

## 1.1 Introduction

1.1.1 This is a linked investment. A linked investment is a long-term investment of which the amount of the investment benefits is not guaranteed by the long-term Insurer and is to be determined solely by reference to the value of particular investment instruments or categories of investment instruments which are specified in the investment document and are actually held by or on behalf of PSG Life Ltd specifically for the purposes of the investment. PSG Life Ltd, an approved administrator and an authorised financial services provider, is the Administrator and Underwriter of this product.

1.1.2 This investment document, the quotation and the application form (including annexures) form the contract between the Investor and PSG Life.

1.1.3 The details regarding the Endowment Investment are contained in the Investment Schedule.

1.1.4 This investment takes effect on payment of the single or recurring premium to PSG Life, and the acceptance by PSG Life of the duly completed application form.

1.1.5 Unless the context in any part of this investment document refers to the contrary:

1.1.5.1 All references to the male gender shall include the female gender and vice versa.

1.1.5.2 All references to the singular shall include the plural and vice versa.

## 1.2 Changes to the investment document

1.2.1 No condition or provision of this investment as contained in the investment document may be waived, altered or varied, except in writing, or by endorsement, under the signature of a director or other authorised official of PSG Life.

## 1.3 Statutory law under which the investment document is issued

1.3.1 This investment is and shall at all times be subject to limitations imposed by any statutory law of the Republic of South Africa.

1.3.2 PSG Life reserves the right to amend or alter any benefit payable in terms of this investment as a direct result of a change in:

1.3.2.1 The Income Tax Act 58 of 1962 and regulations and practice notes, as promulgated from time to time.

1.3.2.2 The Long-term Insurance Act of 1998 and regulations, as promulgated from time to time.

1.3.2.3 The Pension Funds Act of 1956 and regulations, as promulgated from time to time.

1.3.2.4 Any other South African law or regulation which effects the terms and conditions of this investment.

## 1.4 Currency

1.4.1 All amounts payable in terms of this investment either to or by PSG Life, are payable in the lawful currency of the Republic of South Africa.

## 1.5 Cession

1.5.1 This investment may be surrendered, reduced, ceded, assigned, pledged or be commuted to any cash payment while the Investor is alive, subject to prevailing legislative requirements and the business rules of PSG Life.

## 2 Premiums

### 2.1 Eligible premiums

2.1.1 The single premium invested in the Endowment Investment will be a lump sum paid by the Investor on a voluntary basis.

2.1.2 Recurring premiums are required to be regular premium payments via a debit order to the Endowment Investment on a voluntary basis.

### 2.2 Additional premiums

2.2.1 Additional premiums may be paid into the investment over time, subject to legislative requirements and the rules of the underlying funds.

2.2.2 Additional premiums will be subject to any minimum premium requirements, and other terms and conditions that PSG Life may apply at the time the additional premium is received.

### 2.3 Recurring premium inflation updates

2.3.1 Recurring premium payments may be increased on any investment anniversary in line with the inflation update rates selected by the client as set out in the Investment Schedule.

2.3.2 The Investor may elect to commence inflation updates at any time provided written notification is given at least thirty days before an investment anniversary.

2.3.3 An Investor may elect to cancel inflation updates at any time provided written notice is given at least thirty days before the investment anniversary.

2.3.4 The Investor may select any inflation update percentage of up to a maximum of 20% per annum.

### 2.4 Default of the Recurring premium

2.4.1 The Investor will be deemed to have defaulted on recurring premium payments when the premiums are not paid within thirty days from the date on which the recurring premium payment falls due.

2.4.2 Notification will be sent to the Investor within thirty days of the premium not being paid.

- 2.4.3 If the Investor fails to pay the premium after expiry of the 30-day period, the investment will be made paid-up.
- 2.5 Re-instatement of the paid-up contract
- 2.5.1 Where a recurring premium Endowment Investment is made paid-up, a member may re-instate the investment subject to terms and conditions as set out by PSG Life at the time the investment is re-instated.
- 2.6 Process
- 2.6.1 Investment portfolios Where a premium and completed application form is received by PSG Life:-Cut-off time for transactional requests (excluding Money Market and Life Portfolios) is 10h30 for that day. Money Market and Life Portfolio's is 08h30 for that day.
- 2.6.2 Tranche portfolio Where a premium and completed application form is received in terms of a tranche based portfolio, investment will take place on the first business day coinciding with the tranche opening. Interest, as determined, will be payable by PSG Life for the period the premium is received by PSG Life to the date when invested. Interest due to the Investor will be reinvested for the Investor's benefit.
- 3 Investment Account and Investment Portfolio
- 3.1 Investment account
- 3.1.1 PSG Life shall operate an investment account for the Investor in respect of this investment.
- 3.1.2 The premiums received from the Investor will be applied, in accordance with the options selected in the application, and referred to in the Investment Schedule, to an investment vehicle (including a re-insurance arrangement), a linked investment or any other long term insurance investment. PSG Life reserves the right to vary, alter, or otherwise change the portfolio options available in terms of this investment, or the composition of the actual portfolios, without substantially varying the client's risk profile and asset allocation whilst adhering to the asset managers' mandate. PSG Life shall notify both the Investor and the appointed asset managers of any substantive variations or alterations.
- 3.1.3 The investment account shall initially be credited with the net premium which will be invested at the end of the month (or earlier in the month) in which the gross premium is received, subject to PSG Life's prevailing business practice.
- 3.1.4 The net premium will be applied to purchase units in the investment portfolios selected by the Investor.
- 3.1.5 The above will be purchased in accordance with the rules for participation in the investment or structured portfolio.
- 3.1.6 Any surrender of monies from the investment portfolio will be subject to the prevailing rules of the investment and structured portfolios.
- 3.1.7 The investment account is subject to, and will be adjusted to reflect the following fees (by the cancellation of units or adjustment of unit prices):
- 3.1.7.1 Ongoing investment administration fees accrued for, and due to PSG Life, and deducted from the investment account on a monthly basis.

- 3.1.7.2 An ongoing Financial Advisory fee accrued for, and due to, the Financial Adviser as reflected on the application form, and deducted from the investment account on a monthly basis.
- 3.1.7.3 The ongoing asset management fees accrued for, and due to, the asset manager, and deducted from the investment account on a monthly basis.
- 3.1.7.4 Commission accrued for and due to the Financial Adviser as reflected on the application form, subject to legislative limitations.
- 3.1.7.5 Any tax due on the investment account balance accrued for, and due to, the Receiver of Revenue in terms of income tax legislation, and deducted from the investment account as and when payable.
- 3.1.8 Details of restrictions, fees and procedures are contained in the risk disclosures.
- 3.2 Investment portfolios
  - 3.2.1 The investment portfolios selected by the Investor are set out in the Investment Schedule.
  - 3.2.2 The Investor shall, in respect of any premiums paid to PSG Life, authorise PSG Life in writing to invest the premiums in any one or more of the portfolios available to the Investor.
  - 3.2.3 Should PSG Life decide to discontinue a particular portfolio on account of a good and sufficient reason, it shall inform the Investor who will then select another portfolio.
  - 3.2.4 PSG Life shall create units only by the addition of new premiums to each portfolio. Units shall be cancelled only by the surrender of assets from the portfolio and for the purpose set out explicitly herein. Such creation or cancellation of units shall not affect the unit price of the portfolio at the time.
  - 3.2.5 At a given time, the same unit price shall be used for the creation and cancellation of units respectively.
  - 3.2.6 All the investment income, net of any taxes, derived from assets in a portfolio shall form part of such portfolio and shall be re-invested therein.
- 3.3 Switching between investment portfolios
  - 3.3.1 The Investor may at any time change the selected investment portfolio, subject to written notice to PSG Life, as required within the specified guidelines for each portfolio.
  - 3.3.2 The change to investment portfolios selected will be subject to legal limitations and rules of the investment portfolio, which apply at the time the change is affected.
  - 3.3.3 PSG Life reserves the right to impose a fee to switch investment portfolios.
  - 3.3.4 Switches are subject to the prevailing market conditions and the restrictions or surrender penalties of the underlying funds.
- 3.4 No guarantees on market related portfolios
  - 3.4.1 The market related portfolios do not offer any capital guarantees, and the benefit of the investment is subject to market movements. The Investor has the risk of:

3.4.1.1 Fluctuating capital values;

3.4.1.2 Losing some capital in the event of a severe market correction.

4 Death of the Investor and Applicable Rights Only in cases where the Investor is a natural person will this clause 5 be applicable.

4.1 Vesting of rights

4.1.1 Where the Investor is a natural person, the right to the investment vests in the nominated beneficiary or estate as the case may be, and remains subject to the terms and conditions contained in the investment. The total benefit payable to the beneficiaries will be equal to the value of the investment account at the time of death, less any financial obligations due to fund parties, to whom this investment may be added for security. The benefit shall be paid to the beneficiaries, or failing there being nominated beneficiaries, the estate of the Investor.

4.1.2 Notwithstanding the beneficiaries may elect to continue with the investment until maturity date and receive the full maturity benefit as at that maturity date.

4.2 Election of beneficiaries

4.2.1 The Investor may at any time, by written notice to PSG Life, nominate a beneficiary to receive ownership of the investment and to receive the proceeds of the investment following the death of the Investor.

4.2.2 The appointment of a new beneficiary will automatically cancel the prior appointment of a beneficiary, and is effective only when received and endorsed by PSG Life prior to the death of the Investor.

4.2.3 The appointment of a beneficiary will lapse on the death of the beneficiary prior to the death of the Investor.

4.2.4 The appointment of beneficiaries, heirs or legatees in terms of a Will, will not constitute a beneficiary nomination, a beneficiary is duly nominated in accordance with the requirements as determined by PSG Life.

5 Taxation

5.1 Tax will be payable by PSG Life on behalf of the Investor.

5.2 Investment income that accrued to an endowment investment during its term is taxed on a four funds basis of taxation. Each life company pays the necessary income tax on behalf of the individual Investor according to the four fund approach. The proceeds of endowment investment after five years are therefore generally exempt from personal income tax in the hands of the Investor.

5.3 Capital gains tax, no capital gains or losses are required to be declared as the investment benefits are tax-free in the Investor's hands.

5.4 Estate duty, South African issued endowments and investments are deemed to be included as property in the Investor's estate on death and are thus subject to estate duty. The deceased estate pays a percentage, as determined by legislation, of its dutiable value (net value) in estate duty to SARS.

- 5.5 It is important to note that PSG Life reserves the right to adapt tax provisions as set out above, where applicable tax legislation and practises change.
- 5.6 Dividend Withholding Tax (“DWT”): PSG Life will deal with DWT on your behalf within the four-fund approach set out in section 29A of the Income Tax Act. When a dividend is paid to a South African insurance company (in this case PSG Life) on your behalf, no tax will be withheld, because the insurer is treated as regulated intermediary. Therefore, no declaration needs to be made by the insurer.
- 6 Maturity Benefits
- 6.1 Investment period of the investment
- 6.1.1 The minimum investment period of the investment is five years.
- 6.1.2 The Investor has the following options available at maturity:
- 6.1.2.1 Terminating the investment and taking the benefit;
- 6.1.2.2 The Investor may select to continue with the investment for such an additional period as agreed upon between the Investor and PSG Life, subject to the terms and conditions of the original investment and such terms and conditions as determined by PSG Life from time to time; or
- 6.1.2.3 The Investor may select to outright cede his investment to such an external third party, other than PSG Life, with approval from PSG Life, which will not unreasonably be withheld.
- 6.2 Benefits on maturity
- 6.2.1 On maturity of the investment, at the end of the investment period, the maturity benefits shall be paid to the Investor, free from any income tax.
- 6.2.2 On maturity of the investment, at the end of the investment period, the Investor will not be subject to the payment of any capital gains tax on the maturity benefits either, provided the Investor is the original beneficial owner of the investment, or a former spouse of such owner where the investment was ceded in terms of a divorce order, or the spouse, nominee or dependant, as contemplated in the Pension Funds Act of 1956.
- 7 Surrender Benefits and Rights
- 7.1 Surrender
- 7.1.1 The Investor may surrender the investment at any time and elect to receive the investment account balance, subject to 7.1.4 below.
- 7.1.2 The surrender benefit will be the investment account balance, net of early surrender fees as determined by the actuary to PSG Life, at the time of surrender.
- 7.1.3 PSG Life reserves the right, at its own discretion, to impose and deduct early surrender fees as determined by the actuary at the time of surrender.
- 7.1.4 In terms of current legislation:

- 7.1.4.1 Only one surrender is allowed in the first five years of the investment
- 7.1.4.2 The maximum surrender value is the accumulated gross premium at a rate of 5% compound interest per annum, to the date of surrender.
- 7.1.4.3 Where the actual surrender value exceeds the maximum surrender value by less than R2 500 the actual surrender value shall be paid.
- 7.1.4.4 Where the actual surrender value exceeds the maximum surrender value by more than R2 500 the maximum surrender value shall be paid, and the balance of the surrender value paid on the original maturity date of the investment plan.
- 7.1.4.5 Surrenders are subject to prevailing market conditions and the restrictions or surrender penalties of the underlying funds.
- 7.2 Transfer to another company
  - 7.2.1 No transfers may be made to any other provider during the investment period of the investment.
- 7.3 Loans
  - 7.3.1 The Investor can apply for a nil interest-bearing loan from the investment.
  - 7.3.2 The Investor is limited to one loan in the first five years as per the rules offset out in 7.1.4 above.
  - 7.3.3 The amount that can be loaned and the conditions under which the loan will be advanced will be determined by PSG Life, from time to time.
- 8 Fees The applicable fees are set out in the Investment Schedule enclosed hereto, which forms part of the Member's investment contract. In addition an asset management fee will be charged at portfolio level but will vary in accordance with the chosen portfolio.
  - 8.1 Initial fees
    - 8.1.1 Initial commission, in terms of the rates agreed on in the original application form, will be deducted from the gross investment amount prior to investment, and paid to the Financial Adviser servicing this investment.
    - 8.1.2 Initial investment administration fees, in terms of the rates agreed on in the original application form, will be deducted from the gross investment amount prior to investment, and paid to PSG Life.
  - 8.2 Ongoing Financial Advisory fees
    - 8.2.1 An ongoing Financial Advisory fee, levied monthly, will be deducted from the investment portfolio at a rate specified for each portfolio and paid to the Financial Adviser servicing this investment.
    - 8.2.2 Any management fees payable for additional premiums received will be paid in terms of the rate specified on the additional premium request received.
  - 8.3 PSG Life Ltd administration fees

- 8.3.1 An ongoing investment administration fee, levied monthly, will be deducted from the investment portfolio at a rate specified for each portfolio.
- 8.3.2 Any administration fees payable for additional premiums received will be paid in terms of the rate specified on additional premium request received.
- 8.3.3 Early surrender fees may be levied in terms of 8.1.3 above.
- 8.3.4 The fees are subject to an annual increase as determined by PSG Life's Actuary. PSG Life will notify the Investor of any fee increase to be implemented.
- 8.4 Other fees that might be levied over the investment period of the investment
- 8.4.1 Asset management fees The fee for the management of the underlying investment portfolio will be levied in terms of the requirements of the underlying funds managers of a specific portfolio. This fee is not determined by PSG Life, and may be changed from time to time.
- 8.4.2 Early Surrender fee Early surrender fees may be levied.
- 8.4.3 Opportunity fees PSG Life cannot be held responsible for any opportunity fee in not paying a surrender in time to allow for a new investment option, or any other similar circumstance.
- 8.4.4 Foreign portfolio investment fee A foreign portfolio investment fee will be levied on any portion of funds that might be transferred offshore. The funds can only be transferred offshore in compliance with the applicable legislation, Reserve Bank approval and other requirements that might be prescribed at that time.
- 8.4.5 Any other fees PSG Life reserves the right to impose additional fees should there be a change in or an introduction of legislation, which necessitates the imposition of such fees.
- 9 Administration Procedures
- 9.1 All administration changes need to be requested in writing. Please contact our client services call centre on 0800 117 180 or your Financial Adviser, to forward the Investor the necessary documentation, requirements and turnaround times to make investment changes, do portfolio switches and to retire from the fund.
- 10 Impossibility Clause PSG Life will not be liable for any loss if, due to the occurrence of an act of God, a natural or man-made disaster, armed conflict, act of terrorism, riot, labour, economic or financial disruption or any other circumstance beyond its control, it becomes impossible (other than as a result of its own misconduct) to comply with any material provision of this investment. PSG Life furthermore reserves the right not to price portfolios whilst such circumstances persist.
- 11 Indemnity
- 11.1 Notwithstanding any other provision in this investment, it is expressly recorded that the performance of PSG Life is wholly dependent upon performance of the counterparties providing the underlying investment instrument. PSG Life shall use its best endeavours to ensure that the counterparties duly and timeously comply with all their obligations and PSG Life shall exercise all of its rights and remedies hereunder in the event of any breach or non-performance by the counterparties and shall generally use



its best endeavours to avoid any delay in delivery on the maturity date and/or any shortfall in the maturity benefit in terms of this investment.