



African Bank Investments Limited Exposure (ABIL)

Dear Investor,

On 10 August 2014, the South African Reserve Bank placed ABIL under curatorship. We have applied the South African Reserve Bank, Association for Savings & Investment SA and the Financial Services Board's guidelines in dealing with the ABIL exposures in our portfolios.

Impact on investors

Whether investors were directly invested or invested through unit trust portfolios they felt some negative impact. The impact is different depending on the exposure of the funds they invested in.

A small number of the Boutique Collective Investments Scheme's portfolios have direct exposures ABIL.

Income portfolios with direct ABIL exposure:

- + BCI Best Blend Flexible Income Fund
- + Harvard House BCI Flexible Income Fund
- + Quantum BCI Core Income Fund

The unit trust prices between the 01st of August 2014 and the 13th of August 2014 reflects the impact of ABIL instruments included in the above portfolios:

Fund name	Morningstar - 01 to 13 August 2014
BCI Best Blend Flexible Income Fund	-0.55%
Harvard House BCI Flexible Income Fund	-0.62%
Quantum BCI Core Income Fund	-1.75%

Affected Money Market portfolios:

- + Colourfield BCI Money Market Fund

The portfolio had exposure to ABLI03 instrument which resulted in the nominal to be reduced. The amount was written off to income which resulted in a below average yield for August 2014.



Fund name	Annual Effective Yield (%) 09 to 12 August 2014	Income Rate 09 to 12 August 2014
Colourfield BCI Money Market Fund 09/08/2014	6.19	0.0164
Colourfield BCI Money Market Fund 10/08/2014	6.18	0.0164
Colourfield BCI Money Market Fund 11/08/2014	5.96	0.0119
Colourfield BCI Money Market Fund 12/08/2014	3.80	-0.0230

The following steps were taken:

- + Secured debt has been written down by 10% as per Financial Services Board guidelines and industry body ASISA's guidelines
- + All other ABIL debt and securities has been fully written down to Rnil
- + JSE Equities: Trading was suspended on ABL and ABLP. The ABIL securities are illiquid and will not be tradable until the conclusion of the curatorship

Going forward

All trade in ABIL debt remains suspended. Affected instruments will remain static and unchanged until the suspension is lifted. Interest payments are suspended for the time being while the Curator assesses the situation.

Information regarding current holdings

Refer to the ABIL exposure file uploaded on our website www.bcis.co.za/boutique-collective-investments/funds for detailed current exposures in the BCI portfolios and any new developments which may impact your portfolios.

Yours sincerely,



Debra Gill
Managing Director

