

**TAX-FREE INVESTMENT
TERMS AND CONDITIONS**

10 DECEMBER 2018 VERSION 6.3

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, a registered insurer governed by the Long-Term 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, an authorised administrative financial services provider.
- The investments are held via a nominee company, Allan Gray Nominees (RF) Proprietary Limited.
- Your investment account 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 investment account 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.
- 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.

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.
- 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 investment accounts are sold and the applicable fees and charges have been deducted. If no beneficiary(s) is nominated, the proceeds will be paid into your estate. The beneficiary has no right to the proceeds of the investment account prior to your death.
- If a beneficiary dies before you and you do not make any amendments to your nomination the deceased beneficiary's share will accrue to the surviving beneficiaries equally.

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(s) if the underlying unit trust is no longer available or circumstances require it. If you do not select an alternative unit trust, Allan Gray will switch your investment out of the affected unit trust into the Allan Gray Money Market Fund.
- 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 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.
- Make every reasonable effort to make contact with beneficiaries. Any reasonable costs incurred in tracing unclaimed benefits older than six months may be recouped from your investment account.

Processing of Personal Information

You acknowledge that Allan Gray requires your personal information, as defined in the Protection of Personal Information Act of 2013 ('POPIA'), and consent to Allan Gray processing such information to open and administer your investment accounts. In addition, you expressly consent that Allan Gray may verify and process your personal information (including your voice biometric data) for security purposes and so as to comply with its obligations in terms of legislation. Allan Gray may transmit your personal information to third-party service providers for the purposes of storing and maintaining that information. Where information is transmitted to offshore providers, Allan Gray has confirmed that sufficient legislation and agreements are in place to ensure the protection of that information. Where directed by your financial adviser, Allan Gray will transmit your information to third-party service providers appointed by your adviser.

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 due to **Ring-Fencing**

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.

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, the instruction to collect money from your bank account will continue until you terminate it by giving Allan Gray notice of not less than 4 business days.

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 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.

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. Annual financial advice fees are deducted by selling units from the unit trusts underlying the investment account.

2. Administration fee

Allan Gray charges a flat annual administration fee (excluding VAT) of 0.2% for investments in Allan Gray unit trusts.

For investments in unit trusts managed by other investment managers, Allan Gray charges an annual administration fee (excluding VAT) of:

- A maximum of 0.5% on the first R1.5m
- 0.2% on the next R3.5m
- 0.1% on the balance

of the market value across all local platform investments linked to a Policyholder's investor number as assigned by Allan Gray.

Any amount passed on from the managers of your chosen unit trusts is offset against the annual administration fee. The residual fee 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 performance figures. 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 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.

CONTACT DETAILS

Please contact our Client Service Centre on 0860 000 654, email info@allangray.co.za or visit 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

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 Service Providers** at:

Postal address:

P O Box 74571, Lynwood Ridge 0040

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

Email: info@faisombud.co.za

Fax: +27 (0)12 348 3447



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