

**ENDOWMENT  
TERMS AND CONDITIONS**

EFFECTIVE 1 DECEMBER 2023

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## Allan Gray Endowment 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 ENDOWMENT 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 Endowment is a policy issued by Allan Gray Life within the framework of the Long-Term Insurance, 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.
- Throughout this document the policyholder, the party(ies) who legally own(s) the policy, will be addressed as ‘you’ or the ‘policyholder’.
- Your policy starts after Allan Gray has received and accepted your application and the money is invested.
- When investing in an endowment, you can choose to not appoint a life assured, appoint one life assured or multiple lives assured. If you do not appoint a life assured, your policy is referred to as a ‘sinking fund’ policy.
- If you have chosen to appoint one or more lives assured, the policy will come to an end when the last life assured dies or the value of the investment account becomes zero.
- If you have chosen not to appoint a life assured, your policy will end when the value of the investment account becomes zero or when the policyholder dies and there is no beneficiary for ownership available to take ownership of the policy. (For example, the appointed beneficiary for ownership may have passed away.) If no beneficiary for proceeds is appointed, the proceeds will be paid into the estate of the policyholder.
- **Legislation provides that during any restriction period, you may make one withdrawal.** The maximum amount you may withdraw is the lesser of your contributions during the restriction period, including any market value in the policy the day before the restriction period started, plus 5% compound interest; or the market value of the investment account less fees and charges. Any remaining balance must stay invested until the restriction period ends.
- If the policy is not in a restriction period you may withdraw part or all of the value of the policy, which is the market value in the investment account less fees and charges plus any amount of interest earned on the withdrawal amount if it is held in Allan Gray’s bank account for more than 24 hours. You may also schedule regular withdrawals.
- You may fully withdraw the amount under the policy if the difference between the maximum allowable withdrawal amount (during a restriction period) and the balance in the investment account is less than R10 000 or an amount prescribed by legislation from time to time.
- Allan Gray may insist that you fully withdraw the amount under the policy if the remaining value in your investment account after a withdrawal is less than an amount Allan Gray may determine from time to time.
- **The restriction period** is imposed by legislation. It is a period in which there are restrictions on the withdrawals you may make from the policy. This applies to the first five years of your policy, or five years from the first day of any month during which the 120% rule takes effect.
- **The 120% rule takes effect:**
  - In the second policy year when your contributions are greater than 120% of the first policy year’s total contributions.
  - In any policy year when your contributions are greater than 120% of the higher of either of the previous two policy years’ total contributions.

- Allan Gray will accept these contributions into the same policy and extend the restriction period (if you are already in a restriction period) or start a new five-year restriction period on the entire policy.
- There is no life cover.
- This is a pure investment policy, which means that only the proceeds (market value of the investment account less fees, capital gains tax and charges) are paid when the policy ends. 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.
- For policies where a life assured is appointed and the policyholder outlives the last life assured, the surviving policyholder will receive the proceeds when the last life assured dies. If there is no surviving policyholder when the last life assured dies, the proceeds will be paid to the appointed beneficiary(s) for proceeds. If no beneficiary is appointed, the proceeds will be paid into the estate of the policyholder. This scenario is not applicable to policies where no life assured is appointed.
- In terms of income tax legislation Allan Gray Life is required to pay tax on any income, dividends and capital gains (CGT) at a rate which depends on your classification for tax purposes.
- Although it is not possible to take out a loan from Allan Gray on security of the policy, you can offer the policy as security for a loan from another institution or person.

## 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 Investment Platform unit trust list.
- Decide whether or not to appoint one or more lives assured, which could be you or any other natural person. If a life assured is appointed at the outset of the policy you can always add, but not remove or replace, lives assured later on. If no life assured is appointed at the outset of the policy you may not add lives assured at a later stage.
- Appoint beneficiaries and keep them up to date. Beneficiary appointments made by the policyholder(s) will be deemed invalid if received after the policyholder's death.
- Report errors within 14 days of receiving your investment confirmation or any statement.
- Notify Allan Gray of changes to your bank or contact details.
- Ensure that all of your information, including contact details, is kept up to date and notify Allan Gray of any change in your classification for tax purposes.

### You have the right to:

- Cede the policy as an outright cession and/or as a security cession.
- Withdraw the value of the policy subject to the withdrawal limits described in the section above.
- Cancel the policy within a period of 31 days of receiving a policy document, including the Policy Summary, which constitutes the cooling-off period, provided that you have not made a withdrawal from your policy within that cooling-off period.
- 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.

If you cancel your policy the proceeds that you will receive will be equal to the market value less fees and charges incurred until the date Allan Gray processes your instruction.

## WHO CAN YOU APPOINT AS A BENEFICIARY?

### Beneficiary for proceeds:

- If one or more lives assured have been appointed and the policyholder is a natural person then the policyholder may appoint one or more beneficiaries for proceeds to receive the proceeds of the policy after the death of the policyholder and the last life assured.
- If no life assured has been appointed, the beneficiary(s) for proceeds will only have a right to the policy when the policyholder dies and there is no beneficiary for ownership available to take ownership of the policy.
- If an appointed beneficiary for proceeds dies before the policyholder or the last life assured or declines the benefit, and the policyholder does not make any amendments to the beneficiary appointment, that beneficiary's share will accrue to the remaining beneficiaries for proceeds proportionally. If no other beneficiaries are appointed, the proceeds will be paid into the estate of the policyholder.

**Beneficiary for ownership:**

- Where the policyholder is a natural person and is not the only life assured, or there is no life assured, a beneficiary for ownership must be appointed.
- If there are two policyholders, each policyholder must appoint the other as their beneficiary for ownership.
- The beneficiary for ownership has no right to the policy until the death of the policyholder. Ownership will only pass to the appointed beneficiary for ownership if the policyholder dies before the last life assured. If there is no life assured appointed, ownership will pass to the appointed beneficiary for ownership upon the death of the last policyholder.
- If the policyholder is the only life assured, a beneficiary for ownership may not be appointed as there is no scenario under which the policy will outlive the policyholder.

Table outlining the beneficiary appointment scenarios available to the policyholder given the choice of life assured.

Policyholder	Life assured	Beneficiary for proceeds	Beneficiary for ownership
Individual	No life assured is appointed (i.e. a sinking fund policy)	May appoint one or more	Must appoint one
	Policyholder is the only life assured	May appoint one or more	Not applicable as policy cannot outlive policyholder
	One or more lives assured other than the policyholder are appointed	May appoint one or more	Must appoint one
Legal entity	No life assured is appointed (i.e. a sinking fund policy)	Same as policyholder	Not applicable as policyholder is not a natural person
	At least one life assured is appointed	Same as policyholder	Not applicable as policyholder is not a natural person

- The rights of a security cessionary have preference over any rights of appointed beneficiaries, as long as the security cession is noted in Allan Gray's records.
- Any beneficiary appointments made before an outright cession fall away when Allan Gray notes the outright cession in its records.

**WHAT HAPPENS TO YOUR POLICY WHEN YOU DIE?**

- Allan Gray must be notified of the death of a policyholder and/or life assured in writing at its head office. The notification should include his/her personal details, identity number, a copy of his/her death certificate and the policy number.
- If the policyholder is not the last life assured or if no life assured was appointed and a beneficiary for ownership has been appointed, the beneficiary for ownership will be entitled to either withdraw from the policy in full or take ownership of the policy. If the beneficiary elects to become the new owner of the policy, they will be entitled to withdraw from the policy on an unrestricted basis, provided that the 120% rule\* is not triggered.
- If the policyholder is the last life assured, or if there is no beneficiary for ownership available to take ownership of the policy, the policy will come to an end and the proceeds will be paid out to the beneficiaries for proceeds, or to the estate of the policyholder if there are no beneficiaries.

\*When a beneficiary for ownership becomes the new owner of a policy, the 120% rule will only come into effect when, in any policy year, their contributions are greater than 120% of the higher of either of the previous two policy years' total contributions (including contributions made by the deceased policyholder before their death).

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

- 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. Switches between different fee classes within the same unit trust do not create a capital gain.
- Allan Gray may amend these terms and conditions. Please contact your 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 taxation, 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.
- Pay you when you withdraw some or all of the units in your investment account.
- 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.
- Allocate bank interest earned on withdrawal amounts that are held in Allan Gray's bank account for longer than 24 hours before Allan Gray makes payment to you.
- Reinvest any income distributions earned within a unit trust net of applicable taxes.
- 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 policy, after capital gains tax (CGT) has been deducted, in accordance with the laws of South Africa.
- Deduct all income tax and CGT due from the policy and pay it over to SARS.
- 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 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 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.**

Any interest earned on the withdrawal amounts that are held in Allan Gray's bank account for longer than 24 hours will form part of the withdrawal benefit due to you.

## 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.

## 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.**

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 Investment Platform 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. Reinvested units will be subject to income tax.

## 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 local 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. 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 **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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