

TREASURY SOLUTION

INTEREST RATE SOLUTIONS FOR
SURPLUS CASH AND RESERVE FUNDS



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SECTIONAL
TITLE
SOLUTIONS



OUR COMPANY

Sectional Title Solutions (Pty) Ltd (“STS”) is focused on providing value-add solutions to sectional title bodies corporate and homeowners' associations (“community schemes”) across South Africa. Solutions offered include innovative Funding and Treasury, Efficient Energy, Smart Technology, Legal Advisory, Outdoor Advertising and a host of other service solutions.

Our success is based on over 150 years of combined experience within the community scheme property sectors, partnering with market-leading service providers and offering significant value propositions to our clients nationwide.

Our core focus is to provide sustainable, value-added solutions that will benefit all unit owners and stakeholders, reduce inefficient costs and generate much-needed revenue for community schemes, to ultimately ensure financial sustainability and protect the value of the unit owner’s property investment.

OUR FUNDING AND TREASURY SOLUTIONS



ARREAR LEVY FUNDING

Immediate and ongoing access to a bespoke funding facility for up to 100% of arrear levies.



PROJECT FUNDING

Project funding packages that provide community schemes and unit owners with flexibility.



BESPOKE AND COMBINATION FUNDING

Facilitation in loan funding to community schemes by offering various lending solutions.



CREDIT CONTROL POLICY AND FUNDING FACILITY

Financial management assistance ensuring financial security and legislative compliance.



TREASURY SOLUTIONS

Improve the return on surplus cash and reserve funds for the benefit of the community scheme.

INTEREST SOLUTIONS IN A LOW RATE ENVIRONMENT

On the 7th of October 2016, a third generation of community scheme legislation was promulgated and the landscape of the community scheme industry changed. These changes ushered in a renewed emphasis on the financial management and stability of community schemes.

Community scheme legislation now requires sectional title bodies corporate to make provision for an additional reserve fund to cover the costs of future maintenance and repairs. Without being legally bound to comply with this requirement, homeowners' associations have also adopted the concept of a reserve fund for future capital and maintenance expenditure.

It is increasingly common for well-managed community schemes to hold significant cash reserves, that are currently invested in low yielding cash and call accounts at various banking institutions.

STS, in partnership with Anchor Capital (Pty) Ltd ("Anchor"), are able to provide community schemes with the opportunity to invest surplus cash or reserve funds into specifically designed and identified investment products ("Money Market and Income Funds") at higher interest rates than typical cash and call accounts.

Ultimately, our Treasury Solutions aim to provide the community scheme industry with specifically designed, yield-enhancing alternatives to traditional cash and call accounts, in order to benefit from the higher yields offered by these solutions and operate within the legislative guidelines relating to reserve funds held by community schemes.



WORKING IN PROUD PARTNERSHIP WITH

ANCHOR

NAVIGATING
CHANGE

WHY CHOOSE OUR TREASURY SOLUTION?

Our goal is to work together with our clients and build long term sustainable business relationships. We create solutions that cater to each of our clients' unique goals and requirements.

The Treasury Solutions offered to community schemes are managed by Anchor, a JSE listed asset management business with over R65 billion of Assets Under Management. Anchor Capital is a registered financial service provider and is regulated by the Financial Sector Conduct Authority ("FSCA").

In line with community scheme legislation, our Treasury Solutions offer attractive interest returns, flexibility and access to funds on short notice. Funds are managed with the objective of preserving capital, low volatility, whilst maximising interest return.



- ➔ **Designed to give you access to your funds on short notice**
- ➔ **No long term lock-up periods or exit penalties**
- ➔ **Actively managed to ensure attractive interest returns**
- ➔ **Diversified portfolio of deposits and bonds at major institutions**

**PROTECTING
CAPITAL WHILST
OPTIMISING
RETURNS**

Disclaimer:

Please note Anchor is a registered discretionary FSP (with license number 39834) and is authorised to render financial services in respect of certain Financial Products.

TREASURY SOLUTIONS

The Treasury Solutions, offered in partnership with Anchor, consist of low-risk Money Market and Income Funds, combined to form a portfolio for community schemes' short term surplus cash and reserve funds.

Depending on the unique requirements of each client, community schemes are offered a choice between Money Market Funds, Income Funds or a combination thereof.

	INVESTEC MONEY MARKET ACCOUNT	INVESTEC FIXED DEPOSIT ACCOUNT	ANCHOR CAPITAL CORE INCOME FUND
Expected return	6.31%	6.52%	8.25%
Access to funds	1 day	32 days	1 day
Exposure	Investec	Anchor	Spread between major banks and corporate bonds
Fees	Return net of fees	Return net of fees	Return net of fees

* Returns are subject to prevailing market conditions and changes in the Prime lending rate. Returns are not guaranteed.

Anchor will manage the entire process on behalf of your community scheme and will be responsible for transferring funds back into your operational accounts when required.

EXAMPLE:

Body Corporate A invests R1 500 000.00 of their reserve funds into a call account held with their bank, at an interest rate of 3.75%. Over a five-year period, the interest earned on their funds equals R308 816.

Body Corporate B invests R1 500 000.00 into a combination of the above Money Market and Income Funds, and receives a 7.1% interest return over the same period. The return on their funds equals R637 034.00.

The difference is a 106.3% increase in interest earnings for Body Corporate B.





THE PROCESS TO BE FOLLOWED

The following process will need to be followed by the community scheme to access the Treasury Solution:

- Provide the relevant community scheme information:
 - ✓ Surplus cash and reserve balances
 - ✓ Annual financial statements
 - ✓ Indication of current interest rates being earned (if available)
- Once your documentation has been submitted, STS will arrange a consultation with a specialist at Anchor, who will provide financial advice on the available options, the features of each Money Market and Income Fund and advise on possible combination solutions that could work to benefit your community scheme.
- In accordance with PMR 21(3)(d) of the STSMA Regulations, a sectional title body corporate may, on the authority of a trustee resolution, invest any reserve fund money in a “secure investment” with any institution referred to in the definition of “financial institution” in section 1 of the Financial Sector Regulation Act (“the FSR Act”). The trustees are advised to ensure that they also comply with any conditions for the payment of money from the reserve fund.
- Trustees resolution signed to invest funds.
- Account forms are signed and FICA is submitted.
- The account is opened and funds are transferred.

The governing documentation for homeowners' associations may be required to confirm any restrictions on the directors to invest funds (MOI and Constitution).

CONTACT US



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Driven by our "win, win, win" philosophy, Sectional Title Solutions offers various tailor-made solutions that reduce costs, maximise income and increase property value for our communities to thrive. Through our collaborative approach, we have built sustainable relationships and partnered closely with industry leaders and niche service providers to offer you the best value.

CONTACT US FOR MORE INFORMATION AND TO DISCUSS HOW OUR VALUE-ADDED SOLUTIONS CAN HELP YOU



FUNDING AND TREASURY

Innovative arrear levy and project funding solutions



EFFICIENT ENERGY

Cost-saving energy efficiency and solar solutions



SMART TECHNOLOGY

State of the art Fibre-To-The-Home and Smart technology solutions



LEGAL ADVISORY

Legal and levy client services and solutions



OUTDOOR ADVERTISING

Revenue generating outdoor media solutions



WATER MANAGEMENT

Innovative water management and back-up solutions

ACCESS FREE RECOURSES, TIPS AND TOOLS RELATING TO SUSTAINABLE AND RESPONSIBLE COMMUNITY SCHEME LIVING AND MANAGEMENT BY VISITING OUR WEBSITE OR SCANNING THE QR CODE



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