

# Fund Fact Sheet Terminology

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## **Absolute return**

a measure of the gain or loss expressed as a percentage of the invested capital.

## **ALSI**

the all-share index that contains the top-20 shares ranked by liquidity and market capitalisation.

## **Annualised**

to adjust or calculate to reflect a rate that is based on any full year.

## **ASISA sector**

the Association for Savings and Investment South Africa categorises portfolios into different sectors for fair rankings or comparisons.

## **Balanced portfolio**

or a balanced investment strategy – a portfolio allocation and management method aimed at balancing risk and return.

## **Base currency**

the domestic currency of the country the company is operating in. The first currency listed in a JSE currency quote.

## **Benchmark**

is a standard against which the growth of an investment portfolio can be measured.

## **Bloomberg**

is a business news agency.

## **Bonds**

debt investments in which you lend money to an entity (typically a corporate company or government) for a defined period of time at a variable or fixed interest rate.

## **Collective investments scheme (CIS)**

a collective investment that enables you to pool your money with other investors who have similar investment objectives. You buy and sell units of the scheme.

## **CPI**

consumer price index, or inflation for short.

## **Deed and supplemental deed**

## **Debentures**

long-term securities that yield a fixed rate of interest issued and secured against assets. A type of debt instrument that is secured by physical assets or collateral.

## **Denomination**

the currency in which the portfolio is invested.

<b>Diversification</b>	the act of spreading an investment across multiple assets and asset classes to spread the risk of investment.
<b>Distribution</b>	is the payment of money from a portfolio.
<b>Equity securities</b>	an investment stock issued by a company.
<b>Ex-dividend date</b>	the day on which all shares lose the right to receive the most recently declared dividend.
<b>Financial instruments</b>	assets that can be traded.
<b>Foreign exchange (Forex)</b>	a system for buying and selling currencies of other countries.
<b>Foreign exchange risk</b>	is the financial risk of an investment's value changing due to the changes in currency exchange rates.
<b>Foreign securities</b>	international financial assets that a foreign company, governments or other institutions issue (eg share or a bond).
<b>Forward pricing</b>	this is when we recalculate the net asset value of units after the market closes every day. As a result any order you place can't be quoted at a previous price, and must be quoted according to the next net asset valuation we calculate.
<b>Fund (investment)</b>	see portfolio.
<b>Fund (Portfolio) objectives</b>	the set target of a portfolio as guided by the portfolio mandate.
<b>Fund (Portfolio) size</b>	the total market value of the portfolio.
<b>Global investment strategies</b>	the strategies of selecting investment instruments outside of a country as part of an investment portfolio.
<b>Income distribution (CPU)</b>	this is when a portfolio pays some or all of its returns to its investors. The distributions are valued in cents per unit, and can either be cashed in or left in the investment.
<b>Information ratio</b>	it identifies whether a manager has beaten the benchmark, and how far. The information ratio can also indicate the consistency of an investment portfolio's performance.
<b>Initial advisory fee</b>	the fee you pay to a financial adviser for recommending a portfolio based on your needs and time frame.
<b>Initial management fee</b>	the fee you pay to a managing company at the beginning of the investment period for managing an investment portfolio.
<b>Investor profile</b>	your preferences in investment decisions.
<b>ISIN</b>	the international securities identification number, which identifies specific securities worldwide.
<b>JSE code</b>	the JSE's unique identifier for all the listed portfolios.

<b>Launch price</b>	the cost of the portfolio share on the day it launched.
<b>Latest price</b>	the price available at the date of publication of the fund fact sheet.
<b>Liquid assets</b>	an asset that can be converted into cash quickly with minimal impact to the price you receive in the open market.
<b>Liquidity</b>	the degree to which an asset or security can be quickly bought or sold in the market without affecting its price.
<b>Macroeconomic risks</b>	risks associated with large-scale or general economic factors such as interest rates and national productivity.
<b>Management fee</b>	the fees an investment manager charges for managing an investment fund or portfolio.
<b>Market value adjustment</b>	is an adjustment we make to the contract value if you withdraw some or all of your money before the end of the planned investment period. Companies use MVAs to try to make sure that investors who cash in some or all of their investment profits early don't disadvantage the remaining investors.
<b>Material risks</b>	a risk is deemed material when a reasonable person would find that information important when making investment decisions.
<b>Money market instruments</b>	provides you with an investment that earns a low interest but can be converted to cash quickly.
<b>Multi-asset</b>	is a combination of asset classes (such as cash, shares or bonds) used as an investment. A multi-asset class investment would contain more than one asset class, thus creating a group or fund of assets. The weights and types of classes will vary according to the individual investor.
<b>Net asset value</b>	is the value of the assets minus the value of the liabilities.
<b>Non-equity securities</b>	these are securities that include instruments other than shares.
<b>Performance fee</b>	a fee you pay if the fund performs better than the benchmark, measured over a certain period.
<b>Political risks</b>	the risk faced by investors, corporations and governments that political decisions, events or conditions will significantly affect the profitability of a business or the expected value of a given economic action.
<b>Portfolio (fund)</b>	set of financial assets held by an investment management company. An investor can own a portion of the portfolio as an investment.
<b>Portfolio outcome</b>	the set target range that the investment manager aims to achieve, using the investment policy as guidance.
<b>Preference shares</b>	a share that entitles you to a fixed dividend and whose payment takes priority over that of ordinary shares.
<b>Property securities</b>	the shares of property companies.

<b>Real returns</b>	the growth of an investment or investment portfolio by more than inflation.
<b>Repatriation of money</b>	converting a foreign currency into the currency of your own country.
<b>Return</b>	growth of an investment or investment portfolio, for example from interest earned, dividends received or capital gains.
<b>Risk (investment)</b>	the likelihood of losing money when you invest.
<b>Risk/Reward</b>	is a ratio used to compare the expected growth of an investment in relation to the amount of risk taken to get that growth. Generally, the higher the risk the bigger the potential reward.
<b>Rolling period</b>	a certain number of consecutive periods starting with the beginning of the earliest period and finishing with the end of the most recent. A three-month rolling period starting on 15 February will thus end on 15 May.
<b>Securities</b>	are financial assets you can trade (eg share or a bond).
<b>Settlement risks</b>	is the risk that one party will fail to deliver the terms of a contract with another party at the time of settlement.
<b>Shareholders fees</b>	fees paid to persons to respond to investor inquiries and provide investors with information about their investments.
<b>Sharing ratio</b>	the ratio in which the profits or losses of a business are shared.
<b>Sharpe ratio</b>	it measures how much of the return a fund achieves is because of the specific risk it takes.
<b>Standard deviation</b>	measures the volatility of fund returns.
<b>Smoothing and guarantee fee</b>	a fee to protect the investment against credit-related losses in the portfolio.
<b>STefl</b>	the short-term fixed interest index that measures the performance of short-term fixed-interest or money market instruments.
<b>Tax risks</b>	the risk that transactions or business relationships may have unforeseen adverse tax consequences.
<b>TER or total expense ratio</b>	is a measure of how much it costs to manage the fund, and how this cost reduces the value of fund.
<b>Yearly advisory fee</b>	the fee you pay to a financial adviser every year for financial advice on the investment.
<b>Yearly management fee</b>	the fee you pay to a managing company every year for managing an investment portfolio.

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