

**TAX-FREE INVESTMENT  
TERMS AND CONDITIONS**

EFFECTIVE 1 DECEMBER 2023

## **CONTENTS**

How does the Allan Gray Tax-Free Investment work?	1
What are your rights and responsibilities?	1
What happens to your Tax-Free Investment when you die?	2
What can Allan Gray do that will affect your Tax-Free Investment?	2
What are Allan Gray's responsibilities?	2
What is Allan Gray not responsible for?	3
What are the processing timelines?	3
What fees and charges apply?	5
Unclaimed assets	6
Conflicts of interest	6
Contact details	6
Complaints	6

## Allan Gray Tax-Free Investment terms and conditions – Policy Document

This document, together with your Account 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 TAX-FREE INVESTMENT 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 Tax-Free Investment is an investment policy issued by Allan Gray Life within the framework of the Long Term Insurance and Income Tax Acts.
  - 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 reflects in the Allan Gray bank account. Any additional contributions will be considered as part of your investment when the money reflects in the Allan Gray bank account. Your policy comes to an end when you die or the value in your investment account is zero.
- You can invest a legally prescribed maximum amount per tax year and over your lifetime into all tax-free investment accounts with any provider. It is your responsibility to ensure that you do not exceed these limits if you invest with more than one provider. A penalty of 40% of the amount exceeding the annual and lifetime limits will be levied by the South African Revenue Service.
- The minimum lump sum and debit order investment amounts are Allan Gray minimums applicable to the Tax-Free Investment at the time.
- A withdrawal from your investment account does not increase your annual or lifetime contribution limits.
- There is no life cover.
- This is a pure investment account, which means that only the proceeds (market value of the investment account, less fees and charges) are paid to your beneficiary(s) when you die.
- All dividend income, interest income and capital gains are tax free as prescribed by legislation.
- You may not take out a loan from or cede your Allan Gray Tax-Free Investment.
- You cannot cancel your Allan Gray Tax-Free Investment as there is no cool-off period.
- Allan Gray will accept transfers of Tax-Free Investments from other product providers.
- Transfer instructions received during the last 10 business days of the tax year will be held back and processed in the following tax year.

### WHAT ARE YOUR RIGHTS AND RESPONSIBILITIES?

It is your responsibility to:

- Select your unit trust(s) from the list of available unit trusts on the Allan Gray Tax-Free Investment unit trust list.
- Nominate beneficiaries and keep your nominations up to date. Beneficiary nominations received after your death will be deemed invalid.
- 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:

- Withdraw the total value in your investment account at any time.

- Transfer your investment to another product provider. Partial transfers are permitted provided that the value of your investment remains above the product minimum stipulated by Allan Gray.
- 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 HAPPENS TO YOUR TAX-FREE INVESTMENT WHEN YOU DIE?**

- Allan Gray must be notified in writing of your death. 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 proceeds will be paid to your beneficiary(s). The value of the proceeds is determined once the units of the underlying investments of the policy are sold and the applicable fees and charges have been deducted. The beneficiary has no right to the proceeds of the investment account prior to your death.
- If a beneficiary dies before you or declines the benefit and you do not make any amendments to your nomination that beneficiary's share will accrue to the remaining beneficiaries proportionally.
- If no other beneficiaries are nominated, the proceeds will be paid into your estate.

## **WHAT CAN ALLAN GRAY DO THAT WILL AFFECT YOUR TAX-FREE INVESTMENT?**

- 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 tax-free investment, except where the amendment is due to a change in legislation, practice or interpretation of legislation.

## **WHAT ARE ALLAN GRAY'S RESPONSIBILITIES?**

It is Allan Gray's responsibility to:

- Confirm changes to the tax-free investment 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. Any interest earned will form part of your investment return.
- 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 any proceeds of the tax-free investment in accordance with the laws of South Africa.
- 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 Life 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.**

- It will take an extra business day to complete the transaction if we are asked to collect money from a bank account as we can only perform the collection after we have processed the instruction.
- 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.

### Withdrawals

The sale of units will show on your statement within four days but it may take longer for the payment to reflect in your bank account.

### Recurring monthly contribution via debit order

You may select to contribute via debit order on the 1st or 15th of each month. Allan Gray will collect the contribution on your selected date and invest it at the following business day's unit price. If your selected date is not a business day, Allan Gray will collect the contribution on the following business day. Allan Gray needs to receive the instruction by 14:00 three business days before the selected date. Any instructions received after the cut-off date will be processed the following month.

### Electronic Collection by Allan Gray

If you instruct us to collect your investment via debit order, and your selected debit order date falls on a weekend or public holiday, it will be effective on the next business day. The instruction to collect money from your bank account will continue until you terminate it by giving Allan Gray notice of not less than 3 business days prior to your selected debit order date.

I understand and acknowledge the following:

- The details of each debit order will be printed on my bank statement and will contain "Allan Gray" and a client number or a reference which will be supplied to me to help me to identify the debit order instruction.
- All debit orders processed by Allan Gray will be treated by my own bank as if the instructions have been issued by me personally.
- I may cancel the debit order instruction. I will not be entitled to any refund of amounts withdrawn, while the instruction was in force, if these amounts were legally owing to Allan Gray.
- This debit order instruction may not be ceded to a third party.
- If I reverse an electronic collection instruction with my bank after units have been purchased on my behalf, the cancelled debit order will not constitute a valid contribution, and I may be held liable for any losses suffered by Allan Gray.
- For collection from a Namibian bank account, Allan Gray will collect money from my bank account in accordance with my signed 'Namibian collection mandate' form or declaration.

### General

- The units will show on your statement one business day after the day on which the unit price is determined.
- For certain unit trusts, as noted on the Allan Gray Tax-Free Investment unit trust list, there will be an additional business day for the units to show on your statement.
- Units purchased with a direct debit or a recurring debit order cannot be sold within 32 days of each investment date.
- 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 FEES AND CHARGES APPLY?

### 1. Financial advice fee

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 Tax-Free Investment 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 of the 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. 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. Allan Gray may appoint tracing agents or similar third-party service providers to locate you or your beneficiary(s). 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 **Ombudsman for Long-Term Insurance** at:

### Postal address:

Private Bag X45, Claremont 7735

**Tel:** 0860 103 236 or +27 (0)21 657 5000

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

**Fax:** +27 (0)21 674 0951

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)

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