



HIGH STREET
ASSET MANAGEMENT

FEEDER FUNDS EXPLAINED

AUGUST 2022

WHAT IS A FEEDER FUND?

The High Street Prescient Feeder Funds are South African unit trusts that facilitate exposure to our offshore fund range with Rand investment contributions. These contributions are exchanged for USD to purchase units in the respective direct offshore fund. Outside of a small cash component for liquidity purposes, these units are the only assets held in the funds. As such, the performance largely tracks that of the respective direct offshore fund net of feeder fund expenses.

Feeder funds are efficient structures allowing easy access to offshore markets as a SARS tax clearance certificate is not required for large sums. However, the following must also be considered:

1. There is an additional cost of 0.14% per annum associated with the feeder fund structure.
2. Should you liquidate your investment, you will receive Rands paid out in South Africa.
3. Currency gains are included for capital gains tax calculations. The initial/redemption price is based on the Rand value invested/received. Therefore, should the Rand weaken against the USD, the tax liability will increase. Please consult a tax practitioner for further information.

Our Feeder Funds have been designed to accommodate Tax-Free Savings Accounts and capital confined to within our borders.

* Additional information on key limitations, exclusions, risks, and charges related to the financial product are available at www.hsam.co.za or additional information may be requested from Jo-Ann@hsam.co.za.