

# Terms and Conditions: FNB Living Annuity

## General Information

1. These terms and conditions are available on the Website, from Your financial advisor and/or from our client services team.
2. Please also refer to the Website terms and conditions for more information regarding Your online access.
3. The application form, these terms and conditions and the documents as per the Checklist form the basis of the Contract between the Administrator and You. All other instructions which You provide to the Administrator shall also form part of this Contract.
4. The Administrator will confirm changes, provide statements and process instructions.
5. The terms and conditions of this Contract may be amended at any time and be made available on the Website. As of the Commencement Date, Your Contract shall be governed by all Applicable Legislation and regulations. Should changes to legislation and/or regulation impact the Contract, the terms and conditions of this Contract may be amended and will be made available on the Website as soon as reasonably possible. Please contact the client services team and/or the Website for the latest version of these. Please note that the latest copy of the terms and conditions posted on the Website will govern our relationship.
6. The Administrator has a conflict of interest management and complaints resolution policies which are available on the Website.
7. The Insurer and the Administrator holds adequate professional indemnity and fidelity insurance cover as per the Applicable Legislation.

## Living Annuity

1. The assets within Your investment are held in the name of the Insurer, and are in turn held in safe custody by a Nominee Company.
2. The Living Annuity is a long term insurance Contract underwritten by the Insurer and governed and regulated by the LTIA.
3. A Living Annuity is purchased from the Insurer in Your name and on Your life to provide You with an Annuity Income. It can only be purchased with the proceeds from a retirement fund or with the proceeds from another living annuity, which may include unit transfers from such entities. A living annuity is a post-retirement product designed to provide Investors with an income after retirement. The Annuity Income is based on the market values of the assets in the Investment of the product from Anniversary Date. Living annuities allow Investors the opportunity to manage the growth of assets through Investment selection options which in turn will influence the Annuity Income the Investor will receive. Annuity Income must at all times fall within limits as determined by the Applicable Legislation from time to time.
4. A rand amount or percentage may be selected as the Annuity Income. The frequency of the payment may be monthly, quarterly, biannually or annually. The Annuity Income value may not be less than 2.5% and not greater than 17.5% of the net Investment amount. The Annuity Income is not guaranteed in any way and will be adjusted should the value of the net Investments not be sufficient to meet the Annuity Income selected.
5. Annuity Income payments are made at the frequency and day of the month as specified by You on the application form. For Your Annuity Income to be paid on the selected day of the month, Your instruction with supporting documentation must be received by 2pm five (5) Business Days before the scheduled payment date. Refer to the Events Calendar on the Website for scheduled payment dates.
6. You may select to have Your Annuity Income paid monthly, quarterly, half-yearly or annually. Income payments are made in advance.
7. Your Annuity Income may be paid by: a) disinvesting proportionately from Your fund selection or b) disinvesting from Your nominated fund(s).
8. In the event of the nominated fund(s) being depleted, Your Annuity Income will be paid by disinvesting proportionately from Your remaining Portfolio. On each Anniversary Date You may change Your Annuity Income and payment frequency within the limits as determined by the Applicable Legislation. Only the Contract Holder can receive the Contract benefits as the right to any benefit (including income and Investment) may not be:
  - Reduced;
  - Transferred or otherwise ceded;
  - Pledged or hypothecated (offered as security against a loan);
  - Liable to be attached or subjected to any form of execution under a judgment or order of a court of law, or to the extent of not more than three thousand rand per annum;
  - Capable of being taken into account in a determination of a judgment debtor's financial position;
  - Deemed to form part of the assets in the insolvent estate of that person; and
  - May not in any way be attached or appropriated by the trustee in his insolvent estate or by his creditors.
9. The Anniversary Date will by default be the first day of the month that the Contract is purchased unless the purchase has taken place during or after that month's income run cut-off time in which case the Anniversary Date will then default to the first day of the following month. Regardless of frequency elected, the first Annuity Income of each anniversary must commence in the first month of the anniversary period. Annuity Income must be paid in advance and not in arrears. This is because SARS will deem the Annuity Income to have accrued and tax must be paid for the month accrued.
10. Contract Holders cannot exercise the right to cancel the FNB Living Annuity Contract. However, You may transfer Your FNB Living Annuity to another long-term Insurer registered under the provisions of the Applicable Legislation. Legislation does not restrict the consolidation of benefits from different sources; however certain administrative conditions may apply. The Administrator will treat each benefit as a separate Contract and new business requirements will apply.
11. SARS has recognised the need for a Contract Holder to cash in the living annuity when it is no longer financially beneficial for the Contract Holder. For this reason a Contract Holder may commute (cash in) the Contract if:
  - a) the total value of the Contract is less than fifty thousand rand (R50 000) if any of the value of the annuity or any part of the retirement interest was previously commuted (includes cash taken on retirement, e.g. 1/3rd from a pension fund prior to transfer to living annuity) for a single payment; or
  - b) the total value of the Contract is less than or equal to R75 000 (seventy five thousand rand) in any other case. Any lump sum benefit from a living annuity is subject to tax as determined by Schedule 2 of the Income Tax Act or any amount determined by the Minister of Finance from time to time.
12. In terms of the Applicable Legislation the investment returns (capital growth, interest and dividends) of the Living Annuity are not taxed. Tax may however be withheld on offshore Investment returns. All Your Annuity Income and cash lump sum amounts commuted by You, or a Beneficiary after Your death, will nevertheless be taxed in line with SARS requirements. The Insurer must deduct Pay As You Earn (PAYE) from the Living Annuity Income as per the PAYE tables (as amended from time to time) in terms of the Income Tax Act and assume that this is Your only income. Should You provide the Administrator with a SARS tax directive, income tax will be deducted accordingly. In the event of Your death, the market value of Your investment may be reduced by income tax (when the lump sum is elected by a Beneficiary). Income tax will be incurred when: a) a Beneficiary converts the death benefit to a cash lump sum, or b) You fully withdraw the value of Your investment as is it less than the prescribed minimum amount.
13. The tax treatment set out in this Contract is not guaranteed and is based on current general tax practice, and can be subject to change.
14. This Contract will cease on Your death or when You transfer it to another Insurer. When the total value of the Investment is less than the amount prescribed by regulatory authorities or the Applicable Legislation, such an amount, less relevant fees and charges, may be withdrawn by You. The Administrator may request that You withdraw this amount. Your Contract will cease when this happens.
15. The Living Annuity may be:
  - Transferred to another Insurer, subject to the provisions of Directive 135A (read with Directive 135) issued by the Registrar of Long-term Insurance or any replacement thereof or supplement thereto.

- Converted to a conventional life annuity administered by the Insurer or transferred to another Insurer for this purpose. The conversion is a once off and cannot be reversed. The conversion will be subject to the provisions of Directive 135 issued by the Registrar of Long-term Insurance or any replacement thereof or supplement thereto.
16. The Living Annuity may not be ceded or pledged.
  17. You may nominate one or more Beneficiary/(ies) and indicate the proportion in which they are to share the proceeds. The Beneficiary nomination must comply with the Administrator's requirements. Your Beneficiary/(ies) has no right to any benefit under the Contract while You are alive. The Administrator must receive any Beneficiary nomination or changes to this in writing while You are still alive. You need to keep Your nomination(s) up to date.
  18. The Administrator must be notified of Your death in writing. Upon the death of the Contract Holder, the Administrator will dispose of the death benefit in the following manner:
    - The full value of the Contract may be paid to a Beneficiary/(ies) elected by the Contract Holder either as an annuity (in the case of a natural person); or
    - The full value of the Contract may be paid to a Beneficiary/(ies) elected by the Contract Holder either as a cash lump sum; or
    - The full value of the Contract may be paid to a Beneficiary/(ies) elected by the Contract Holder in the form of both an annuity and a cash lump sum (in the case of a natural person); or
    - In the absence of any Beneficiary/(ies), to the deceased's estate as a lump sum payment. Any elected Beneficiary/(ies) that are legal entities or individuals acting.
  19. The minimum initial Investment amount required for the Living Annuity is one hundred thousand rand (R100 000).
  20. There is no Cooling Off Period applicable to the Living Annuity.
  21. In the event that an investment Contract is replaced (in part or in full) the Contract Holder must ensure that the implications of such a replacement, which could affect costs and consequences of the investment in a portfolio and any tax consequence, are understood. If this Contract is a replacement of an existing Contract through Your financial advisor, it is compulsory to complete the ASISA Replacement Contract Advice Record which can be found on the Website.
  22. It must be noted that the Administrator acts on behalf of the Insurer in terms of a binder and outsourcing arrangement and will communicate with You on behalf of the Insurer. The Administrator will confirm changes, provide statements and process instructions.
  23. The Administrator earns a binder and outsourcing fee from the Insurer based on the cost incurred by the Administrator to perform the activities relating to all similar Contracts and a reasonable return.
  24. In the case of unclaimed benefits the ASISA (Association of Savings and Investments South Africa) standard on unclaimed assets will be followed. A detailed copy can be found at [www.asisa.co.za](http://www.asisa.co.za). The Administrator will contact the Contract Holder or Beneficiary when they become entitled to any benefit within this Contract. The Contract Holder must at all times ensure that the Administrator has their updated contact details, as well as that of their Beneficiary. In the event that the Administrator is unable to make contact with the Contract Holder or the beneficiary, the benefit will be deemed unclaimed. The Contract Holder consents to the Administrator making use of third party resources in order to trace and contact the Contract Holder or the Beneficiary and any reasonable costs incurred in tracing the Beneficiary may be recovered from the Contract. The standard minimum tracing principles as per the ASISA guide will be followed by the Administrator.

## Communication

1. You can register for secure online Website access, which will give up to date information on the investment and transactions. Upon acceptance of the application, online access will be granted within two (2) Business Days if selected.
2. All communication and correspondence is available on the Website. It is easily retrievable to view or download by You and/or Your financial advisor.
3. You can elect to receive communication by email.
4. The Administrator will send notifications to the financial advisor upon receipt of an instruction.
5. By appointing a financial advisor You consent to them receiving all communication regarding Your investment.
6. A transaction confirmation will be sent, once the transaction has been processed.
7. Quarterly statements are available on the Website. An sms or email will be sent when quarterly statements are available on the Website depending on the notification preference.
8. The Administrator promotes environmentally friendly practices.

## Financial Advisor and Licensing

1. It is always prudent for You to obtain a financial advisor. It is Your responsibility to choose and appoint one and to negotiate fees with such a financial advisor.
2. The Administrator will only accept the appointment of a financial advisor if such advisor is a representative of a FSP that is approved by the FSCA and is appropriately licenced to render services for this product in terms of section 7(3) of FAIS and who has a service level agreement with the Administrator to act as Your appointed advisor and to earn advice fees on Your investment.
3. You can appoint a financial advisor to provide You with advice if they are authorised to do so as a representative of a Category I FSP and/or Category II FSP.
4. Should Your financial advisor be a representative of a Category II FSP, You may instruct the Administrator to accept their investment instructions as they may act as a discretionary Portfolio Manager, subject to an agreed mandate.
5. The Administrator will verify each advisor license category and underlying financial product categories with the FSCA.
6. In the event that the financial advisor is not appropriately licensed, the Administrator will not execute any instructions. Notwithstanding the above, it must be noted that the Administrator will under no circumstances be held responsible for any direct or indirect loss or damages caused.
7. The information used to verify FAIS licenses is sourced from third party providers. The Administrator makes every effort to ensure the accuracy of the information but cannot guarantee it. The Administrator will not be responsible should the information be incorrect and cause delay in executing a transaction.
8. Where You have elected not to use a financial advisor, the Administrator will not provide You with any advice. The selection of the investment will be entirely at Your discretion.
9. You will only be provided with factual information and only queries of an administrative nature will be responded to.
10. There is no guarantee of the performance or capital guarantee of the investment and the Administrator will not bear any responsibility for inadequate or insufficient advice on the investment.
11. Should You decide to remove or change Your financial advisor, this instruction must be made in writing to the Administrator. Please note that access to certain investments/solutions may be limited to certain financial advisors and by removing or changing Your financial advisor Your access to these investments/solutions may be restricted.

## Processing of Instructions

1. You must ensure that all of the instructions and supporting documentation (outlined in the Checklist) that You provide are clear and complete and in the correct form. If there are any changes to the information provided in the application form, You must initial such changes. It must be noted, however, that the Contract Holder may under no circumstances amend the application form, terms and conditions and required supporting documentation.
2. If any instruction is submitted to the Administrator, the responsibility of ensuring that such instruction was received is that of the Contract Holder and/or financial advisor. Fax confirmation receipts or e-mail delivery confirmations do not constitute proof that the instruction has been received.
3. The Administrator reserves the right to withhold the processing of any unclear, incomplete or ambiguous instructions submitted by the Contract Holder or financial advisor.

4. The Administrator will only process Your application when all required documents are received and, if applicable, the deposit reflects in the bank account. You will be notified via Your financial advisor or Your preferred communication method once Your investment is active.
5. For the latest information in regards to cut-off times for all valid investment/transaction instructions please refer to the Website.
6. All valid investment/transaction instructions received **before 2pm** on a Business Day will be **processed on the same day** and receive the **closing price of the following Business Day**. The transaction will reflect on Your statement on the third Business Day.
7. All valid investment instructions received **after 2pm** on a Business Day will be **processed on the following Business Day** and receive the **closing price of the third Business Day**. The transaction will reflect on Your statement on the fourth Business Day.
8. The Administrator will debit Your account for a once-off debit (if requested) within two (2) Business Days of receiving a valid and complete application form and supporting documents or on the date specified on the application form, and the investment instruction will be processed on the following Business Day.
9. All valid withdrawal instructions received **before 2pm** on a Business Day will be **processed on the same day** and receive the **closing price of the following Business Day**. The transaction will reflect on Your statement on the third Business Day.
10. All valid withdrawal instructions received **after 2pm** on a Business Day will be **processed on the following Business Day** and receive the **closing price of the third Business Day**. The transaction will reflect on Your statement on the fourth Business Day, provided that that fund has priced in the market.
11. The withdrawal proceeds will reflect in the Investor's bank account within a maximum of five (5) Business Days following the Business Day on which disinvestment instruction was settled by the relevant Portfolio Manager.
12. All valid switch instructions received **before 2pm** on a Business Day will be **processed on the same day** and the switch out (sell) leg will receive the **closing price of the following Business Day**. The switch in (buy) leg will be processed on the third Business Day and receive the closing price of the fourth Business Day. If You switch units, the switch out (sell) and switch in (buy) leg will not take place on the same day. The transaction will reflect on Your statement on the fifth Business Day.
13. All valid switch instructions received **after 2pm** on a Business Day will be **processed on the following Business Day** and the switch out (sell) leg will receive the **closing price of the third Business Day**. The switch in (buy) leg will be processed on the fourth Business Day and receive the closing price of the fifth Business Day. The transaction will reflect on Your statement on the sixth Business Day.
14. Please refer to the Fund List in the event that You are investing in an instrument other than a daily priced Unit Trust for the applicable timing standards.
15. The following options are available when investing:
  - Initial lump sum; or
  - Additional lump sum.
16. If You select an annual escalation of Your recurring investment, the escalation date that You select on the application will be Your Anniversary date. If no date is indicated, the date of Your initial investment will be Your Anniversary date.
17. The clearance period of direct debits is forty (40) calendar days and units bought with a once off debit, can only be redeemed after forty (40) calendar days.
18. The Administrator does not accept cash and cheques deposited directly into its bank account, cash and cheque has to be moved from the Investor's bank account either via electronic funds transfer or via direct debit.
19. No interest shall be payable by the Administrator until the expiry of the first completed Business Day after the receipt by the Administrator of the funds. After the expiry of the first completed Business Day, interest shall become payable at the call account rate advised by FNB Savings and Investments as amended from time to time. Please refer to [www.fnb.co.za/rates](http://www.fnb.co.za/rates) for the applicable interest rate.
20. When an initial investment or an additional contribution is made, the investment can be Phased-In to the selected Unit Trusts monthly over a minimum of three (3) months and a maximum of twenty four (24) months. Should the Phase-In option be selected the initial contribution must be placed in the Ashburton Money Market Fund. This is subject to the investment minimums (as per the application form) applicable at the time of the transaction.
21. In the event that a Unit Trust has a balance of fifty rand (R50.00) or less, the Administrator will switch this amount to the Unit Trust with the highest value.
22. All payments can only be made in South African rands into a South African based current or savings account held in Your name. We cannot make third party payments. All payments must be made directly to the Investor.
23. Any income distribution made within a unit trust will be automatically re-invested, net of any applicable withholding tax.
24. You are obliged to inform the Administrator of any changes with regards to bank or contact details, including postal, residential and email address, and provide, where appropriate, supporting documentation.
25. If a specific class of Unit Trust is closed or if the Administrator cannot continue to offer it, the Administrator will inform You and request a new investment instruction. If the Administrator does not receive an alternative instruction from You within thirty (30) days, the assets will be invested into the Ashburton Money Market Fund.

## Investment

1. You may select any one or a combination of the Unit Trusts made available by the Administrator as the underlying investments of this Contract. Investments are held in safe custody by a Nominee Company. The value of the investment is directly linked to the underlying investments. The value of the investment is therefore not guaranteed.
2. The market value of the investment is increased by:
  - Positive investment returns;
  - Additional contributions;
  - Allocations of dividends and interest earned.
3. The market value of the investment is reduced by:
  - Negative investment returns;
  - Any relevant fees and charges;
  - Annuity Income paid to You.
4. There is no guarantee of the performance or capital of the investment.

## Ringfencing

1. When the Administrator is notified that a Manager has Ring-fenced a sell instruction, the Administrator will cancel a sell or switch instruction. The Administrator will then resubmit Your instruction the following Business Day for trade at the price of that day. Should the instruction be Ring-fenced again, the Administrator will follow the Ring-fencing process. This means that it could take up to twenty (20) days for the proceeds to be available.
2. You hereby indemnify the Administrator from any direct special, consequential or indirect losses, cost or damages that You may suffer due to Ring-fencing.

## Model Portfolio

1. In the event that the Investor wishes to invest all or part of his/her initial investment (or any subsequent additional investments) in a Model Portfolio the following provisions shall apply:
  - A Model Portfolio is not a collective investment scheme.

- Where an Investor selects a Model Portfolio, the Investor will hold a separate portfolio of units in the underlying investments.
  - The Portfolio Manager shall be solely responsible for selecting funds which are to be included in the Model Portfolio.
2. In the event that the composition of a relevant Model Portfolio is changed, the Investor hereby authorises the Administrator to accept instructions from the Portfolio Manager.
  3. The Investor may at any time disinvestment from or switch out of the by written notice to the Administrator.

## Phase-In

1. If the Investor requests to Phase-In all or part of his/her initial investment the following will apply:
  - The Phase-in Sum shall be transferred into the Phase-In Fund no later than the Business Day following the day of the acceptance by the Administrator of the relevant instruction form.
  - The Investor acknowledges that the Administrator shall be authorised to disinvestment from the Phase-In Fund and invest in Your chosen investment Portfolio on the first Business Day of each month until Your selected number of phases have been completed.
2. In order for the first Phase-In to take place on the first Business Day of the next month, the instruction to Phase- In should be received before the scheduled cut-off date. Refer to the Events Calendar on the Website for the scheduled Phase-In cut off dates.
3. The next Phase-In amount is calculated using the latest market value of the Phase-In Fund on the remaining total balance of the Phase-In Fund (including interest & dividends where applicable and market performance) divided by the remaining number of phases left.
4. Phase-In is not possible for instruments other than a daily priced Unit Trust.

## Ashburton Money Market Fund Fee Account

1. You may allocate a portion of Your investment to the Ashburton Money Market Fund from which the Administrator will deduct the annual administration fee and advice fee.
2. Should You choose the Ashburton Money Market Fund and it does not have sufficient funds to pay fees, or You do not select a preferred fee account, the Administrator will deduct fees proportionately from the remaining Unit Trusts and/or Model Portfolio with balances.
3. For clarification, the Ashburton Money Market Fund designated for the deduction of fees and charges will be called the Ashburton Money Market Fund Fee Account. This means that You can have both the Ashburton Money Market Fund Fee Account and Ashburton Money Market Fund on Your Contract.

## Hedge Fund of Funds/Hedge Funds (“Hedge Fund(s)”)

1. In the event that an Investor wishes to invest all or part of his/her initial investment (or any subsequent additional investments) in a Hedge Fund the relevant minimums are disclosed in the Hedge Fund information sheets available on the Website. No recurring investments by way of debit order or direct debit are allowed into Hedge Funds.
2. A minimum of 2% of Your investment into a Hedge Fund will be allocated to the Ashburton Money Market Fund Fee Account from which the Administrator will deduct the annual administration fee and advice fee which is disclosed in the application form. The Administrator will switch funds from the Investor’s Portfolio on an ad hoc basis when required to provide for annual fees.
3. In the event that there are insufficient funds in the Ashburton Money Market Fund Fee Account to pay annual fees, the Administrator will redeem units proportionately from other daily priced assets in Your Portfolio with a positive balance. In the event that the Hedge Fund is the only asset in Your Portfolio with a positive balance, the relevant annual fee will accrue until such time as there are sufficient funds available in the Ashburton Money Market Fund Fee Account for the deduction of annual fees.
4. Where the Investor has selected a regular disinvestment, an initial allocation equal to the value of at least six (6) month’s expected income will be made to the Ashburton Money Market Fund Fee Account from where it can be paid. The Administrator will switch funds from the Investor’s Portfolio on an ad-hoc basis, but at least on a semi-annual basis, to provide for the income requirements irrespective of the income frequency selected.
5. In the event that there are insufficient funds in the Ashburton Money Market Fund Fee Account to pay the income amount, the Administrator will redeem units proportionately from other daily priced assets in Your Portfolio with a balance before instructing a redemption against the Hedge Fund.
6. In the event of a partial withdrawal or switch from a Hedge Fund, and the remaining balance falls below the minimum required for the relevant Hedge Fund, the Administrator may request that You switch the remaining balance as well. Failure to do so may result in the Administrator switching the remaining balance to the Ashburton Money Market Fund Fee Account.
7. The Hedge Fund trades **once a month on the last Trading Day** of the month. **A Notice Period** equal to **one calendar month** applies to withdrawals.
8. Contributions or switch proceeds will be held in a bank account until it is invested in the Hedge Fund. Interest that may be payable will be allocated to the Unit Trust with the highest value. Should Your Portfolio consist of a Hedge Fund only, interest will be allocated to the Hedge Fund on the Trading Day following the Trading Day on which the investment into the Hedge Fund is completed.
9. All valid investment instructions received **before 2pm at least 6 Business Days prior** to the last Business Day of a month will be **processed on the same day** and receive the month-end unit price determined within the first 10 Business Days after month-end. The transaction will reflect on Your statement on the **13th Business Day of the following month**. The investment will be completed in the month following the month in which the instruction was successfully submitted.
10. All valid investment instructions received **after 2pm 6 Business Days or less prior** to the last Business Day of a month will be **processed on the same day** and receive the month-end unit price determined within the first 10 Business Days after month-end of the following month, i.e. one calendar month later. The transaction will reflect on Your statement on the **13th Business Day of the following month**. The investment will be completed in the 2nd month following the month in which the instruction was successfully submitted.
11. All valid withdrawal instructions received **before 2pm at least 6 Business Days prior** to the last Business Day of a month will be **processed on the same day** and the following month will serve as the Notice Period. The withdrawal will receive the month-end unit price determined within the **first 10 Business Days of the month following** the Notice Period. The transaction will reflect on Your statement on the **13th Business Day of the following month**. The withdrawal will be completed in the 2nd month following the month in which the instruction was successfully submitted.
12. All valid withdrawal instructions received **after 2pm 6 Business Days or less prior** to the last Business Day of a month will be **processed on the same day** but be rolled over to the next month and the following month will serve as the Notice Period. The withdrawal will receive the month-end unit price determined within the **first 10 Business Days of the month following** the Notice Period. The transaction will reflect on Your statement on the **13th Business Day of the following month**. The withdrawal will be completed in the 3rd month following the month in which the instruction was successfully submitted.
13. The withdrawal proceeds will reflect in the Investor’s bank account within a **maximum of 14 Business Days of the month following the Notice Period**.
14. All valid instructions to switch into the Hedge Fund received **before 2pm at least 8 Business Days prior** to the last Business Day of a month will be **processed on the same day**. The switch out (sell) leg will receive the closing price of the following Business Day and the switch in (buy) leg into the Hedge Fund will receive the month-end unit price determined within the **first 10 Business Days after month-end**. The transaction will reflect on Your statement on the **13th Business Day of the following month**. The switch will be completed in the month following the month in which the instruction was successfully submitted.
15. All valid instructions to switch into a Hedge Fund received **after 2pm 8 Business Days or less prior** to the last Business Day of a month will be **processed on the following Business Day**. The switch out (sell) leg will receive the closing price of the 3rd Business Day and the switch in (buy) leg into the Hedge Fund will receive the month-end unit price determined within the **first 10 Business Days after month-end of the following month**. The transaction will reflect on Your statement on the **13th Business Day of the following month**. The switch will be completed in the **2nd month** following the month in which the instruction was successfully submitted.

16. All valid instructions to switch out of a Hedge Fund received **before 2pm at least 6 Business Days prior** to the last Business Day of a month will be processed on the same day and the following month will serve as the Notice Period. The switch out (sell) leg will receive the month-end unit price determined within the **first 10 Business Days of the month following** the Notice Period and the switch in (buy) leg will receive the closing price of the **13th Business Day of the month following** the Notice Period. The transaction will reflect on Your statement on the 15th Business Day of the month following the Notice Period. The switch will be completed in the **2nd month** following the month in which the instruction was successfully submitted.
17. All valid instructions to switch out of a Hedge Fund received **after 2pm 6 Business Days or less prior** to the last Business Day of a month will be processed on the same day but be rolled over to the next month and the following month will serve as the Notice Period. The switch out (sell) leg will receive the month-end unit price determined within the **first 10 Business Days of the month following** the Notice Period and the switch in (buy) leg will receive the closing price of the **13th Business Day of the month following** the Notice Period. The transaction will reflect on Your statement on the 15th Business Day of the month following the Notice Period. The switch will be completed in the **3rd month** following the month in which the instruction was successfully submitted.
18. Investments cannot be Phased-In into a Hedge Fund.

## Hedge Fund Risk Disclosure

### 1. Specific Risk Factors

- 1.1 This document sets out certain risks peculiar to the South African investment market and any alternative investment strategies that the hedge fund manager may employ in achieving the investment objectives of the Portfolio.
- 1.2 The risks set out below are the risks which are considered to be material but are not the only risks relating to the Portfolio. There may be additional risks that the Portfolio does not currently consider to be material or of which the Portfolio is not aware. Accordingly, this risk disclosure statement is simply a summary of perceived risks and is not comprehensive.
- 1.3 Investment in the Portfolio carries a high degree of risk. An investment in the Portfolio may not be appropriate for all Investors and is only suitable for Investors who fully understand and are capable of bearing the risk of an investment in the Portfolio. In view of the risks noted below, Investors should invest in the Portfolio only if they can sustain a substantial loss of their investment.
- 1.4 Prospective Investors should carefully consider the risks listed below before investing, and whether such type of investment is suitable for them in light of their financial circumstances and financial resources. Prospective Investors should, in making their investment decision, also consult their own legal, tax and financial advisers as to all of these risks and their investment in the Portfolio.

### 2. Nature of Investments and Exchange Control

South African securities involve certain factors not typically associated with investing in more established securities markets including risks, without limitation, relating to currency exchange matters, including fluctuations in the rate of exchange between the United States Dollar or other currencies (as the case may be) and the Rand (and costs associated with conversion of investment principal and income from one currency into another), potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital, and the possible imposition of withholding taxes on income received from or gains with respect to any investment.

### 3. South African Regulatory Regime

Legal, tax and regulatory changes could occur during the term of the Investor's investment in the Portfolio that may adversely affect it. The effect of any future legal, tax and regulatory change or any future court decision the Portfolio could be substantial and adverse. The current South African regulatory regime requires that the Portfolio Manager and any other intermediaries be licensed. Furthermore, the Financial Services Board has certain powers if the Portfolio Manager contravenes any Applicable Legislation.

### 4. Leverage

The Portfolio may use leverage techniques from time to time to purchase or carry investments. The interest expense and other costs incurred in connection with such leverage or borrowing may not be recovered by an appreciation in the investments purchased or carried. Gains realised with leveraged investments may cause the underlying fund's net asset value to increase at a faster rate than would be the case without leverage. If, however, investment results fail to cover the cost of leverage or borrowings, the Portfolio's net asset value could also decrease faster than if there had been no leverage or borrowings. Because of the leveraged nature of certain of the investments, a relatively small movement in the market price of traded instruments may result in a disproportionately large profit or loss. The degree to which leverage may be employed in the Hedge Fund Portfolio will be limited by the terms of this mandate. The limits laid down by this mandate should be carefully reviewed in making an investment decision.

### 5. Lack of Diversification

To the extent the Portfolio Manager recommends the concentration of the Portfolio's investments in a particular issuer, the Portfolio may become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular issuer.

### 6. The Client may be Caught in a Liquidity Squeeze

Given their short term nature, Portfolio Manager may disinvest from or close certain positions quickly and efficiently, but market liquidity is not always stable, and if liquidity were to decrease suddenly, Portfolio Manager might be unable to disinvest from or close such positions rapidly or at a good price, which may lead to losses.

### 7. Reliance on Management

The continued success of the Portfolio will depend, in large part, upon the skill and expertise of the management of the Portfolio Manager and its ability to successfully implement the Portfolio's investment strategy. There is no assurance that the principals or other key members of the Portfolio Manager's management will continue to be employed by the Portfolio Manager for any period. In the event of the death, disability or departure of any of such individuals, the business and the performance of the Portfolio may be adversely affected.

### 8. Derivative Instruments

The Portfolio may use various derivative instruments primarily for both investment and hedging purposes. Many derivative instruments may also be challenging for the Portfolio Manager to administer and account for properly. All instruments are objectively and independently valued. Use of derivative instruments presents various risks which include the following:

- 8.1 Tracking - When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Portfolio from achieving the intended hedging effect or expose the Portfolio to the risk of loss.
- 8.2 Liquidity - derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Portfolio may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Portfolio may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Portfolio to the potential of greater losses.
- 8.3 Leverage - Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Portfolio and could cause the Portfolio's net asset value to be subject to wider fluctuations than would be the case if the Portfolio did not use the leverage feature in derivative instruments.
- 8.4 Over-the-Counter Trading - derivative instruments that may be purchased or sold by the Portfolio may include Instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Portfolio can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. Heavy reliance on "over-the-counter" derivatives could result in an increase in counterparty risk.

### 9. Unlisted Instruments

Unlisted instruments might be valued incorrectly. The Portfolio Manager may invest in unlisted instruments where a market value is not determined by willing buyers and sellers. The Portfolio Manager may have to estimate the value of such instruments, and these estimates may be inaccurate, leading to an incorrect impression of the Portfolio's value. Objective valuations are performed for all instruments and the Manager utilises the services of a competent administrator.

## **10. Effect of Substantial Withdrawals**

In the event that there are substantial withdrawals of contributions by Investors in the Portfolio it may be more difficult for the Portfolio to maintain its proposed investments or for the Portfolio to generate the same level of profits operating on a smaller capital base. In the event that there are substantial withdrawals of contributions by Investors on any date, the Portfolio Manager may find it difficult to adjust its investment strategies to the suddenly reduced amounts of assets under management. Under such circumstances, in order to provide sufficient funds to pay the relevant withdrawals, the Portfolio Manager might advise the liquidation of positions at an inappropriate time or on unfavourable terms.

## **11. Short Sales**

The Portfolio may sell securities short. Selling securities short creates the risk of losing an amount greater than the amount invested. Short selling is subject to the theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. A short sale may result in a sudden and substantial loss if, for example, an acquisition proposal is made for the subject company at a substantial premium over market price. In addition, the supply of securities which can be borrowed fluctuates from time to time. The Portfolio may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Portfolio is otherwise unable to borrow securities which are necessary to hedge its positions.

## **12. Unexpected Volatility or Liquidity**

12.1 The success of any investment activity is influenced by general economic conditions including, but not limited to, changing supply and demand relationships, government trade and fiscal policies, national and international political and economic events and changes in exchange rates and interest rates, that may affect the level and volatility of equity prices and the extent and timing of Investor participation in the markets for both equity and interest-rate-sensitive securities. Unexpected volatility or liquidity in the markets in which the Portfolio directly or indirectly holds positions could impair the Portfolio's ability to carry out its business and could cause the Portfolio to incur losses by making it difficult to acquire or dispose of shares at the prices quoted on the various exchanges or at normal bid/offer spreads quoted off exchange. These and other factors mean that there can be no assurance that trading in the markets will be profitable.

12.2 If the market moves against the Portfolio's position, the Portfolio may, in a relatively short time, sustain more than a total loss of the Portfolios placed by way of margin or deposit. The Portfolio may be required to deposit a substantial additional sum, at short notice, to maintain its margin balances. If the Portfolio does not maintain its margin balances its position may be closed out at a loss and the Portfolio will be liable for any resulting deficit.

## **13. Counterparty Risk**

The ability of any counterparty to meet its obligations in terms of its contractual arrangements with the Portfolio Manager and the Portfolio Manager's ability to enforce any claim that it may have in respect of any defaulting counterparty will be subject to matters relating to, inter alia, solvency of the defaulting counterparty, the nature of the contractual arrangements between the parties, whether the defaulting counterparty has tendered any security for its obligations to the Portfolio Manager and practical and substantive risks associated with the South African judicial system.

## **14. Right to Suspend Trading**

Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Portfolio or an underlying investment to liquidate positions and accordingly, could expose the Portfolio to losses.

## **15. Currency Risk**

To the extent any investment is denominated in a currency other than South African Rand, it should be remembered that changes in rates of exchange between currencies may cause the value of any Investment to diminish as well as increase.

## **16. Trading Risk**

16.1 Substantial risks are involved in the trading of equity securities and equity related securities. Market movements can be volatile and are difficult to predict. Politics, recession, inflation, employment levels, trade policies, international events, war and other unforeseen events can also have significant impact upon the prices of securities. Such events, which may result in high market movements and volatile market conditions, create the risk of significant losses for the trading entities in which the Portfolio will invest. The profitability of the Portfolio depends on the ability of the Portfolio Manager to analyse correctly the markets in which the Portfolio trades. These are influenced by many factors including (without limitation), world political and economic events, changes in interest rates, and supply and demand factors. Accordingly, the investments are subject to the general volatility and swings of all securities, bonds, money and other markets and a relatively small price movement may result in substantial losses. At various times, the markets for such securities may be "thin" or illiquid, making purchases or sales of securities at desired prices or in desired quantities difficult. In addition, options prices are extremely volatile. The value and volatility of trading in these markets depends in part on general public interest and public opinion concerning economic conditions as well as the liquidity provided by market-makers and specialists. The liquidity of the market may also be affected by a halt in trading on a particular futures or securities exchange or exchanges.

16.2 Where permitted, placing a stop-loss order will not necessarily limit your losses to the intended amounts as market conditions may make it impossible to execute such orders at the stipulated price.

16.3 A spread or straddle position may be as risky as a simple long or short position and can be more complex.

16.4 The Portfolio Managers may invest in low-grade bonds and other fixed interest investments. These investments are more likely to suffer from defaults on interest or capital. They are also more likely to have volatile valuations when the market changes its view on credit risk. The mandate will limit the extent (i.e. lowest acceptable rating and maximum percentage exposure) to which low grade debt can be acquired by the Client.

## **17. Lack of Limitations**

17.1 There is no limitation on the size, operating experience or (subject to applicable law) geographical location of the companies in which the Portfolio may invest. Some small companies in which investments may be made may lack management depth or the ability to generate internally or obtain externally the Portfolios necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialise. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

17.2 At any given time, the Portfolio may have significant investments in smaller and medium-sized capitalised companies of a less seasoned nature than so-called "blue chip" companies, whose securities are traded privately or in the over-the-counter market. These "small cap" or "mid cap" securities often involve significantly greater risks than the securities of larger, better-known companies. Additionally, the securities of such companies may be subject to more volatility and may be more likely to be thinly traded, increasing the risk that the Portfolio may not be able to dispose of any securities at the time the Portfolio Manager deems best. Careful analysis and study of these companies and their prospects may reduce the risk of an investment having a negative outcome, but an unexpected development affecting a company or the industry or an economic downturn, might result in a particular investment sustaining a loss which could adversely affect the value of the Portfolio.

## **18. Legal Requirements**

18.1 The Portfolio must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the life of the Portfolio, the legal requirements to which the Portfolio and the Investors in the Portfolio may be subject could differ materially and adversely from current requirements. Any change in the Portfolio's tax status or in taxation legislation could affect the value of the investments held by the Portfolio, affect the Portfolio's ability to provide returns, or alter the post-tax returns. It is recommended that an Investor seek advice from his tax adviser before making an investment in the Portfolio as to the potential tax consequences of such an investment.

18.2 The Portfolio makes no representation, gives no warranty or undertaking, express or implied, and takes no responsibility for the tax treatment of the Investors. Investors should consult their professional advisers with regard to their tax positions.

## **19. Performance-Based Fee**

The existence of the Portfolio Manager's performance fee or performance participation, as the case may be, may create an incentive to make investments that are more speculative than would be the case in the absence of such a performance-based payment.

## 20. Failure of the Prime Broker

The Portfolio may from time to time appoint a prime broker. In such event, the Portfolio's prime broker may provide a financing service to the Portfolio, whereby any shortfall in the financing of the Portfolio's assets is provided by the prime broker. Any such financing will be collateralised from the assets of the Portfolio. However, unlike a normal borrowing situation, the prime broker takes physical delivery of the Portfolio's assets and is permitted to deal with them for its own account. The Portfolio's assets are therefore treated as being indistinguishable from the assets of the prime broker and are not segregated as client money or assets. In the event of the insolvency of the prime broker, the assets of the Portfolio that are held as collateral against money owed to the prime broker, are completely exposed to the prime broker's creditors. In such instances, any action by the prime broker's creditors may lead to the closing out of positions without the consent of the Portfolio Manager and at a loss.

## 21. Trading Costs might be High

The Portfolio may engage in a high rate of trading activity resulting in correspondingly high costs being borne by the Portfolio. Given the often short term nature of investment positions, the Portfolios financial instruments are often traded more aggressively. This implies more stock-broking commission and charges being paid from the Portfolio, which is ultimately for the client's account.

## 22. The Manager may be Conflicted

The Portfolio Manager might be managing other Hedge Fund Portfolios or other traditional investment funds. The Investor should ensure that sufficient controls are in place to manage any conflicts of interest between the different funds.

## 23. Substantial Fees and Expenses

The expenses, to which the Portfolio will be subject, excluding performance fees payable due to appreciation of the Portfolio's assets, could be substantial. Fund structure fees may be significantly higher than the fees charged on traditional investment funds.

## 24. Transparency might be Low

A Hedge Fund Manager's performance is often the result of unique proprietary strategies or contrarily investment positions. For obvious reasons, managers will want to keep these confidential. Managers are therefore less likely to disclose trades to their Investors, and holdings might be disclosed only in part or with a significant delay.

## 25. Dealing and Reporting might be Infrequent

The Portfolio Manager's performance can be disturbed by irregular cash flows into or out of the Hedge Fund structure. For this reason, the Portfolio Manager may limit the frequency of investments and withdrawals. Similarly, the Portfolio Manager may choose to report infrequently on performance and other statistics. Investors should ascertain, prior to investing, the nature and frequency of reporting.

## 26. Experienced Investors

While investment in the Portfolio does offer the potential of high returns, it also involves a correspondingly high degree of risk and is only considered appropriate for sophisticated or professional Investors who can afford the risk associated with the Portfolio. Each potential Investor in the Portfolio must have enough knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of such an investment. Each Investor represents that he satisfies these and other criteria set forth herein.

## 27. Manager Accountability may be Vague

The Portfolio managed by specific individuals will ensure that sufficient controls are in place for the times when the Portfolio Manager is being covered for by colleagues. In addition, the Portfolio, its Manager, Portfolio Manager and/or advisers may rely on the trading and/or investing expertise and experience of third-party Managers or advisers, the identity of which may not be disclosed to Investors. This constitutes an additional risk for Investors, which they must take into account.

The risks identified in this section are not intended to be exhaustive and applicable in all circumstances and, where appropriate, Investors should consult their own legal, tax and financial advisers to identify all the risks inherent in investment in the Portfolio.

## Personal Share Portfolio

- In the event that the Investor wishes to invest all or part of his/her initial investment (or any subsequent additional investments) in a PSP the following provisions shall apply:
  - Only lump sum investments that meet the relevant minimum amounts will be accepted. Relevant minimums are disclosed in the PSP fact sheets available on the Website.
  - A PSP is not a collective investment scheme.
  - Where an Investor selects a PSP, the Investor will hold a Portfolio of listed securities and instruments which may include shares, property, bonds and money market instruments.
  - In the case of a segregated PSP, the Portfolio Manager shall be solely responsible for selecting securities and instruments which are to be included in the Portfolio. The management of a Portfolio will be governed by a discretionary portfolio management agreement.
  - In the case of a bespoke PSP, the Investor and/or his/her FSP shall be solely responsible for selecting securities and instruments which are to be included in the Portfolio. In the event that the composition of a relevant PSP is changed, the Investor hereby authorises the Administrator to accept instructions from the Portfolio Manager. The Investor may at any time withdraw from or switch out of the PSP by written notice to the Administrator.
- A minimum of 2% of Your investment into a PSP will be allocated to the Ashburton Money Market Fund Fee Account from which the Administrator will deduct the annual administration fee and advice fee which is disclosed in the application form. The Administrator will switch funds from the Investor's PSP on a semi-annual basis to provide for the annual fee requirements.
- Where the Investor has selected a regular disinvestment, an initial allocation equal to the value of at least six (6) month's expected income will be made to the Ashburton Money Market Fund Fee Account from where it can be paid. The Administrator will switch funds from the Investor's PSP on a semi-annual basis to provide for the income requirements irrespective of the income frequency selected.
- In the event that there are insufficient funds in the Ashburton Money Market Fund Fee Account to pay annual fees or meet to income requirements, the Administrator will redeem units proportionately from other assets in Your investment before instructing redemption against the PSP.
- In the event of a partial withdrawal or switch from a PSP, and the remaining balance falls below the minimum required for the relevant PSP, the Administrator may request that You switch the remaining balance as well. Failure to do so may result in the Administrator switching the remaining balance to the Ashburton Money Market Fund Fee Account.
- The Administrator will request the Portfolio Manager to pay any taxes on Your behalf from the PSP.
- The Portfolio Manager will only act upon instructions from the Investor for bespoke PSP's.
- Detailed statements will be available from the Portfolio Manager. Such PSP statements may exclude the annual administration fee, annual advice fee and tax that has not been collected from the PSP.

## eBucks

- By virtue of having a Horizon Series Unit Trust under Your Living Annuity You may automatically qualify and be eligible to become an eBucks member under the eBucks rewards programme.
- You will not become liable for any additional costs, fees or expenses associated with Your eBucks membership and/or the eBucks rewards programme.
- This Contract must be read in conjunction with the eBucks rewards programme terms and conditions which are available on the eBucks website (<https://www.ebucks.com/web/eBucks/legal/termsandconditions>).

## Fees and Charges

1. There are fees involved with investing. These fees exclude VAT, unless stated otherwise.
2. When a fee or charge is levied against the underlying investments of the Contract of Your choice of Unit Trusts, their associated class will determine certain aspects of the fee structure as outlined in the fee quotation.
3. The total initial advice fee payable must not exceed the maximum of 3% (excluding VAT) irrespective of how many financial advisors are involved. The total on-going advice fee payable must not exceed the maximum of 1% (excluding VAT) irrespective of how many financial advisors are involved.
4. Where applicable, these fees and charges are levied proportionately across the Portfolio in the Contract. You may choose to have Your annual administration and annual advisor fees deducted from Your Ashburton Money Market Fund Fee Account. If the preferred fee Unit Trust does not have sufficient funds to pay the fees the Administrator will deduct fees proportionately from the remaining Portfolio.
5. The types of fees that may be deducted from Your Contract on an initial and annual basis are:
  - Administration fees;
  - Model Portfolio fees (if applicable); and
  - Financial advisor fees.
6. Initial fees are deducted before the investment of the contribution is made.
7. If the Manager of Your chosen Unit Trust fund charges an initial fee to invest in its funds, the Manager may deduct this fee before purchasing units in the fund.
8. The Administrator charges an annual platform administration fee on all funds and Personal Share Portfolios. Platform administration fees may be levied on solutions managed by third party Managers depending on Your selection of Unit Trusts. Platform administration fees are charged on a tiered sliding scale. The average platform administration fee may differ from Contract Holder to Contract Holder according to the chosen range of funds and total amount invested.
9. The Administrator aggregates Your total investments on the platform across all products on the daily closing values and then applies the tiered scale. An average fee percentage is then determined based on the tiered scale. This percentage is then used to accrue the actual fee on a only on a daily basis as per above.
10. All annual fees are accrued daily, based on the market value of the Unit Trust at the end of the previous Business Day.
11. The fee accrual period is not fixed and the accrual start date may vary from month to month. Refer to the Events Calendar on the Website for monthly fee accrual periods.
12. The investment management fee, which is determined by the Manager, is not recovered from the Contract, but directly from the Unit Trust and is included in the published unit price. The investment management fee may be fixed and/or performance related. Please refer to the relevant Unit Trust fund fact sheets (minimum disclosure document) and the Fund List for more details.
13. Investment management fees and any applicable Rebates shall be set out in the Fund List available on the Website.
14. You and Your financial advisor may agree on an annual financial advisor fee (as indicated in the application form or any other written communication acceptable to the Administrator). Depending on the class of Your chosen Unit Trust, an amount equal to the financial advisor fees is either: a) deducted by selling units from the Unit Trusts underlying the investment account or b) included in the published unit price of the Unit Trust. These fees are paid to the financial advisor monthly in arrears.
15. On-going advice fee as agreed between You and Your financial advisor will be levied as a cost against Your investment in terms of the product rules. You may elect to cancel the advice fee this should be communicated in writing detailing the termination of the relationship with the financial advisor.
16. If the Manager of Your chosen Unit Trust charges an exit fee, the proceeds of the sale of any units will be reduced by the exit fee.
17. In exceptional circumstances where Rebates are earned in excess of the platform administration fee, such Rebate will be retained by the Administrator. Refer to the Fund List for funds where this applies.

## Fund List

1. Investors can invest in funds listed on the Fund List.
2. Unit Trusts listed on the Fund List may preclude certain investors. Investor should liaise with a financial advisor in respect of the availability and suitability of the inclusion of any particular funds in the Portfolio.
3. The Fund List contains detailed information regarding fund minimums, restrictions and applicable fee disclosures.
4. The latest Fund List is available on the Website, from Your financial advisor or our client services team.

## Confidential Information

1. You consent to the Administrator processing Your personal information and making Your personal information available to third party providers subject to the Applicable Legislation and scope of each Transaction. For the purposes of this Contract, Silica, the Administrator and the FirstRand Group will have access to Your information.
2. Silica, on behalf of the Administrator collects information from You directly; from Your usage of our products and services; from Your engagements and interactions with us; from public sources and from third parties.
3. Your information will be confidential and will only be processed if You consented thereto; it is necessary to conclude or perform in terms of a Contract with You; the law requires it or Your, our or a third parties lawful interest is being protected or pursued.
4. Silica, the Administrator and the FirstRand Group may process Your information. Information includes amongst others information regarding marital status, national origin, age, language, birth, education, financial, identifying number, email address, physical address, telephone number, online identifier, biometric information and Your name.
5. The processing of information includes the collection, storage, updating, use, making available, sharing or destruction thereof.
6. Silica, the Administrator and the FirstRand Group may process Your information for the following reasons (amongst others):
  - To comply with legislative, regulatory, risk and compliance requirements (including directives, sanctions and rules), voluntary and involuntary codes of conduct and industry agreements or to fulfill reporting requirements and information requests;
  - To detect, prevent and report theft, fraud, money laundering and other crimes;
  - To enforce and collect on any agreement when You are in default or breach of the agreement terms and conditions, like tracing You or to institute legal proceedings against You;
  - To conduct market and behavioral research, including scoring and analysis to determine if You qualify for products and services;
  - To develop, test and improve products and services for You;
  - For historical, statistical and research purposes;
  - To process payment instructions like a debit order;
  - To manage and maintain Your accounts or relationship with Silica, the Administrator and FirstRand Group;
  - To enable Silica, the Administrator and the FirstRand Group to deliver documents or notices to You;
  - For security, identity verification and to check the accuracy of Your information;
  - To communicate with You and carry out Your instructions and requests;
  - For customer satisfaction surveys, promotional and other competitions.
7. Silica, the Administrator and the FirstRand Group may share Your information with the following persons (amongst others) who have an obligation to keep Your information secure and confidential:



- Attorneys, tracing agents, debt collectors and other persons that assist with the enforcement of agreements;
  - Payment processing services providers, merchants, banks and other persons that assist with the processing of Your payment instructions;
  - Law enforcement and fraud prevention agencies and other persons tasked with the prevention and prosecution of crime;
  - Regulatory authorities, governmental departments, local and international tax authorities and other persons that Silica, the Administrator and the FirstRand Group under the law have to share Your information with;
  - Silica, the Administrator and the FirstRand Group service providers, agents and sub-Contractors like couriers and other persons that Silica, the Administrator and the FirstRand Group use to offer and provide products and services to You;
  - Persons to whom Silica, the Administrator and the FirstRand Group cede their rights or delegate their obligations to under agreements.
8. Silica the Administrator and the FirstRand Group can process Your information outside of the borders of South Africa, according to the safeguards and requirements of the law. The person processing Your information will apply the same level of protection as required in South Africa.
  9. Silica, the Administrator and the FirstRand Group may process Your information using automated means (without human intervention in the decision making process) to make a decision about You or Your application for any product or service. You may query the decision made about You.
  10. You have the right to access the information Silica, the Administrator and the FirstRand Group has about You by contacting us at [compliance@ashburtoninvestment.co.za](mailto:compliance@ashburtoninvestment.co.za).
  11. You have the right to request us to correct or delete the information have about You if it is inaccurate, irrelevant, excessive, out of date, incomplete, misleading, obtained unlawfully or no longer authorised to be kept.
  12. You may object on reasonable grounds to the processing of Your information in general or for the purposes of direct marketing. You may not object to the processing of Your information if You have provided consent or legislation requires the processing. You must inform us of Your objection at [compliance@ashburtoninvestment.co.za](mailto:compliance@ashburtoninvestment.co.za).
  13. You have the right to withdraw Your consent which allows us to process Your information.
  14. You have the right to file a complaint with the information regulator about an alleged contravention of the protection of Your information.
  15. You can refer to our privacy policy on the Website for more information on our privacy practices.

## Sanctions

The Administrator is obliged to stop or prevent any breach of anti-money laundering, counter financing of terrorism or economic or trade sanctions laws or regulations, be they local, international or voluntarily subscribed to by the FirstRand Group. The Administrator in its reasonable discretion can, without limiting its authority to take any other measures it considers necessary, do any of the following things if it considers it is necessary to do so in terms of the obligations or commitments included below:

- Verify the identity of any Investor as well as that of any persons (whether natural or juristic) related to or acting on behalf of or involved with such Investor. This includes, but is not limited to, mandated persons, trustees, directors, signatories, shareholders and related entities. This may be done before the initiation of any contractual relationship and as often as is legally required thereafter by the Administrator or such other entity appointed by the Administrator to perform such a function;
- Refuse to do business with any Investor that it considers to be undesirable;
- Will not willingly and knowingly do business with, or facilitate payments on behalf of, any Investor included on any sanction lists as prescribed by legislation or used by the Administrator in the management of its risk, or that is linked to any person included in such sanction lists, or who is linked to any countries that are subject to sanctions or the government agencies of such sanctioned countries;
- End its relationship with an Investor;
- Monitor any transactions and instructions;
- Request further information before acting on any instruction and/or transaction;
- Verify any transaction, instruction or recipient before processing such transaction or instruction which may result in a delay in the Administrator carrying out the instruction or transaction;
- Refuse to carry out any instruction or transaction; and
- Place a hold on any investment.

The Administrator shall not be liable for any loss or damage of whatsoever nature suffered by any person and arising from such a refusal to do business (including making a payment) with an Investor pursuant to the above. Authorities may require the disclosure of information related to the Contract arising out of or in connection with anti- money laundering, counter- terrorism financing, or economic or trade sanctions laws or regulations and such disclosure by the Administrator will not be a breach of any duty of confidentiality owed by the Administrator to the Investor.

## FATCA and Other Foreign Tax Reporting Obligations

FATCA was passed into US law on 18th March 2010 as part of the Hiring Incentives to Restore Employment Act. FATCA targets tax non-compliance by United States ("U.S.") taxpayers with foreign accounts, its primary aim is to reduce the levels of tax avoidance by U.S. citizens and entities through Foreign Financial Institutions ("FFI"). In addition to FATCA, the Organisation for Economic Co-operation and Development's ("OECD") Common Reporting Standard ("CRS") multilateral agreement has been signed by SARS and implemented in 2016. The CRS imposes similar identification and reporting requirements on FFI's as FATCA, with a focus on all other foreign account holders and foreign controlling persons. The Administrator is a registered FFI with the Internal Revenue Services ("IRS") and is required to comply with FATCA and the CRS. As a result, we are obliged to report to SARS on all accounts maintained by us on behalf of account holders who are deemed to be resident in the U.S or any other foreign jurisdiction for any tax in said jurisdictions at the end of each tax year as provided for in the Intergovernmental agreement between the IRS and SARS and the CRS.

## Complaints

1. You are entitled to contact the Administrator to complain if You are not satisfied with the administration of Your investment or services provided by contacting the client services team. The Administrator will follow the complaints resolution process when investigating Your complaint. A copy of the process is available on the Website.
2. You may contact the compliance department if You are not satisfied with the outcome of the complaints resolution process, or You may contact the FAIS Ombud or the Long-Term Insurance Ombud.

## Contact Details

### Administrator

4 Merchant Place, 1 Fredman Drive, Sandton 2196, South Africa  
PO Box 653780, Benmore 2010, South Africa

### Client Services Team

Telephone number: 0860 274 287  
Email: Instructions and queries can be emailed to the email address provided on Your application form and welcome letter.  
Website: The Website provided to You in Your application form and welcome letter.

### Compliance Department

E-mail address: investmentcomplaint@fnb.co.za  
Postal address: PO Box 653780, Benmore, 2010

### FirstRand Life Assurance Limited

Insurer and Underwriter  
Long-term Licence No. 00102/001, Reg. No. 2014/264879/06.  
E-mail address: fnblife@fnb.co.za  
Address: 3<sup>rd</sup> Floor, 5 First Place, BankCity, 9 Kerk Street, Johannesburg, 2001  
P.O. Box 1153, Johannesburg, 2000  
Telephone number: +87 (0) 736 7774

### Compliance officer

Telephone number: +87 (0) 736 7774  
E-mail address: lifecompliance@fnb.co.za

### Ombud for FAIS

Telephone number: +27 (0) 12 470 9080  
Facsimile number: +27 (0) 12 648 3447  
E-mail address: info@faisombud.co.za  
Postal address: PO Box 74574, Lynnwood Ridge, 0040

### Ombud for long-term insurance

Telephone number: +27 (0) 21 657 5000  
Facsimile number: +27 (0) 21 674 0951  
E-mail address: info@faisombud.co.za

## Definitions

**“Administrator”** means FNB Investor Services Proprietary Limited, registration number 2011/139123/07, an authorised administrative financial services provider (“FSP”) in terms of FAIS and Administrator of this Contract with FSP number 44341. The Administrator is part of the FirstRand Group.

**“Anniversary Date”** means the date on which the Contract commenced. In the event that the Contract resulted from a transfer, the Anniversary Date will be the same as before the transfer.

**“Annuity Income”** means the regular income payable to the Contract Holder. For the avoidance of doubt, the income referred to is income before income tax is deducted.

**“Applicable Legislation”** means in relation to this investment, including but not limited to:

- Financial Advisory and Intermediaries Services Act No. 37 of 2002 (“FAIS”);
- Financial Intelligence Centre Act No. 38 of 2001 (“FICA”);
- Collective Investments Schemes Control Act No. 45 of 2002 (“CISCA”);
- Foreign Account Tax Compliance Act (“FATCA”);
- Electronic Communications and Transactions Act 25 of 2002 of South Africa (“ECT”);
- Income Tax Act No. 58 of 1962 (“Income Tax Act”);
- Prevention of Organised Crime Act No. 121 of 1998 (“POCA”);
- Protection of Constitutional Democracy against Terrorist and Related Activities Act No. 33 of 2004 (“POCDATARA”);
- Protection of Personal Information Act No. 4 of 2013 (“POPI”);
- Exchange Control Regulations;
- Long-term Insurance Act No. 52 of 1998 (“LTIA”);
- Insurance Act No. 18 of 2017 (“IA”); and
- Financial Sector Regulation Act No. 9 of 2017 (“FSR”).

and/or any other applicable enacted legislation and regulations which may be replaced or amended from time to time.

**“ASISA”** means the Association for Savings and Investments South Africa.

**“Beneficiary”** a person nominated to receive payment of the benefit on Your death.

**“Business Day”** means any day other than a Saturday, Sunday or South African public holiday. Day and Business Day have the same meaning except where calendar days are referred to in the context of cancelling Your Contract.

**“Checklist”** means the document on the Website requesting the Investor’s documentation as required in terms of FICA, in order for the Administrator to complete its internal due diligence processes.

**“Commencement Date”** means the date on which the Administrator satisfies itself that all the requirements pertaining to the Contract have been met and notifies the Investor that the investment is open.

**“Contract”** means collectively, these terms and conditions, the completed application forms, all the documents as per the Checklist and all other instructions which You provide to the Administrator.

**“Events Calendar”** means the document on the Website which refers to business and operational events which may affect the timeline of an Investor’s instruction.

**“FSCA”** means the Financial Sector Conduct Authority an independent agency established by the FSR to oversee the South African financial services industry in the public interest.

**“Fund List”** means the list of Unit Trusts provided to You and/or Your financial advisor to assist with Unit Trust selection, listing all the Unit Trusts available to Investors by the Administrator, published by Administrator from time to time and updated on the Website.

**“Insurer”** refers to FirstRand Life Assurance Limited, a registered long-term insurer and underwriter of this Contract. The Insurer is part of the FirstRand Group.

**“Investor”/“Contract Holder”/“You(r)”** means the legal owner of the Contract.

**“Living Annuity”** means the FNB Living Annuity and is the legal Contract that governs the relationship between You, the Administrator and the Insurer issued by the Insurer in terms of the LTIA.

**“Manager”** means the company that administers the Portfolio(s) of a Collective Investment Scheme/Unit Trusts in terms of CISCA.

**“Model Portfolio”** means a pre-determined selection of Unit Trusts administered by the Administrator and managed by a Portfolio Manager to meet the investment objectives specified for that Model Portfolio.

**“Nominee Company”** means the independent company approved by the FSCA that holds the assets in safe custody on behalf of Investors.

**“Notice Period”** means one calendar month during which notice is given to withdraw from a Hedge Fund of Funds and Hedge Fund unless otherwise stated.

**“Personal Share Portfolio”/“PSP”** means a selection of listed securities and/or instruments which may include shares, property, bonds and money market instruments administered by the Administrator forming part of the underlying investments of the Contract. The composition of a segregated PSP is based on a pre-determined risk-profile and benchmark, and is managed by a Portfolio Manager to meet the investment objectives specified for that PSP. The composition of a bespoke PSP is based on the selection made by the Investor and/or a Portfolio Manager.

**“Phase-In”** means to introduce something gradually, to introduce something in stages over a period of time.

**“Phase-In Fund”** means the Ashburton Money Market Fund. The minimum Phase-In period is three (3) months and the maximum Phase-In period is twenty four (24) months.

**“Phase-In Sum”** means the part of the initial investment (or the part of an additional investment) that the Investor indicates either in the application form or the relevant investment instruction form is to be invested in Unit Trusts by way of Phase-In from the Phase-In Fund.

**“Portfolio”** means the underlying assets of a Portfolio vary depending on the portfolio’s investment objective. Portfolios may include “Unit Trust(s)”, “Model Portfolios” and/or “PSP’s”.

**“Portfolio Manager”** means one or more investment manager(s) who manages the Investor’s Portfolio, or any component thereof, on a discretionary basis.

**“Rebate”** means a fee paid by the Manager to the Administrator for the administration, distribution and/or marketing costs represented by the distribution opportunity presented by the Administrator’s platform.

**“Ring-fenced”** or **“Ring-fencing”** means the suspension of a disinvestment instruction of Your Unit Trust(s) in accordance with CISCA.

**“SARS”** means the South African Revenue Services.

**“Silica”** means Silica Financial Administration Solutions Proprietary Limited, registration number 1999/024544/07 and has been appointed as an Administrator for processing of all applications and Investor information. Silica is an authorised administrative financial services provider in terms of FAIS and acts as execution agent.

**“the FirstRand Group”** means FirstRand Limited, registration number 1966/001753/06, and includes any division, subsidiary, affiliate or its assigns of FirstRand Limited as well as its service providers, suppliers, associates, cessionaries, delegates or successors in title and /or appointed third parties.

**“Trading Day”** means the last Business Day of a month.

**“Unit Trust(s)”** means a portfolio of a collective investment scheme being divided into equal parts. It is an arrangement that allows Contract Holders to pool their money and have it professionally managed and invested in a range of underlying assets. Each unit represents a direct proportionate interest in every underlying asset of the Portfolio. The number of units allocated to each Investor will be calculated based on the contribution and the value/price of the units at the time of investing.

**“Website”** means the Website referred in the application form.