

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

1.5 This investment takes effect on payment of the single or recurring contribution to PSG Life, and the acceptance by the Administrator of the completed application form.

1.6 Changes to the investment document

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.

1.7 Statutory law under which the investment document is issued

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

1.7.2 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.

1.8 Currency

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.

1.9 Cession

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
Where a recurring premium Endowment Investment is made paid-up, an Investor 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** 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 client's risk profile and asset allocation whilst adhering to the asset managers' mandate. The Administrator 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 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.
- 3.1.7.3** 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 the Administrator in writing to invest the premiums in any one or more of the portfolios available to the Investor.
- 3.2.3** 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.
- 3.2.4** 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.
- 3.2.5** The Administrator 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.
- 3.2.6** At a given time, the same unit price shall be used for the creation and cancellation of units respectively.
- 3.2.7** 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.
- 3.2.8** Model portfolio
- 3.2.7.1** 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.
- 3.2.7.2** 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;
 - In 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** Switching between investment portfolios
- 3.3.1** 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.
- 3.3.2** 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
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 some capital in the event of a severe market correction.

- 3.5** The Investor can cancel the investment within 31 days after receiving policy documents by giving written notice to the Administrator. The Administrator will refund the amount invested subject to market movement, less any fees paid.
- 3.6** The Investor cannot cancel the investment if the Investor transacted during the cooling-off period.
- 3.7** Cancellations during the cooling-off period are subject to a bank clearance period before funds can be paid back into the Investor's account. The clearance period is 45 days for once-off collections and recurring premiums and 21 days for electronic funds transfers (EFTs).

4 Death of the Investor and Applicable Rights

Only in cases where the Investor is a natural person will this clause 4 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 the Administrator, 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 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 under a Will, will not constitute a beneficiary nomination unless it specifically refers to this investment document and the Administrator is notified timeously.

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
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 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.

8.1 Initial fees

- 8.1.1** Initial Financial Advisory fee, 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** 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. The Administrator 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 and the Administrator 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.
- 8.4.6** Model Portfolio fees may be charged, where applicable.

9 Administration Procedures

All administration changes need to be requested in writing. Please contact our client services call centre on 0860 774 774 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 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.

11 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 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.

12 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	+27 (11) 996 5499
Email	clientservice@psg.co.za
Website	www.psg.co.za

13 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
Email	info@ombud.co.za
Website	www.ombud.co.za