

ANNEXURE B

UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls it. The group considers collective investment schemes and other unit-linked investments to be structured entities. This annexure provides information on significant unconsolidated structured entities in which the group holds an interest.

Collective investment schemes and other unit-linked investments

Unit-linked investments comprise local and foreign collective investment schemes as well as other unit-linked investments. Collective investment schemes are categorised into property, equity or interest-bearing instruments based on a minimum of 55% per category of the underlying asset composition of the fund by value. In the event of no one category meeting this threshold, it is classified as a mixed asset class. Money market collective investment schemes are categorised as such.

Unlisted and unquoted unit-linked instruments are mainly exposed to equity, comprising investments in hedge funds and private equity funds, or interest-bearing instruments, comprising mezzanine funding and structured guaranteed income products. It includes investments where the exposure is subject to the underlying investments, comprising investments in pooled funds as well as investments backing policies where the group is the policyholder of an investment contract issued by other insurance companies. Where the group is the contract holder of investment contracts at another institution, but does not have title to the underlying investment assets, it is allocated to a mixed asset class.

	2016 Rm	2015 Rm
Collective investment schemes		
Local and foreign	132 119	122 297
Equity	84 318	96 217
Interest-bearing	18 277	15 828
Property	3 718	5 115
Mixed	23 867	3 371
Money market	1 898	1 732
Commodity	41	34
Other unit-linked investments	14 054	22 408
Local and foreign		
Equity	4 972	7 595
Interest-bearing	1 895	1 981
Mixed	6 392	11 691
Commodity	795	1 141
	146 173	144 705
Designated at fair value through income: unit-linked investments	135 662	132 330
Investments in associates designated at fair value through income	10 499	12 362
Available-for-sale: local unlisted quoted collective investment schemes	12	13
	146 173	144 705

Detail on investments in associates designated at fair value through income

The group holds a significant investment in the following associates designated at fair value through income:

Name	Carrying value Rm	% interest held	Nature of relationship	Principal place of business
2016				
Momentum Enhanced Yield Fund	1 067	22.2%	Standard investment	Sandton
Momentum Income Plus Fund (A) ¹	575	23.8%	Standard investment	Sandton
Momentum Equity Fund ¹	546	19.3%	Standard investment	Sandton
2015				
Fairtree Equity Prescient Fund ²	1 677	75.8%	Standard investment	Bellville
Truffle MET Institutional Equity Fund ²	1 180	67.4%	Standard investment	Hyde Park
Momentum Enhanced Yield Fund	1 038	20.7%	Standard investment	Sandton

Summarised financial information relating to the associates above:

2016	Momentum Enhanced Yield Fund Rm	Momentum Income Plus Fund (A) ¹ Rm	Momentum Equity Fund ¹ Rm
Current assets	1 880	815	36
Non-current assets	2 926	1 644	2 814
Current liabilities	38	5	22
Non-current liabilities	4 767	2 454	2 827
Revenue	403	203	89
Earnings	380	201	273

2015	Fairtree Equity Prescient Fund ² Rm	Truffle MET Institutional Equity Fund ² Rm	Momentum Enhanced Yield Fund Rm
Current assets	61	56	556
Non-current assets	1 965	1 412	4 594
Current liabilities	81	13	109
Non-current liabilities	–	1 455	4 662
Revenue	367	268	437
Earnings	306	230	379
Dividends received from associate	40	18	–

¹ This associate was not considered to be significant in the prior year.

² This associate forms part of significant CIS subsidiaries in the current year. Refer to Annexure A.

ANNEXURE B CONTINUED

UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Other unconsolidated structured entities

The table below provides information on significant other unconsolidated structured entities in which the group holds an interest. The maximum exposure to loss is the carrying value of the assets held.

Name of entity	Investment type	Nature and purpose of business	How the entity is financed?	Carrying value ¹		Income received ²	
				2016 Rm	2015 Rm	2016 Rm	2015 Rm
iNguza Investments (Pty) Ltd	Interest-bearing notes	Issuing of commercial paper and other debt instruments to investors in order to acquire the rights and obligations of third parties underwritten loan agreements and/ or other securities meeting the eligibility criteria established by the entity	Issuing of debt instruments	334	1 034	27	72
Thekwini Fund 9 (Pty) Ltd	Floating rate note	Special purpose vehicle set up by South African Home Loans (Pty) Ltd to finance mortgage loans	Funding received from the South African capital market	641	633	54	34
Superdrive Investments (RF) Ltd	Floating rate note	Asset-backed securitisation set up by Standard Bank Group and BMW Financial Services	Funding received from local institutional investors	548	537	57	34
				1 523	2 204	138	140

¹ Included in securities designated at fair value through income in the statement of financial position. The carrying value represents the group's maximum exposure.

² Consists of interest income and fair value gains/losses.

³ The group has not sponsored any significant unconsolidated structured entities in which it holds an interest.