

Nedgroup Investments Funds exposure to ABIL (updated)

11th August 2014

On 6 August 2014, ABIL disclosed that their CEO, Leon Kirkinis, had resigned with immediate effect and that a headline loss of around R6.4 billion was forecast for the 2014 financial year. In addition, they announced their intention to raise a further R8.5 billion in addition to the R5.5 billion they raised in December 2013. The market took this news poorly and the ABIL share price fell 90% over the subsequent two days to close at 50c per share on 7 August 2014. The preference shares also fell significantly.

On Sunday the 10th of August, the Governor of the Reserve Bank issued a press release that described a number of support measures to ensure a viable future for African Bank. Part of the announcement gave clarity on the value of the senior debt instruments. The Reserve Bank has ascribed a value of 90% of par to the senior debt instruments. This debt is underwritten by the performing portion of the bank that will be recapitalised by a private public sector consortium that comprises Absa Bank, Capitec Bank, FirstRand Bank, Investec Bank, Nedbank, Standard Bank and the PIC.

Although limited, some Nedgroup Investments Funds have exposure to African Bank. Set out below is the exposure to ABIL across all instrument types (equities & preference shares as well as bonds & money market instruments) as at 5th of August 2014. Please note that these weightings are prior to the subsequent 90% fall of the ABIL share price and the 10% reduction in the value of the senior bond and money market instruments.

	05-Aug-14	
	<u>Abil Equity & Preference share %</u>	<u>Abil Bond and Money Market %</u>
Nedgroup Investments Corporate Money Market	0.0%	0.0%
Nedgroup Investments Money Market	0.0%	0.5%
Nedgroup Investments Core Income	0.0%	5.3%
Nedgroup Investments Flexible Income	0.0%	0.0%
Nedgroup Investments Core Bond	0.0%	0.0%
Nedgroup Investments Stable	0.0%	0.0%
Nedgroup Investments Core Guarded	0.1%	2.2%
Nedgroup Investments Opportunity	0.0%	0.0%
Nedgroup Investments Managed	0.4%	3.1%
Nedgroup Investments Core Diversified	0.0%	2.1%
Nedgroup Investments Bravata Worldwide Flexible	0.7%	0.0%
Nedgroup Investments Property	0.0%	0.0%
Nedgroup Investments Rainmaker	0.0%	0.0%
Nedgroup Investments Value	0.0%	0.0%
Nedgroup Investments Growth	0.0%	0.0%
Nedgroup Investments Core Equity	0.5%	0.0%
Nedgroup Investments Entrepreneur Fund	0.0%	0.0%
Nedgroup Investments Financials	1.3%	0.0%
Nedgroup Investments Mining & Resource	0.0%	0.0%
Nedgroup Investments Global Cautious Feeder Fund	0.0%	0.0%
Nedgroup Investments Global Flexible Feeder Fund	0.0%	0.0%
Nedgroup Investments Global Equity Feeder Fund	0.0%	0.0%

The majority of the Nedgroup Investments fund range was not impacted by ABIL's demise. Those funds that did have exposure had relatively low allocations to ABIL, which limited the impact of the negative price moves.

Please feel free to contact your Nedgroup Investments representative should you have any additional queries in this regard.