Transition from Model Portfolios to IWM Unit Trusts

Independent Wealth Managers (IWM) is enhancing its investment offering through the introduction of the IWM Unit Trust range, representing a natural evolution of the existing model portfolio process rather than a change in investment philosophy. The objective remains unchanged: to preserve and grow client wealth over the long term through disciplined portfolio construction and strategic asset allocation.

The new structure moves from relying primarily on multi-asset managers toward a specialist "building block" approach, where carefully selected managers are appointed for specific asset classes such as local equities, global equities, fixed income and cash. This allows IWM to access specialist expertise in each area while retaining oversight of the overall portfolio strategy.

The main benefits are:

- access to carefully selected specialist fund managers;
- improved implementation and rebalancing efficiency;
- potential fee efficiencies through negotiated institutional fee arrangements;
- improved tax efficiency, changes can be made within the unit trust structure rather than at individual investor level;
- simpler ownership, administration and reporting;
- the transition does not change your investment objective, risk profile, liquidity or strategic asset allocation.

Action Required by You

We have summarised the key reasons for the proposed changes above to provide you with a clear overview of the benefits of moving to the Independent Wealth Managers Unit Trusts.

Please review the information in greater detail before responding and refer to the accompanying details on the rationale, process and frequently asked questions.

Please complete the response section on **page 3** to either:

- confirm your approval for us to proceed; or
- further discuss the proposed changes before approving.

FAQ's

What will happen to your existing investment platform account?	Your existing platform investment and account number remain the same (i.e. your investment will remain with the current administrator).
How will my existing model portfolio investments be transferred to the IWM Unit Trusts?	For discretionary model portfolio investments, existing platform holdings will be converted into the relevant IWM Unit Trusts via a Section 42 transfer. This means the investment is restructured rather than sold, and no immediate capital gains tax event is triggered. The original base cost rolls over into the new unit trust, with capital gains tax only applying in future if units are sold. For model portfolio retirement funds, living annuities, endowments and sinking funds, the underlying holdings will be switched into the applicable IWM Unit Trusts within the existing structure, resulting in no personal tax liability to the investor.
When will these investments be transferred?	The section 42 transfer for model portfolio discretionary investments will take place on **November 10th 2026**. The switch of the model portfolio retirement funds, living annuities, endowments and sinking funds will take place between **August** and **September** depending on the launch date of IWM units trusts on the investment platforms.
Closed periods (no liquidity)	From 26 October 2026, there will be limited transacting access on the Allan Gray Platform in preparation for the Section 42 transfer. There will be a freeze period from 04 November 2026 to 15 November 2026. During the freeze period; no lumpsum redemptions, switches or additional investments can be processed.
The IWM Fund Range	Independent Wealth Managers SCI Defensive Fund of Funds Independent Wealth Managers SCI Balanced Fund of Funds Independent Wealth Managers SCI Growth Fund of Funds Independent Wealth Managers SCI SA Equity Fund of Funds Independent Wealth Managers SCI Flexible Equity Fund Independent Wealth Managers SCI Global Balanced Fund of Funds Independent Wealth Managers SCI Global Equity Fund of Funds
Which unit trusts will my model portfolio be invested in?	Refer to page 4 for the repositioning of the existing model portfolios to the IWM Unit Trust Range.

FAQ’s

What are the expected changes to the fees you pay on your investments?

Model Portfolio	Total Investment Cost (Excl. Advice & Admin)		
	Model Portfolio	Unit Trust (Day 1)	Unit Trust*
CPI +3%	1,16%	1,03%	0,99%
CPI +4%	1,11%	1,12%	1,08%
CPI +4% Flexible	0,95%	1,15%	1,12%
CPI +5%	1,20%	1,20%	1,17%
CPI +5% Flexible	1,12%	1,29%	1,16%
IWM Balanced High Equity	0,94%	1,32%	1,27%
CPI +7%	1,35%	1,17%	1,14%
CPI +7% A	1,37%	1,17%	1,14%
CPI +7% B	1,17%	1,17%	1,14%
IWM SA Equity	1,20%	1,42%	1,44%
Offshore Asset Swap Moderate	2,03%	1,94%	1,09%
Offshore Asset Swap Moderate A	1,00%	1,94%	1,09%
Offshore Asset Swap Aggressive	0,93%	1,29%	1,12%
IWM Offshore Asset Swap Aggressive A	1,16%	1,29%	1,12%

**Estimated to be achieved within 12 months.*

These fees are not deducted by sale of units and are recovered within the unit trust investment. Performance of the unit trusts will be shown net of the above fees.

Independent Wealth Managers will receive an annual fund management fee of 0.15% (Excluding VAT), this fee is included in the above fee table.

The research consulting fee (Fundhouse) will no longer be deducted from your investment account by sale of units; this is included in the above total investment cost.

There will be no significant changes to your investment platform administration fees and no changes to your advice fee.

Client Response

☐ Approve the recommended changes.

☐ Require further discussion, please contact me.