clients and advisers will begin on 1 October 2020. The expected implementation date is 8 February 2021.

### 5. What is the timeline to implement explicit adviser fees?

1 October 2020 – 8 February 2021  
8 February 2021

STANLIB will initiate its 4-month communication plan  
STANLIB implements explicit adviser fees for all (new and existing) clients

## 6. What is the impact of the implementation of explicit adviser fees on clients?

### Existing clients

Existing clients will see no change in their overall investment fees on 8 February 2021. However, once explicit adviser fees are implemented, the portion of the overall fee that is currently paid to the adviser as an ongoing fee will reflect separately on each investment statement.

This allows clients to clearly see the total cost of investing and servicing for each role player in the value chain. Once explicit adviser fees have been agreed, this fee will then be disclosed separately on your statements from 8 February 2021 onwards. Clients will have to confirm the agreed fee by signing the required documentation before the change will be implemented. If performed via STANLIB online, SMS approval will be required.

## 7. How will fees be paid once explicit adviser fees are implemented?

- Under the explicit adviser fee structure, the MANCO will facilitate paying fees to the adviser on behalf of the client
- Ongoing adviser fees will accrue daily and be deducted monthly in arrears, and explicitly displayed on client statements monthly
- To facilitate these payments, a number of units in the client's investment account will be redeemed each month, equal to the adviser fee agreed upon (as a percentage of the total investment amount)
- The settlement of advice fees will occur through the sale of units which will give rise to CGT.

## 8. Is there a Capital Gains Tax (CGT) implication?

The collection of ongoing adviser fees will take place by redeeming units. This is deemed a redemption, which gives rise to CGT. This is in line with industry norms in collecting ongoing adviser fees.

However, STANLIB has included an option for clients to have a separate money market account from which ongoing adviser fees may be paid. This will help to limit clients' exposure to CGT, as money market accounts do not attract CGT.

## 9. What can a client expect to pay in ongoing adviser fees?

The client and adviser may agree on an ongoing adviser fee of between 0 and 1% per annum of the client's investment value. This amount, which is calculated daily and deducted monthly in arrears, will be explicitly stated on clients' statements.

## 10. When will the ongoing adviser fees be paid?

The ongoing explicit adviser fees will be payable monthly in arrears.

## 11. Will initial investment fees be paid by redeeming investment units, as is the case for explicit adviser fees?

No, the redemption of investment units is only applicable to explicit adviser fees. There are no changes to initial investment fees.

## 12. How will it work?

- Unit deductions: these will accrue daily and be deducted on the last working day of the month, reflecting the ongoing adviser fees separately. If there are any changes to the client's portfolio holding (e.g. withdrawal), advice fees will be calculated on a pro-rata basis.
- CGT due to sale of units: this is an industry norm.
- Money market account options: clients will be able to choose to have their fees deducted from a money market account to reduce the impact of CGT and for tax planning purposes.

## 13. What will change on the client's statement and forms?

### Example of ongoing advice fee

Transaction Details						
700000000 Standard STANLIB Yield Plus Fund B1						
Date	Transaction type	Gross amount	Initial Adviser Fee*	Net Amount	Price Per Unit	Units
Opening market value				0.00	100.9163	0.00
28/05/2020	Direct Deposit	500 000.00	0.00	500 000.00	100.7820	496 120.51
01/06/2020	Advisor Advise Fee	-31.51	0.00	-31.51	100.4046	-31.38
01/06/2020	Reinvestment	2 232.54	0.00	2 232.54	100.4046	2 223.54
30/06/2020	Advisor Advise Fee	-236.81	0.00	-236.81	100.7781	-234.98
01/07/2020	Reinvestment	2 141.73	0.00	2 141.73	100.3524	2 134.21
31/07/2020	Advisor Advise Fee	-245.59	0.00	-245.59	100.8489	-243.52
03/08/2020	Reinvestment	3 349.78	0.00	3 349.78	100.2084	3 342.81
31/08/2020	Advisor Advise Fee	-246.92	0.00	-246.92	100.6723	-245.27
Closing market value				506 448.04	100.6723	503 065.91

**Example of explicit adviser fee application form for new business**

All Charges quoted below are exclusive of VAT. Please mark your fund selection with an 'X'

Fund Name	Clean Fee Class			Lump Sum Investment Money Market: R25 000 Min Other Funds: R5 000 Min		Recurring Investment Money Market: R2 000 Min Other Funds: R500 Min		
	Class	Service Charge	Agreed Ongoing Advice Fee (Up-to 1.00%)	Amount	Initial Advice Charge (excl. VAT)	Amount	Initial Advice Charge (excl. VAT)	Maximum Initial Financial Advice Charge (excl. VAT)
<b>INCOME</b>								
STANLIB Money Market Fund	R	0.50%	%		0.00%		0.00%	0.00%
STANLIB Aggressive Income Fund	A	1.10%	%		%		%	1.80%
STANLIB Enhanced Yield Fund	B1	0.45%	%		%		%	0.15%
STANLIB Extra Income Fund	R	0.75%	%		%		%	0.25%
STANLIB Income Fund	R	0.75%	%		%		%	0.60%

**14. Where and how can I get more information about explicit adviser fees?**

If you have any other queries about the roll-out of explicit adviser fees, or require support, please contact us on 0860 123 003 or send an email to [contact@stanlib.com](mailto:contact@stanlib.com).

# Fee Class Switching

## 1. When are the fee class switches taking place?

Explicit adviser fees and fund fee class switching will now be implemented for clients on 8 February 2021.

## 2. Which funds are affected?

Please refer to Appendix 1 – Fee Mapping for switches

## 3. Why are the fee class switches taking place?

Some time ago, STANLIB embarked on a journey to simplify our client offering. This journey included the phasing out of fund of funds and the amalgamation of some funds over the years.

As we continue this journey to enhance and simplify our offering and implementing explicit adviser fees, we have identified the need to close certain fee classes across STANLIB funds and switch clients to more applicable fee classes. These switches will be implemented at the same time as explicit adviser fees, from 8 February 2021.

## 4. Why are fees increasing in some instances?

Some time ago, STANLIB embarked on a journey to simplify our client offering. This journey included the phasing out of fund of funds and the amalgamation of some funds over the years.

As we continue this journey to enhance and simplify our offering and implementing explicit adviser fees, we have identified the need to close certain fee classes across STANLIB funds and switch clients to more applicable fee classes. These switches will be implemented at the same time as explicit adviser fees, from 8 February 2021.

Please be assured that the switches are necessary in the implementation of explicit adviser fees and we carefully considered the evolving nature of our investors' needs throughout the process. Unfortunately, despite our efforts to keep fees unchanged, this means service fees will increase for some investors.

We will give all investors and advisers three months' notice in respect of these changes.

## 5. How can investors determine how they will be affected?

Please refer to the appendix and website for specific information. Ongoing adviser fees will not be affected.

## 6. Can investors opt out of the fee class switches?

No. These switches are necessary to implement explicit adviser fees.

## **7. What options are available to investors who want to choose funds with different fee classes?**

The fee class switches will take place automatically, according to the information included in the appendix and on the STANLIB website. Investors may elect to switch to a different fund that is available to retail investors. As a result, they will be allocated to the appropriate retail fund fee class after they have switched to a different fund.

## **8. What is the cost of the fee class switching?**

There is no cost involved in switching. The number of units that make up their investment will be adjusted due to the slight difference in the unit price between classes. Importantly, however, the fee class switches will not affect the rand value of investments.

## **9. Will any investor details be affected?**

Investors will retain their original investor numbers, but these will be linked to new fund account numbers for the different fee classes.

## **10. Are there any tax implications for investors?**

There are no tax implications for investors when switching between fund fee classes in this process.

## **11. What are clients invested in the affected funds required to do?**

No action is required. The switch to the new fee classes will happen automatically.

## **12. How are advisers' fees affected by the fee class switches?**

Adviser fees remain unaffected by the switches.

## Appendix 1 – Fee Mapping for switches

FUND NAME	FEE CLASS SWITCH FROM	FEE CLASS SWITCH TO
STANLIB Absolute Plus Fund	A	B1
STANLIB Absolute Plus Fund	C1	B1
STANLIB Absolute Plus Fund	C2	B1
STANLIB Balanced Fund	A	B1
STANLIB Balanced Fund	B3	B2
STANLIB Balanced Fund	C1	B1
STANLIB Balanced Fund	C2	B1
STANLIB Balanced Cautious Fund	A	B1
STANLIB Balanced Cautious Fund	C1	B1
STANLIB Balanced Cautious Fund	C2	B1
STANLIB Bond Fund	B4	B5
STANLIB Enhanced Yield Fund	A	B1
STANLIB Enhanced Yield Fund	B5	B1
STANLIB Equity Fund	A	B5*
STANLIB Extra Income Fund	B1	A*
STANLIB Flexible Income Fund	A	B1
STANLIB Flexible Income Fund	B5	B1
STANLIB Flexible Income Fund	B7	B2
STANLIB Global Balanced Feeder Fund	A	B1
STANLIB Global Bond Feeder Fund	A	B3
STANLIB Global Equity Feeder Fund	A	B1
STANLIB Global Property Feeder Fund	A	B1
STANLIB Income Fund	B4	B6
STANLIB Income Fund	B7	A*
STANLIB Income Fund	B8	B6
STANLIB Money Market Fund	B13	B5
STANLIB Money Market Fund	B14	B5
STANLIB Money Market Fund	B2	B1
STANLIB Money Market Fund	B3	B1
STANLIB Money Market Fund	B4	B1
STANLIB Property Income Fund	A	B1
STANLIB Property Income Fund	C2	B3
Melville Douglas STANLIB Balanced	A	B1
Melville Douglas STANLIB Global Eq FF	A	B1
Melville Douglas STANLIB High Alpha	A	B1
STANLIB Multi-Manager Global Equity Feeder Fund	A	B1
STANLIB Multi-Manager Absolute Income Fund	A	B1
STANLIB Multi-Manager Low Equity FoF	A	B1
STANLIB Multi-Manager Medium Equity FoF	A	B1
STANLIB Multi-Manager Property Fund Class	A	B1



STANLIB Multi-Manager Real Return Fund	<b>A</b>	<b>B1</b>
STANLIB Multi Manager Shari'ah Balanced FoF	<b>A</b>	<b>B1</b>
STANLIB Multi-Manager Balanced Fund	<b>A</b>	<b>B1</b>
STANLIB Multi-Manager Defensive Balanced Fund	<b>A</b>	<b>B1</b>
STANLIB Multi-Manager Diversified Equity FOF	<b>A</b>	<b>B1</b>
STANLIB Multi-Manager Medium-High Equity FOF	<b>A</b>	<b>B1</b>
STANLIB Multi-Manager SA Equity Fund	<b>A1</b>	<b>B1</b>

\* New Fee Classes

\*\* All other fee classes not included in the appendix will remain the same