



NEW YORK



LONDON



JOHANNESBURG



HONG KONG



TOKYO

Investment Proposal as agreed upon on 15 August 2012

ELKSA (NT)

B·O·E
PRIVATE CLIENTS



FINANCIAL STRUCTURING

- **Previously operating 8 accounts across many institutions**
 - standard products at relatively high cost and no portfolio benefit
 - 2011 Income R 327 000
 - 2011 Capital Growth R 351 000
- **Now: Nedbank BOE - Consolidated three tier account – one institution**
 - Current Account
 - Savings Account interest linked to value of total package
 - Own Structured investment account with full tax benefit as a non-profit
- **Gradual managed entry, adjustment and withdrawal**
- **Philanthropic Investment Philosophy**
- **Investment Approach – Balanced Fund – Average Risk Reward Estimate**
 - 3 to 5% income R 520 000
 - retain capital value R 630 000
- **Competitive fee structure**
- **Potential access to philanthropic trusts**
- **Offer investment opportunity to congregations in future?**



FINANCIAL STRUCTURING – Own Balanced Fund

- Average expectations of yield and growth for each asset class
- Retain underlying asset value – average expected asset growth matches inflation
- Maximise yield in a tax exempt organisation for use by the church

<u>Proposed investment position based on a balanced risk profile</u>						
<u>Asset Class</u>	<u>Allocation</u>	<u>Amount</u>	<u>Yield</u>	<u>Income</u>	<u>Growth</u>	<u>Retain Capital</u>
Cash	10%	983 711	6.1%	60 006	0.0%	-
Bonds	18%	1 721 495	7.5%	129 112	0.0%	-
Property	18%	1 721 495	6.5%	111 897	4.0%	68 860
Equity	50%	4 918 557	3.0%	147 557	11.0%	541 041
Listed Prefs	5%	491 856	6.5%	31 971	4.0%	19 674
	100%	<u>9 837 115</u>		<u>480 543</u>		<u>629 575</u>
No.2 Account	Cash	600 000	6.1%	36 600	0.0%	-
Total		<u>10 437 115</u>	5.0%	<u>517 143</u>	6.0%	<u>629 575</u>



FINANCIAL STRUCTURING – Own Balanced Fund

- Comparison of new to previous investment asset allocation
- All underlying asset classes held by own fund
- Can access any asset class if required and re-balance portfolio over time
- Nedbank BOE is now Nedbank Private Wealth

<u>Investment</u>	<u>Cash</u>	<u>Bonds</u>	<u>Property</u>	<u>Equity</u>	<u>Preference Shares</u>	<u>Total</u>
Structured Investment	10%	18%	18%	50%	5%	100%
1) Proposed investment	983 711	1 721 495	1 721 495	4 918 557	491 856	9 837 115
2) Hold in bank account	400 000					400 000
3) Hold cash No2 Account	600 000					600 000
Total Nedbank (BOE)	1 983 711	1 721 495	1 721 495	4 918 557	491 856	10 837 115
Structure All Accounts	18%	16%	16%	45%	5%	100%
Previous Asset Allocation	5 707 462	1 103 165	173 517	3 484 247	368 724	10 837 115
	53%	10%	2%	32%	3%	100%
Change	-3 723 751	618 330	1 547 978	1 434 310	123 132	-

About BoE Private Clients

BoE
PRIVATE CLIENTS

- Owned by the Nedbank group - balance sheet strength
- Modern company built on traditional values
- Roots go back to 1834
- One of the largest Private Clients business in SA (Client assets in excess of R 75 billion under our management and custodianship)
- A disciplined and focused investment philosophy
- A stringent and compliant investment process
- Proud, confident and capable people.



BoE Private Clients Philanthropy Office

- History of investing for and administering charities (over R4 bn currently under management for charities, PBOs) – examples: Mandela Rhodes Foundation, Elton John Aids Foundation, listed company foundations
- Experts to advise on New legislation and compliance requirements
- Need for investment expertise and services for investment of charity and foundation funds
- Only wealth manager in SA with as comprehensive and established offering
- Shortlisted as Philanthropy Team of the Year in the international STEP Private Client awards 2010/2011



Our Philanthropy Network

- We endeavour to assist organisation's by running 2 speaker series presentations on an annual basis covering topics that would be of relevance to the sector
- We are also able to facilitate funding requests to large charitable trust that we are aware of or whom we manage assets for. BoE Private only plays a facilitator role and is not involved in the decision making process.



Fiduciary duties

- **Estate Richards v Nichol 1999 (1)SA 551 (SCA)**

“An investment considered prudent in earlier times may rightfully be regarded as quite imprudent in the context of modern conditions. The ongoing and rapid decline in the value of money brought about by inflation, which has become a feature of our economy in the course of the past few decades, may well result in a sharp decline in the value of a monetary security within a relatively short period of time. In order to preserve the capital of the trust in real terms and so ensure the continued production of income, particularly in the case of a trust intended to be of long duration..., **a trustee in such circumstances is of necessity obliged to invest in real assets with potential for capital growth.** Such an investment, viz one where the capital is not fixed, necessarily involves some element of risk; but the risk may be unavoidable if the capital of the trust is to be preserved in real terms.” Per Scott JA (page 557-558)

