

ALLAN GRAY

INVESTING IN
THE ALLAN GRAY
TAX-FREE
INVESTMENT
ACCOUNT

Effective 1 March 2024





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IS THE ALLAN GRAY TAX-FREE INVESTMENT ACCOUNT SUITABLE FOR YOU?

If you are investing for the long term, you can benefit from tax savings on your investment return in our tax-free investment account. It is also a useful product for estate-planning purposes.

Benefits

You get tax benefits

You pay no tax on the growth of your investment (interest, dividends or capital gains), benefiting you most over the long term.

You get estate-planning benefits

Your investment can be paid to your beneficiaries immediately and there are no executor fees. The value of the investment will be included in the estate for the calculation of estate duty.

You benefit from our investment expertise

We will carefully manage your chosen unit trust investments according to our proven investment philosophy. To build your long-term wealth with us, you can invest monthly or start with a lump sum, subject to our minimums (see page 2) and the prescribed maximum amounts.

Investment limits

You can contribute to our Tax-Free Investment via debit order or you can transfer your tax-free investment from another financial services provider.

Minimum and maximum investment amounts

Lump sum

- R36 000 minimum
- R1 000 minimum per additional investment
- R36 000 maximum per year, subject to a lifetime maximum of R500 000

Debit order

- R1 000 minimum per month
- R3 000 maximum per month

- The maximum investment limits are for all tax-free savings and investment accounts you may have across different financial services providers.
- Any portion of your unused annual limit may not be carried forward to the new tax year. For example, if you invest R27 000 in year 1, you cannot roll your unused portion of R9 000 over to year 2. In year 2, you will only be able to invest the normal annual maximum of R36 000.
- There is a 40% tax penalty on any amount you invest in excess of the maximum across financial services providers. For example, if you invest R38 000, which exceeds the annual limit by R2 000, 40% of the R2 000 excess (i.e. R800) must be paid to SARS at your tax assessment.
- We need to collect the money from your account – you cannot deposit it in ours. This is to ensure that you don't exceed the maximum limits, as prescribed by legislation, in your Allan Gray Tax-Free Investment Account.
- If you are investing in the name of an investor younger than 18 (i.e. a minor), you need a minimum of R500 per month or a minimum lump sum of R20 000. You can add a smaller lump sum of R500 or more to the debit order at any time once the investment has started.

Transfers

You can transfer your tax-free investment from another financial services provider to Allan Gray. If you do not have an existing Allan Gray Tax-Free Investment, the minimum transfer amount is R36 000, or any amount greater than R1 000 together with an ongoing monthly debit order of at least R1 000.

If you have an existing tax-free investment with us, the minimum transfer amount is R1 000 and the investments will be consolidated into one account.

The transfer will not be seen as a contribution and therefore will not form part of your annual contribution amount.

You may also request a full or partial transfer of your Allan Gray Tax-Free Investment to another financial services provider, including banks, life assurers and other investment companies. If you make a partial transfer, you must have an active debit order in place or a remaining balance of R20 000.

Your investment is into your choice of unit trusts

Your investment returns come from the unit trusts you choose. When choosing a unit trust, there is a trade-off between higher potential return on the one hand, and stability and lower risk on the other. Current legislation limits your investment options to unit trusts that charge fixed fees. You can invest in the Allan Gray

Tax-Free Balanced Fund, or you can choose from the limited range of fixed-fee unit trusts available via our investment platform. You can change your selection when you need to.

Please refer to our latest Allan Gray Tax-Free Investment Unit Trust List, available via our website or from our Client Service Centre.

How much does it cost to invest?

The fees depend on the unit trust you select and your total assets on our local and offshore investment platform (i.e. your "total investment value"). For unit trusts other than Allan Gray unit trusts, we charge an annual administration fee (excl. VAT) of a maximum of 0.50% on the first R1m invested, 0.20% on the next R2m, 0.10% on the next R7m and 0.075% on the balance over R10m. For any investments in Allan Gray unit trusts, we charge a flat annual administration fee of 0.20% (excl. VAT).

If your total investment value is less than R50 000, we will charge you a flat annual administration fee of 1.00% (excl. VAT).

Where a portion of the investment management fee charged within the unit trust is passed on to us for the administration we perform, we reduce the fee we charge you. We deduct only any outstanding portion from your account. If the portion we receive for administration is larger than our administration fee, you will receive the excess as additional units in your account.

Accessing your money

You can make withdrawals from your investment at any time. Please note that withdrawals do not increase your annual or lifetime contribution limit.

Consider getting financial advice

Choosing suitable products and unit trusts can be overwhelming. If you do not feel equipped to make your own investment decisions, or if you lack the time, you may wish to consider talking to an independent financial adviser. An adviser can help you understand your financial needs and make the decisions that best suit you. Visit our website to find an adviser in your area.

You must negotiate fees for advice with your financial adviser, if you choose to use one.

Investing on behalf of your children

The true benefit of a tax-free investment is experienced over the very long term, because investors need not pay tax on the capital gains, which can compound significantly. It is therefore worthwhile considering this product when investing on behalf of your children. However, it is important to be aware that investments made in a child's name can only be withdrawn into the child's bank account. In addition, the amount you invest on behalf of your children will reduce their own lifetime contribution limit.

REASONS A TAX-FREE INVESTMENT MAY NOT BE SUITABLE FOR YOU

- If you are not already paying tax on your investments, or are not investing for the long term, the tax-free investment account may not provide significant tax benefits. In terms of current tax legislation, a portion of the return you earn on a basic investment is not taxed. For example, if you are under 65, the first R23 800 of interest income and R40 000 of capital growth annually are not subject to tax.
- If you need regular access to your investment, any withdrawals from your tax-free investment account do not increase your annual or lifetime contribution limits.
- The return on your investment is not guaranteed. As the market value of your units may change, you carry the risk of losing capital.

Please also note:

- You may not take a loan out against your investment or use your investment as security for a loan from another financial institution.
- The product does not offer life assurance cover.
- You are responsible for ensuring that you do not invest more than the annual or lifetime limits across all of your tax-free accounts. A penalty of 40% of any amount you invest above the limits will be applied by SARS.

CONTACT DETAILS

Allan Gray Client Service Centre

Tel: 0860 000 654 / +27 (0)21 415 2301

Email: info@allangray.co.za

Website: www.allangray.co.za

Office hours

Monday to Friday 7:30 - 17:30

Business address

1 Silo Square

V&A Waterfront

Cape Town 8001

P O Box 51605

V&A Waterfront

Cape Town 8002

IMPORTANT INFORMATION FOR INVESTORS

The Allan Gray Tax-Free Investment Account is administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider, and underwritten by Allan Gray Life Ltd, an insurer licensed to conduct investment-linked life insurance business as defined in the Insurance Act 18 of 2017. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds).

Allan Gray Unit Trust Management (RF) (Pty) Ltd (the "Management Company") is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the Allan Gray Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority (FSCA). The Management Company is incorporated under the laws of South Africa and has been approved by the regulatory authority of Botswana to market its unit trusts in Botswana, however, it is not supervised or licensed in Botswana. Allan Gray (Pty) Ltd (the "Investment Manager"), an authorised financial services provider, is the appointed investment manager of the Management Company and is a member of the Association for Savings & Investment South Africa (ASISA).

The trustee/custodian of the Allan Gray Unit Trust Scheme is Rand Merchant Bank, a division of FirstRand Bank Limited. The trustee/custodian can be contacted at RMB Custody and Trustee Services: Tel: +27 (0)11 301 6335 or www.rmb.co.za.

Collective investment schemes in securities (unit trusts or funds) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee regarding the capital or the performance of the fund. Performance figures are provided by the Investment Manager and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment date, the date of reinvestment and applicable taxes. Funds may be closed to new investments at any time in order to be managed according to their mandates. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request from Allan Gray.

Understanding the funds

Investors must make sure that they understand the nature of their choice of funds and that their investment objectives are aligned with those of the fund/s they select.

Need more information?

You can obtain additional information about your proposed investment from Allan Gray free of charge, either via our website at www.allangray.co.za or via our Client Service Centre on 0860 000 654.

Directors

Executive

J A Campbell BSc (Hons)

R S Carter BBusSc FIA FASSA

Non-Executive

V A Christian BCom CA (SA)

J W T Mort BA LLB

J J Smith BSocSci LLB

F J van der Merwe LLB MA

Company Secretary

C E Solomon BBusSc (Hons) CA (SA)

Registration number

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ALLAN GRAY

1 Silo Square V&A Waterfront Cape Town 8001

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

Client Service Centre **Tel:** 0860 000 654 or +27 (0)21 415 2301

Email: info@allangray.co.za www.allangray.co.za