

Plain language aims to remove complexity, improve transparency, and enhance investor understanding

One of the greatest challenges the financial services industry faces is ensuring that investors understand what they buy. From an Allan Gray perspective, we also aim to help investors understand why investing for the long term is the best way to grow their wealth. We have therefore been working on making our documents easier to read and understand for the average investor by rewriting them in plain English.

Current and proposed legislation requires companies to communicate in plain language

'Plain English' is not a new dialect or 12th official language. But legislators and consumer protection lobbyists are working to ensure that it is the new official language of consumers. The current FAIS Act, financial disclosure and record-keeping requirements aim to ensure investors understand what they buy and that there is a record of this communication and understanding. The new proposed Consumer Protection Bill requires that an ordinary consumer with 'minimal experience as a consumer of the relevant goods and services' should be able to read and understand the content and significance of a company's documents.

Use of plain English is about transparency, simplicity and acting in investors' best interests

Over and above keeping pace with compliance and legislative requirements, use of plain and understandable language is in line with our commitment to simplicity, transparency, and acting in investors' best interests. We acknowledge that investing is complicated enough. Even for those of us who work in the world of finance and investment, the jargon and range of options can be quite daunting.

Plain language promotes investor confidence and tries to reduce confusion and cynicism

The complexity of legal and investment jargon in investor documents may either stop investors from investing or, mean that they do not fully understand the terms of the investment. The easiest way for us to lose an investor's trust is to create false expectations.

As proven by the financial crisis last year, the proverbial 'man in the street' is not equipped with the information or expertise to deal with or question the assumptions inherent in complicated products and scenario planning on which many products are based. In addition, a consequence of the global financial meltdown is that investors will be reading documents and facing those of us in the financial services industry with even more scepticism and cynicism.

Plain language and completeness of documents begins to address the imbalance of power between consumers and financial institutions. We need to work harder to make our services accessible, be transparent and play our role in educating and informing investors so that we can establish and maintain trust and credibility.

Focusing on simplicity is not a new approach at Allan Gray

1. We have only one way of managing money

We believe that fundamental value-based investing with a long-term horizon is the best way to manage money. Our investment philosophy has stood the test of time and survived bull and bear markets. We plan to continue doing what we have always done: remain disciplined and stick to our investment philosophy.

2. We have only eight unit trusts and a simple range of products through which investors can access these

We only offer eight Allan Gray Unit Trusts, which we believe are able to meet the majority of investor needs. We also have an uncluttered and simple product range with no fancy bells, whistles or add-ons. However, simplicity is always relative. We realise that there are many investors who either do not know about the range we offer (and how accessible it is) or perhaps have had to wade through some complicated documents in the past. We would like all investors to be able to say that investing with Allan Gray is easy, accessible and simple.

Reducing complexity is a matter of necessity

To create and grow investor wealth, and ensure we have a sustainable business doing this, it is a matter of necessity that we reduce complexity. We believe that providing complete but understandable information will translate into more informed investors. This means less opportunity and scope for any mismatch in expectations, and better investment decisions over the long term.

When and where can you access the new forms and documentation?

A summary of the changes, the forms and the new documentation will be available from the 19 January 2009 on our website www.allangray.co.za or from the Allan Gray Client Service Centre on 0860 000 654.

Please may we have your feedback

We have spent a lot of time and energy trying to simplify, improve the quality and general usability of our investor documents. We would welcome your feedback.