

1. Introduction

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 Limited ("PSG Life") specifically for the purposes of the investment. PSG Life is a registered linked-insurer in terms of the Long-term Insurance Act, and an authorised financial services provider (FSP 22557). PSG Life is the underwriter of this product. PSG Invest (Pty) Ltd, an authorised administrative financial services provider (FSP 563), is the Administrator of the investment.

1.2 The Administrator acts in terms of an outsource arrangement with PSG Life and will, including but not limited to, process instructions, provide statements, confirm changes, etc. The Administrator charges PSG Life an annual administration fee to provide these services.

1.3 The application form (including its annexures), this terms and conditions document (Terms and Conditions) and the Investment Schedule (collectively referred to as the investment documents) forms the investment contract between the Investor and PSG Life.

1.4 This investment takes effect on payment of the single or recurring contribution to PSG Life, the acceptance by the Administrator of the completed application form and receipt of the required documentation by the Administrator

1.5 Changes to the investment document

No condition or provision of this investment as contained in the investment documents 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.

1.6 Statutory law under which the investment document is issued

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

1.6.2 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:

- The Income Tax Act 58 of 1962 and regulations and practice notes, as promulgated from time to time.
- The Long-term Insurance Act of 1998 and regulations, as promulgated from time to time.
- Any other South African law or regulation which effects the terms and conditions of this investment.

1.7 Currency

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

1.8 Cession

This investment may not be terminated, reduced, ceded, assigned, pledged or hypothecated, or be commuted to cash during the Investor's lifetime, unless legislation provides for such an action.

1.9 Substitution of vesting rights

The rights set out in this investment document are deemed to be accepted by the Investor in substitution of his rights against the retirement annuity, pension fund or provident fund from which the gross annuity consideration emanated.

2. Premiums**2.1 Eligible premiums**

2.1.1 The premiums invested in the Equity Linked Living Annuity ('ELLA') must mature from a registered pension fund, provident fund, preservation fund or retirement annuity fund.

- 2.1.2** The premium to the ELLA is deemed to emanate from these funds due to the retirement of the Investor, and because, in terms of the rules of these funds, a compulsory annuity must be purchased with this premium to provide the Investor with an income.
- 2.2** Additional premiums
- 2.2.1** The Investor may elect to pay additional premiums into the ELLA at any time in the future, subject to 2.1 above, and the business rules of PSG Life, which apply at the time the premium is made.
- 2.2.2** The additional premiums paid to the ELLA investment must be from registered pension, provident and retirement annuity funds (as mentioned in 2.1.2 above), or from another ELLA transferring to the PSG Life ELLA.
- 2.2.3** These additional premiums may be invested at any time subject to the appropriate documentation being completed and submitted to the Administrator.
- 2.2.4** The selected annuity percentage (as defined in 4.1 below) operating at the time the additional premiums are made, will be applied to the additional premiums (net of any fees), to determine the level of the income paid to the Investor.
- 2.3** Process
- 2.3.1** 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 Portfolios is **08h30** for that day.
- 2.3.2** 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.
- 3** **Investment Account and Investment Portfolio**
- 3.1** Investment account
- 3.1.1** The Administrator 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 clients risk profile and asset allocation whilst adhering to the asset managers' mandate. The Administrator shall notify both the Investor and the appointed Financial Adviser of any substantive variations or alterations.
- 3.1.3** The investment account will initially be credited with the net annuity consideration and will be invested in the portfolios during the month in which the gross annuity consideration is received, subject to the business rules of PSG Life.
- 3.1.4** The net annuity consideration will be applied to purchase units in the investment portfolios selected by the Investor.
- 3.1.5** The above units will be purchased in accordance with the rules for participation in the investment or structured portfolio.
- 3.1.6** Any withdrawal 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** Income benefits payable to the Investor under this investment document that will be deducted from the investment account in the month in which the payment is due, by cancellation of units in the underlying investment portfolio or portfolios.

- 3.1.7.2** Ongoing investment administration fees accrued for, and due to PSG Life, and deducted from the investment account on a monthly basis.
- 3.1.7.3** An initial and ongoing Financial Advisory fee accrued for, and due to, the Financial Adviser as reflected on the application form, subject to legislative limitations and deducted from the investment account on a monthly basis.
- 3.1.7.4** The ongoing asset management fees accrued for, and due to, the asset manager, and deducted from the investment account on a monthly basis.
- 3.1.7.5** Commission accrued for and due to the Financial Adviser as reflected on the application form, subject to legislative limitations.
- 3.1.7.6** 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.
- 3.1.7.7** Additional premiums (net of fees), from other retirement funds, as mentioned in 2.2 above, applied to purchase units in the investment account.
- 3.1.7.8** Transfers from other annuity policies (net of fees), as mentioned in 2.2 above, applied to purchase units in the investment account.
- 3.1.8** Details of restrictions, fees and procedures linked to your portfolio are contained in the risk disclosures.
- 3.1.9** The balance of the investment account will serve as the basis for the calculation of income benefits, using the selected annuity percentage.
- 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 details regarding the nature and extent of the Investor's benefits are contained in the individual guideline documents.
 - 3.2.3** The Investor shall, in respect of any premiums paid to PSG Life, authorise the Administrator in writing to invest the premiums in any one or more of the portfolios available to the Investor.
 - 3.2.4** If a specific class of fund is closed or if we cannot continue to offer it, we will inform you and request a new investment instruction. If we do not hear from you within 30 days of our request, we will switch the units into the clean fee class of the particular fund that is available on our platform. A 'clean class' is the class of a fund in which only the fund manager's fee is deducted from the unit price. There is no deduction for administration fees within the unit price.
 - 3.2.5** Should PSG Life decide to discontinue a particular portfolio on account of a good and sufficient reason, the Administrator shall inform the Investor who will then select another portfolio.
 - 3.2.6** Investment in certain portfolios may be subject to certain tranche requirements, which may result in an investment premium being returned to the Investor due to tranche limits not being met, or a request be made to invest in a different portfolio.
 - 3.2.7** The Administrator shall create units only by the addition of new premiums to each portfolio. Units shall be cancelled only by the withdrawal 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.
 - 3.2.8** At a given time, the same unit price shall be used for the creation and cancellation of units respectively.
 - 3.2.9** 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.
 - 3.2.10** Model portfolio
 - This is a pre-determined selection of unit trusts administered by the Administrator and managed by a portfolio manager to meet the investment objectives specified for that model portfolio.

In the event that the Investor wishes to invest all or part of his/her initial investment (or any subsequent additional investments) in a model portfolio the following provisions shall apply:

- A model portfolio is not a collective investment scheme;
- Where an Investor selects a model portfolio, the Investor will hold units in the underlying instruments;
- The portfolio manager shall be solely responsible for selecting instruments which are to be included in the model portfolio;
- The event that the composition of a relevant model portfolio is changed, the Investor hereby authorises the Administrator to accept instructions from the portfolio manager.
- The Investor may at any time disinvest from or switch out of the model portfolio by written notice to the Administrator.

3.3 Income portfolios

The income portfolios are set out in the Investment Schedule, and units from these portfolios will be cancelled on a regular basis, to meet the annuity income requirements of the Investor, and any tax thereon.

3.4 Switches between investment portfolios and income portfolios

3.4.1 The Investor may at any time change the selected investment portfolio, subject to written notice to the Administrator as required within the specified guidelines for each portfolio.

3.4.2 The change to investment portfolios will be subject to the legal limitations and rules of the investment portfolio, which apply at the time the change is affected.

3.4.3 PSG Life reserves the right to impose a fee to change investment portfolios or income portfolios.

3.4.4 Switches are subject to the prevailing market conditions and the restrictions or termination penalties of the underlying funds.

3.5 No guarantees on market related portfolios

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:

- Fluctuating capital values;
- Losing capital in the event of a severe market correction;
- Fluctuating annuity values over time.

3.6 Cooling-off right

The investor cannot cancel the investment because there is no cooling-off right available.

4 Income Benefits

4.1 Selection of the annual level of income

4.1.1 The Investor may select an annual level of income at inception of the investment, and on every investment anniversary thereafter.

4.1.2 Your living annuity investment provides you with the flexibility, within the constraints imposed by the relevant authorities from time to time, to select your income to best suit your personal, financial and retirement needs. It therefore forms a key part of your own retirement income planning process and portfolio. Living annuities should provide you with an income for life, and it is your responsibility to ensure that the level of income that you have selected is at a level that would be sustainable for the rest of your life.

4.1.3 In terms of legislation, the Investor is allowed to select an income in the range of between **2.5% and 17.5% of the net investment amount**. This implies that the level of income selected may not exceed 17.5% of the value of the investment account balance at inception, or on any investment anniversary, and may not be less than 2.5% of the investment account balance at inception or on any investment anniversary. The applicable annuity percentages are determined by current legislation and are subject to change.

- 4.2** Payment frequency and payment incidence
- 4.2.1** The annual annuity amount will be paid in accordance with the payment frequency and payment incidence, as selected by the client at the investment anniversary or inception of the investment.
- 4.2.2** The payment frequency or payment incidence may only be revised at the investment anniversary or inception of the investment, subject to **thirty (30) days** written notice being given to the Administrator and provided the new payment frequency and payment incidence adheres to current legislation.
- 4.3** Period for which annuity payments are made.
- 4.3.1** Annuity instalments are payable to the Investor, provided that on request, the Administrator receives satisfactory proof of the continued existence of the Investor.
- 4.3.2** Any annuity instalments made without written notice of the death of the Investor, or any other beneficiary, or otherwise in good faith, will constitute valid debits to the investment account.
- 4.4** Taxation
- 4.4.1** All payments made to the Investor or beneficiary will be made after tax has been withheld as required by law, unless PSG Life receives a tax directive to the contrary.
- 4.4.2** The investment portfolio is held in the insurer's untaxed policyholder's fund, and returns will not be subject to tax. The annuity payments to the Investor are subject to income tax at the Investor's marginal rate. PSG Life will tax the income according to the normal tax tables as if this income is the only income that the Investor receives. Should the Investor receive income from other sources that requires a higher tax rate to be applied, it is the Investors' responsibility to request the higher rate to be deducted by PSG Life.
- 4.4.3** Any capital gains are exempt from Capital Gains Tax under current legislation.
- 4.4.4** 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.
- 4.5** Annual review of income
- 4.5.1** The Administrator will review the selected annuity percentage prior to each anniversary of the investment.
- 4.5.2** The Administrator will notify the Investor, or any other beneficiary, of the new minimum and maximum annuity instalments which may be selected.
- 4.5.3** The notice will include details of any adjustment that will automatically be made in the absence of a selection by the Investor.
- 4.5.4** It is PSG Life's business practice to base the selected annuity percentage on the balance of the investment account, which applies three months prior to the anniversary of the investment.
- 4.5.5** The annuity instalment may only be revised once per annum on the investment anniversary.
- 4.6** Fees
- 4.6.1** PSG Life reserves the right to deduct a fee from the income benefits where these benefits are less than the minimum income requirement (currently R2 400 per annum), to cover administration expenses associated with the payment of such income benefits.
- 4.6.2** These fees will be set on an annual basis, after a review of the expenses associated with low income benefits.
- 5** **Death Benefits and Rights**
- 5.1** Vesting of rights
On the death of the Investor, the right to the ELLA investment vests in the Investor's nominated beneficiaries or estate, as the case may be.
- 5.2** Election of beneficiaries
- 5.2.1** The Investor may nominate at any time, by written notice to the Administrator, a beneficiary to receive the proceeds of the investment following the death of the Investor.

- 5.2.2** The appointment of a new beneficiary will automatically cancel the prior appointment of a beneficiary, and is effective only when endorsed by PSG Life.
- 5.2.3** The appointment of a beneficiary will lapse on the death of the beneficiary prior to the death of the Investor.
- 5.2.4** the appointment of beneficiaries, heirs or legatees under a Will, will not constitute a beneficiary nomination unless it specifically refers to this investment document and the Administrator is notified timeously
- 5.2.5** If there are no nominated beneficiaries, the balance of the investment account will be paid to the Investor's estate as a lump sum.
- 5.3** Options available to beneficiaries
- 5.3.1** On the death of the Investor, the nominated beneficiaries may select either of the following options available, as described below.
- 5.3.2** The nominated beneficiary may on death of the Investor elect to commute the full proceeds to cash or a portion thereof commuted to cash while the balance purchases an annuity. Alternatively, the full proceeds may be used to purchase an annuity.

6 Withdrawal Benefits and Rights

- 6.1** Voluntary withdrawal
The Investor may not take withdrawal benefits from an ELLA, other than the annuity benefit paid to the Investor.
- 6.2** Transfer to another company
- 6.2.1** Transfer to another living annuity with another insurance company is allowed, subject to the applicable legislative requirements.
- 6.2.2** The Investor must adhere to all terms and conditions for the transfer of the benefit to another living annuity, as set out by legislation and the prevailing business rules of PSG Life.
- 6.2.3** PSG Life reserves the right, at its own discretion, to impose and deduct transfer fees, as determined by PSG Life's actuary at the time of transfer

7 Fees

The applicable fees are set out in the Investment Schedule enclosed hereto, which forms part of the Investor's investment contract. In addition, an asset management fee will be charged at portfolio level but will vary in accordance with the chosen portfolio.

- 7.1** Initial fees
Initial Financial Advisory fees, in terms of the rates agreed on the original application form, will be deducted from the gross investment amount prior to investment, and paid to the Financial Adviser servicing this investment.
- 7.2** Ongoing Financial Advisory fees
- 7.2.1** An annual 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.
- 7.2.2** Any management fees payable for additional premiums received will be paid in terms of the rate specified on the additional premium request received.
- 7.3** Administration fees
- 7.3.1** An ongoing investment administration fee, levied monthly, will be deducted from the investment portfolio at a rate specified for each portfolio.
- 7.3.2** Any administration fees payable for additional premiums received will be paid in terms of the rate specified on additional premium request received.
- 7.3.3** The fees are subject to an annual increase as determined by PSG Life's actuary. The Administrator will notify the Investor of any fee increase to be implemented.

7.4 Other fees that might be levied over the investment period of the investment**7.4.1** 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.

7.4.2 Opportunity fees

PSG Life cannot be held responsible for any opportunity fee by not paying a surrender in time to allow for a new investment option, or any other similar circumstance.

7.4.3 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.

7.4.4 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.

7.4.5 Model Portfolios

Model Portfolio fees may be charged, where applicable.

8 Administration Procedures

All administration changes need to be requested in writing through your financial adviser. Alternatively contact a client service consultant on 0860 774 774 or email clientservice@psg.co.za.

9 Impossibility Clause

PSG Life and the Administrator 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 PSG Life's 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.

10 Indemnity

Notwithstanding any other provision in this investment, it is expressly recorded that the performance of PSG Life and the Administrator is wholly dependent upon performance of the counterparties providing the underlying investment instrument. PSG Life and/or the Administrator shall use its best endeavours to ensure that the counterparties duly and timeously comply with all their obligations and PSG Life and the Administrator 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 retirement date and/or any shortfall in the retirement benefit in terms of this investment.

11 Contact details

| PSG LIFE LTD AND PSG INVEST (PTY) LTD | |
|---------------------------------------|---|
| Physical Address | 1 st Floor, Roland Garros, 57 Sloan Street, The Campus, Bryanston, Johannesburg 2191 |
| Postal Address | PO Box 61295, Marshalltown, 2107, South Africa |
| Telephone | 0860 774 774 |
| Fax Number | +27 (11) 996 5499 |
| Email | clientservice@psg.co.za |
| Website | www.psg.co.za |

12 Complaints

The Compliance Officer is there to address dissatisfaction with the investment or service from the Administrator. You may lodge a complaint in writing to the Compliance Officer of PSG Invest, at the address provided above or e-mail compliance@psg.co.za or alternatively at 0860 774 774. Please include supporting documents.

The Administrator will respond in writing and include the contact details of the party appointed to resolve the complaint. If you are still dissatisfied either with the Administrator's response or with the designated Financial Adviser, you can write to the Ombud for Financial Services Providers.

| THE OMBUD FOR FINANCIAL SERVICES PROVIDERS | |
|--|---|
| Physical Address | Sussex Office Park, Ground Floor, Block B, 473 Lynnwood Road Cnr Lynnwood Road & Sussex Ave, Lynnwood, 0081 |
| Postal Address | PO Box 74571, Lynnwood Ridge, 0040 |
| Telephone | +27 (0) 12 470 9080 |
| Fax | +27 (0) 12 348 3447 |
| Email | info@faisombud.co.za |
| Website | www.faisombud.co.za |

| THE OMBUD FOR THE LONG TERM INSURER | |
|-------------------------------------|--|
| Physical Address | Third Floor, Sunclare Building, 21 Dreyer Street, Claremont, Cape Town, 7700 |
| Postal Address | Private Bag X45, Claremont, Cape Town, 7735 |
| Telephone | +27 (21) 657 5000 |
| Fax | +27 (21) 674 0951 |
| Share Call | 0860 103 236 |
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