

**LIVING ANNUITY  
TERMS AND CONDITIONS**

EFFECTIVE 10 JUNE 2024

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## Allan Gray Living Annuity terms and conditions – Policy Document

This document, together with your Policy Summary, is your Policy Document. It sets out the terms and conditions applicable to your investment. Your Policy Document, application form and all other instructions accepted by Allan Gray will form part of your agreement with Allan Gray.

## HOW DOES THE ALLAN GRAY LIVING ANNUITY WORK?

- When we refer to 'Allan Gray' in this document, we are referring to entities that fall under the Allan Gray group. The entities being referred to are:
  - Allan Gray Life Limited, an insurer licensed under the Insurance Act. The Allan Gray Living Annuity is purchased from Allan Gray Life in your name and, where applicable, on your life.
  - Allan Gray Investment Services Proprietary Limited, the Administrator, is an authorised financial services provider. Allan Gray Investment Services is authorised to render intermediary services for the following product sub-categories: Long Term Insurance (sub-category C), Pension Fund Benefits (including Retail) and participatory interests in collective investment schemes (including hedge funds).
- When we refer to 'investment account' in this document, we are referring to the underlying investments made available by Allan Gray for your policy.
- The investments are held via a nominee company, Allan Gray Nominees (RF) Proprietary Limited.
- Your policy starts after Allan Gray has received and accepted your application and the money is invested. Your policy will come to an end when you die, when the value of the investment account becomes zero, or when you transfer to another long-term insurer. If you are a trust, the policy will also come to an end on the termination of the trust.
- The Allan Gray Living Annuity can only be purchased with proceeds from a retirement fund or with the proceeds from another living annuity policy and provides you with the flexibility, within certain regulatory limits, to select an annuity income to suit your income needs.
- You select your annuity income and payment frequency at the start of the policy and may only change it at every policy anniversary, or any other time when legislation and/or the regulatory authority allows. Your policy anniversary is the first day of the month in which the policy commenced, unless this was after the annuity income payment cut-off date (see page 4), in which case the anniversary date of the policy will be the first day of the following month.
- You can select to receive your annuity income either as a rand amount or as a percentage of the value of the investment account; your total annuity income must fall within the regulatory limits. The current limits are a minimum of 2.5% and a maximum of 17.5% per year. If the regulatory authority and/or legislation changes the annuity percentage limits, the new limits will apply.
- You may request the frequency of the payment to be monthly, quarterly, biannually or annually. The first annuity income payment for a policy year will be paid by the 25<sup>th</sup> of the first month in that policy year.
- Your annuity income may differ from year to year. Neither the amount of the annuity income, nor the return of the underlying investment, is guaranteed. The market value of the investment account may fluctuate and you carry the risk of your capital and income being reduced.
- Additional contributions made during a policy year can increase the rand amount paid to you, however, the annuity income expressed as a percentage will remain unchanged.
- In terms of current legislation the investment returns (capital growth, interest and dividends) are not taxed. However, all your annuity income as well as any cash lump sum amounts commuted by you, or a beneficiary after your death will be taxed in line with South African Revenue Service (SARS) requirements.
- You may be required to provide additional documents depending on the specifics of your investment.

## WHAT ARE YOUR RIGHTS AND RESPONSIBILITIES?

It is your responsibility to:

- Select your annuity income and payment frequency at the start of the policy and review your choices at every anniversary, or any other time when legislation and/or the regulatory authority allows.

- Select your unit trust(s) from the list of available unit trusts on the Allan Gray Investment Platform unit trust list.
- Appoint one or more parties as primary beneficiaries to receive a benefit at your death. You must make your appointments on the prescribed form and keep your appointments up to date. You may also appoint secondary beneficiaries who will only receive a benefit if there are no surviving primary beneficiaries. Beneficiary appointments received after your death will be deemed invalid. A trust may not appoint beneficiaries on the policy.
- Obtain the necessary tax directive and/or approval, where applicable, to ensure the correct tax treatment is applied to your annuity income.
- Report errors within 14 days of receiving your investment confirmation or any statement.
- Ensure that all of your information, including contact details, is kept up to date, and notify Allan Gray of changes to your bank or contact details.

**You have the right to:**

- Transfer additional contributions from a retirement fund to the policy. If you invested in the Allan Gray Living Annuity when legislation allowed an annuity income level between 5% and 20% and want to keep your right to stay within these higher limits, you will need a new Allan Gray Living Annuity policy for additional contributions.
- Transfer to another long-term insurer, registered under the provisions of the Long-Term Insurance Act, to purchase another annuity in your name.
- Withdraw all your money if the value of your policy is less than the amount set out in legislation.
- Appoint, change or remove your financial adviser at any stage by writing to Allan Gray. Allan Gray will inform your financial adviser of the change. If you remove your appointed financial adviser, this will take effect after five business days.

## **WHAT RESTRICTIONS APPLY TO YOUR POLICY?**

- You cannot cancel your Allan Gray Living Annuity as there is no cooling-off period.
- You may not take out a loan from or cede your Allan Gray Living Annuity policy.

## **WHAT CAN ALLAN GRAY DO THAT WILL AFFECT YOUR POLICY?**

- Allan Gray may adjust your annuity income level if required by legislation or any directives issued by the regulatory authorities.
- Allan Gray may give you written notice that you must change your chosen unit trust allocation if circumstances require it, including if an underlying unit trust is no longer available. If you do not change your unit trust allocation, or select an alternative unit trust within the time period given by Allan Gray, Allan Gray will switch your investment or a portion thereof out of the affected unit trust into the Allan Gray Money Market Fund.
- If for any reason a particular fee class of a unit trust is no longer available for your investment(s) or circumstances require it, Allan Gray may switch your investment(s) from that fee class(es) to a different fee class(es) of the same unit trust. In some instances, Allan Gray may switch your investment into a fee class that incurs higher investment management fees. You will be notified of any switches between fee classes.
- Allan Gray may amend these terms and conditions. Please contact your appointed financial adviser, the Client Service Centre on 0860 000 654 or visit [www.allangray.co.za](http://www.allangray.co.za) for the latest version. Allan Gray may not reduce the rights and benefits that you have in the policy, except where the amendment is due to a change in tax, legislation, practice or interpretation of legislation.

## **WHAT ARE THE RESPONSIBILITIES OF ALLAN GRAY?**

**It is Allan Gray's responsibility to:**

- Confirm changes to the policy with you in writing.
- Provide you with quarterly statements.
- Put in place professional indemnity and fidelity insurance cover.
- Allocate bank interest earned on lump sum contributions deposited if it takes longer than 24 hours to start processing the contribution.
- Reinvest any income distributions earned within a unit trust.
- Accept, reject or reverse instructions where necessary and/or applicable.
- Process your instructions in a timely manner, in accordance with our cut-off times.

- Pay you an annuity income at your chosen frequency: a minimum of one annuity income payment must be made in each tax year.
- Deduct income tax from your annuity income in accordance with the PAYE tables under the Income Tax Act assuming that this is your only income. If you provide Allan Gray with a SARS tax directive, income tax will be deducted accordingly.
- Provide you with income tax certificates for tax purposes, where applicable.
- Comply with any requirements imposed by legislation or an appropriate regulator.

## Processing of Personal Information

By entering into this policy, you acknowledge that Allan Gray requires your personal information, as defined in the Protection of Personal Information Act of 2013 ('POPIA') and any other relevant data protection legislation, to give effect to your rights and obligations contained herein.

On becoming a policyholder, you consent to Allan Gray:

- Processing your personal information for the above purposes and any related purposes.
- Collecting your personal information from you directly, or, where applicable, from your financial adviser, appointed agent, or any regulator, government department or other third party that may hold such information.
- Monitoring and/or recording telephone calls and electronic transactions with you (including the collection of your voice biometric data) in order to accurately carry out your instructions or those of your financial adviser; to assist in improving our services; and in the interest of security and crime prevention.
- Processing your personal information as may be required for ongoing servicing and the improvement of your service experience.
- Using your personal information to assess and improve our business or the business of, and services provided by, the Allan Gray Group of companies ('the Group') and the services provided by the Group, as well as for operational, marketing, audit, legal and record-keeping purposes.
- Transmitting your personal information to third-party service providers for the purposes described above, and for the purposes of storing and maintaining your personal information.
- Transmitting your personal information to third-party service providers on your instruction or the instruction of your appointed financial adviser. Where information is transmitted to local or offshore service providers, Allan Gray confirms that adequate measures are in place to ensure the protection of that information.

Allan Gray confirms that it will always comply with relevant data protection legislation. Please refer to the **Privacy Statement** for more information on your rights and obligations in relation to your personal information.

## WHAT IS ALLAN GRAY NOT RESPONSIBLE FOR?

Allan Gray is not responsible for any delays in processing instructions as a result of events beyond its reasonable control.

Allan Gray is not responsible for any losses suffered due to:

- Errors made by the investment manager of a unit trust
- The investment or market risk of the underlying investments
- Changes in tax or other legislation
- Delays in the processing or the rejection of an application because your appointed financial adviser is either not an authorised financial services provider or does not have a contract with Allan Gray
- Your appointed financial adviser acting beyond the scope of his/her FSCA licence
- Unauthorised instructions given by your appointed financial adviser
- The failure of any networks or electronic or mechanical devices
- Allan Gray providing your appointed financial adviser with details about your investment either via telephone, email, fax or a secure website
- Allan Gray acting on information sent electronically
- Allan Gray acting on incorrect information where you have failed to notify them of any changes to such information
- The delayed sale of units in a unit trust/s due to **Ring-Fencing** or delayed payments due to liquidity constraints by the investment manager of a unit trust

Ring-Fencing is the separation and delayed sale of units in a unit trust. A large sale of units above a certain threshold in a unit trust may cause ring-fencing. This ensures that the sale of a large number of units will not force the investment manager to sell the underlying investments at a price in the market, which could have a negative impact on investors. Allan Gray may delay the payment or reinvestment of the proceeds of the sale of units.

## WHAT ARE THE PROCESSING TIMELINES?

The cut-off time for receiving instructions is 14:00 on a business day. Pricing takes place at the close of each business day which means that the price is only available the following business day.

Buying, selling and switching units in unit trusts administered by the same investment manager:

- If the instruction is received before the relevant cut-off time and all requirements are met, the instruction will be processed on that business day and will receive the price of the following business day.
- If the instruction is received after the relevant cut-off time, the instruction will be processed on the next business day, and will receive the price of the business day after that.
- For a switch instruction into the Allan Gray Money Market Fund from any other Allan Gray unit trust, an extra business day will be required to complete the transaction and the investment into the Allan Gray Money Market Fund will receive the price of the second business day after the instruction started processing.

### Switching between unit trusts administered by different investment managers

These transactions normally take a maximum of seven business days to process.

Timeline for instructions received before 14:00 on a business day			
Day 1	Day 2	Day 4	Day 5
Receive and process instruction.	Allan Gray sells units at the price at the close of the Day.	Allan Gray receives money from the manager and pays it to the new manager to buy units.	Shows on Investor statement.

If the instruction is received after 14:00 on a business day, the timeline above will be delayed by one business day.

### Phase-ins

When you make an investment, you may phase your investment into your selected unit trust(s) over 3, 6, 9 or 12 months. Phase-ins are scheduled on the 5th of every month. If the 5th is not a business day, it will take place on the next business day. Allan Gray needs to receive the instruction by 14:00, five business days before the scheduled phase-in day. Any instructions received after the cut-off date will be processed the following month.

### Annuity income payments

We will pay your annuity income by the 25th of the month. It may take up to two days to reflect in your bank account. If the 25th falls on a weekend or public holiday, we will pay your annuity income the previous business day.

Payments to Policyholders and/or Nominees with Namibian bank accounts will be paid via Allan Gray Namibia (Pty) Ltd into the individual's bank account in Namibian dollars.

If you are a new investor, or you are notifying us of a change in your annuity income, Allan Gray needs to receive your instruction by 14:00, six business days prior to either the 25th of your anniversary month for annuity revision instructions, or the 25th of the month for all other instructions. Certain unit trusts, as noted on the Allan Gray Investment Platform unit trust list, require an additional business day's notice.

### General:

- The units will show on your statement one business day after the day on which the unit price is determined.
- When you make a withdrawal, the sale of the units will show on your statement within four days, but it may take longer for the payment to reflect in your bank account.
- For certain unit trusts, as noted on the Allan Gray Investment Platform unit trust list, there will be an additional business day for the units to show on your statement.
- If Allan Gray receives an instruction while another instruction is in progress, the second instruction may be delayed until the first one is completed.

## WHAT HAPPENS TO YOUR POLICY WHEN YOU DIE?

- Allan Gray must be notified of your death in writing at its head office. The notification should include your personal details, identity number, a copy of your death certificate and the investment account number. Allan Gray may also rely on other external sources to confirm the death of a policyholder and/or life assured.
- The policy comes to an end when you die and the unit trusts of the investment account will be switched into the Allan Gray Money Market Fund.
- Your beneficiary(ies) will receive the death benefit. The death benefit is the market value of all the underlying investments of your policy less the applicable fees and charges. This amount is determined once the units of the underlying investments of the policy are sold and applicable fees and charges have been deducted.
- The beneficiary has no right to any benefit under the policy while you are still alive. Your appointment of beneficiaries will have no effect if your beneficiary dies before you or declines the benefit. If a primary beneficiary dies before you or declines the benefit and you do not make any amendments to your appointment, that beneficiary's share will accrue to the remaining primary beneficiaries proportionally. If there are no remaining primary beneficiaries or the remaining primary beneficiaries decline the benefit, the death benefit will accrue to the secondary beneficiaries in the proportions indicated by you on the prescribed form.
- If your beneficiary is a natural person or a South African registered trust, there are three options for receiving the benefit: a cash lump sum can be paid, the benefit can be transferred to an annuity purchased from Allan Gray or another long-term insurer, or a combination of a cash lump sum and an annuity can be selected.
- If your beneficiary is not a natural person or a South African registered trust, a cash lump sum benefit will be paid to that beneficiary.
- If your appointed beneficiary elects to receive a cash lump sum benefit, Allan Gray will apply for a tax directive from SARS and process the payment in line with the tax directive.
- If there are no beneficiaries at the time of your death, a cash lump sum will be paid to your estate. Allan Gray will only act on instructions received from the executor of your estate, if there is no appointed beneficiary.
- If your beneficiary dies after you die, but before the beneficiary has been paid, the benefit will fall into the deceased beneficiary's estate.
- Should you and your beneficiary die simultaneously, your beneficiary will be presumed to have predeceased you, and the benefit will fall into your deceased estate if there is no other appointed beneficiary.

## WHAT FEES AND CHARGES APPLY?

### 1. Financial advice fees

You and your appointed financial adviser may agree on initial and annual financial advice fees. Allan Gray will deduct an amount equal to the initial financial advice fee from each contribution before it is invested and pay this to your financial adviser. Allan Gray will deduct annual financial advice fees by selling units from the unit trusts underlying the policy and pay the amounts to the adviser monthly.

### 2. Administration fee

Allan Gray calculates the annual administration fee percentages applicable to your investment account monthly, using the average market value for the month across all local platform, offshore platform and offshore endowment investments (referred to as 'your average total investment value') linked to the investor number assigned to you by Allan Gray.

Allan Gray calculates the annual administration fee percentages excluding value-added tax (VAT) by applying the following fee tiers to your average total investment value:

- A maximum of 0.5% on the first R1m
- 0.2% on the next R2m (i.e. to R3m)
- 0.1% on the next R7m (i.e. to R10m)
- 0.075% on the balance (i.e. above R10m)

For any investments in Allan Gray unit trusts, the annual administration fee percentage (excluding VAT) for that portion of your investment account will be a flat 0.2%.

Effective 1 March 2023, an investor is defined as a 'new investor' if on 28 February 2023, their investment value at Allan Gray was zero and they had no scheduled debit orders or regular contributions. If you are a new investor and your average total investment value is less than R50 000, Allan Gray will charge you a flat annual administration fee of 1% (excluding VAT).

Allan Gray calculates the annual administration fee to be deducted from your investment account each month by converting the annual administration fee percentages to monthly figures and applying them to the average market value of your investment account for the month.

The annual administration fee deducted from your investment account is decreased by any amount passed on from the managers of your chosen unit trusts. The net amount will be paid to Allan Gray monthly in arrears by selling units from the unit trusts underlying your investment account. If the amount passed on from the managers exceeds the annual administration fee, an amount equal to the excess will be used to buy additional units in the relevant unit trusts and your investment account will be credited monthly in arrears.

### 3. Investment management fee

The manager charges annual investment management fees. These fees and other allowable expenses are deducted within the unit trust, and are therefore accounted for in the unit trust's published unit price. Please refer to the relevant unit trust minimum disclosure documents and the Allan Gray Investment Platform unit trust list for more details.

You may choose to have your annual administration and annual financial advice fees deducted from your investment in the Allan Gray Money Market Fund. This will be known as your preferred fee unit trust. If the preferred fee unit trust does not have sufficient funds to pay the fees, Allan Gray will deduct fees from the unit trust(s) where the fees have accrued. If there is an insufficient balance in that unit trust, Allan Gray will deduct fees proportionately from the remaining unit trusts.

### Value-added tax (VAT)

Where VAT is levied on fees or charges an amount to compensate for VAT will be added to the fees or charges recovered from the investment account.

### Changes in fees

Allan Gray will give you three months' written notice when new fees charged by Allan Gray are added or the administration fees are increased. Allan Gray may give less than three months' written notice if, in its opinion, the circumstances of the change justify it. Allan Gray does not have to notify you when any other fees or charges are changed.

### Reporting of fees

The quarterly statement will indicate the applicable fees for that period as well as the fees applicable on the account for the next period.

### UNCLAIMED ASSETS

Allan Gray may determine that your policy is an unclaimed asset following a trigger event, which may include your investment remaining dormant, or Allan Gray being unable to contact you or your beneficiary(s) using contact details on record. Allan Gray may appoint tracing agents or similar third-party service providers to locate you or your beneficiary(s). Your policy will only be considered an unclaimed asset after a reasonable period has passed, but not more than three years following the trigger event. Any attempts to locate you or your beneficiary(s) may require the processing of your personal information.

Any reasonable costs incurred in attempting to locate you or your beneficiary(s) may be deducted from the value of your investment account on an ongoing basis or when you or your beneficiary(s) have been located. No changes will be made to your investment account once it is determined to be an unclaimed asset. Any growth earned will continue to be added to your investment account.



## CONFLICTS OF INTEREST

If you wish to access the Allan Gray Conflict of Interest Management Policy, please contact our Client Service Centre on 0860 000 654, email [info@allangray.co.za](mailto:info@allangray.co.za) or visit [www.allangray.co.za](http://www.allangray.co.za) for the latest version.

## CONTACT DETAILS

Please contact our Client Service Centre on 0860 000 654, email [info@allangray.co.za](mailto:info@allangray.co.za) or visit [www.allangray.co.za](http://www.allangray.co.za)

## COMPLAINTS

If you are not satisfied with this policy or the service of Allan Gray, you can write to the **compliance officer** at the address shown below. The compliance officer will acknowledge the complaint in writing, and provide you with the contact details of the person that is most likely to resolve it.

### Postal address:

P O Box 51605, V&A Waterfront, Cape Town 8002

If you are not satisfied with the response, you can contact the **National Financial Ombud Scheme South Africa NPC** at:

### Postal address:

**Johannesburg:** 110 Oxford Road, Houghton Estate, Illovo, 2198

**Cape Town:** 6th Floor, Claremont Central Building, 6 Vineyard Road, Claremont, 7708

**Tel:** 0860 800 900

**Email:** [info@nfosa.co.za](mailto:info@nfosa.co.za)

**Website:** [www.nfosa.co.za](http://www.nfosa.co.za)

If you have a complaint about Allan Gray or advice given by a financial adviser relating to this policy, you can write to the **Ombudsman for Financial Services Providers** at:

### Postal address:

P O Box 41, Menlyn Park, 0063

**Tel:** 0860 324 766 or +27 (0)21 762 5000/9080

**Email:** [info@faisombud.co.za](mailto:info@faisombud.co.za)

**Fax:** +27 (0)12 348 3447

1 Silo Square  
V&A Waterfront  
Cape Town  
8001  
South Africa

P O Box 51605  
V&A Waterfront  
Cape Town  
8002  
South Africa

**Client Service Centre**

**T** 0860 000 654 or +27 (0)21 415 2301

**E** [info@allangray.co.za](mailto:info@allangray.co.za)

**www.allangray.co.za**