

# Linked Investment

## Plan description

The plan invests in investment funds that are managed by collective investment companies, and is a contract between the planholder and Sanlam Linked Investments (Pty) Ltd (SanLink). SanLink is an administrative financial services provider licensed by the Financial Sector Conduct Authority (FSCA) in terms of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). SanLink contracted us, Sanlam Life Insurance Limited (Sanlam Life), to deal with all administrative matters, including all communication, on their behalf.

If an investment guarantee is chosen, the guarantee is provided by Sanlam Life. Therefore the contract for the guarantee is between the planholder and Sanlam Life, and not between the planholder and SanLink. The contract for the guarantee is an insurance policy as described under, and regulated by the Long-term Insurance Act, 1998. It forms part of the plan documents mentioned in this plan description.

The contracts consist of the following:

- the quotation;
- the application for the plan;
- this plan description, LDI-A01-01, as updated from time to time, and available on the Sanlam website at <http://www.sanlam.co.za>;
- additions to this plan description, if applicable;
- the statement, as updated from time to time;
- other documents, correspondence and information, if any, that by implication form part of the contract.

We will update the plan description and statement to reflect changes

- in administration procedures, for example how unit prices are determined and where information about investment funds can be found;
- in charges, including the fees charged by the asset managers;
- necessitated by external factors, for example legislation, or the interpretation thereof.

This plan description should be read in conjunction with the statement that the planholder receives. All information applicable to a specific plan is set out in the statement for that plan. If there is any conflict or inconsistency between the contents of this plan description and a statement for a plan, the provisions of the statement will prevail.

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## Roles

### Sanlam Life

Our role on behalf of SanLink is to

- receive payments into a bank account;
- invest payments timeously in accordance with valid instructions;
- provide the guarantee if an investment guarantee was chosen;
- carry out any further reasonable and valid instructions;
- report on the plan as required by legislation;
- levy charges;
- exercise a vote on behalf of the planholder in a ballot conducted by an asset manager;
- pay the plan benefits on request, subject to any legal limits.

### Intermediary

The role of the intermediary is to

- comply with the terms of FAIS;
  - supply the planholder with information about the nature of the plan, the underlying investment funds and the charges involved;
  - advise the planholder about the plan and the underlying investment funds.
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## Explanations

### Option date

It is the date which indicates the end of the term, and is indicated in the statement.

### Open-ended term

After the chosen term has expired, the term of the plan is considered as open-ended. This means that the fund value will not be paid out automatically after the chosen term has expired, but that the plan will continue until the planholder terminates the plan.

### One-off fund

It is the part of the fund value built up by one-off payments.

### Recurring fund

It is the part of the fund value built up by recurring payments.

### Alteration charge date

It is the date until which we will levy an alteration charge for certain alterations, and is indicated in the statement. A separate date applies for the one-off and recurring funds.

### Working day

It is any day of the week from Monday to Friday, excluding public holidays.

### Payment holiday

A period during which the recurring payments are temporarily stopped on request.

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## Payments

### One-off payments

One-off payments may be made, provided that they are not less than our minimum allowed. If the transaction date for a payment, as indicated in the statement, is more than one day later than the payment date, we will add interest from the day following the payment date to the transaction date.

### Recurring payments

Recurring payments are allowed, but then they should apply from the start of the plan. They cannot be added later. A recurring payment, if applicable, is due on the same day of each month or year, as indicated in the statement.

If recurring payments are made by debit order, and the requested day on which we have to collect the payment does not fall on a working day, or a month does not have the particular day, we will collect it on the following working day.

The transaction date for a recurring payment is the later of the payment due date and the actual payment date. If this is not a working day, the transaction date will be the first working day thereafter. We will not add interest if a recurring payment is made before the transaction date.

If a payment is not made in full within a 30 day period of grace, we may consider the recurring payment stopped, and will then levy the alteration charge for stopping recurring payments, if applicable.

### Payment growth

If the plan has payment growth, the recurring payment will be increased according to the conditions of the type of payment growth, as chosen.

We offer the following type(s) of payment growth:

- **Fixed growth**  
The recurring payment will be increased each year by the chosen fixed percentage.
- **Sanlam inflation**  
The recurring payment will be increased each year by the inflation rate, as determined by us. In setting the rate, we will take into account the change in the consumer price index, or any other commonly accepted method of measuring inflation that may apply at the time. The Sanlam inflation rate may differ from official rates, due to differences in calculation methods. A minimum and maximum increase apply, which may change from time to time.

The payment growth type that applies for a plan is indicated in the statement.

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## Investment

We invest a payment plus an additional allocation, if applicable, less charges, in the respective investment funds as chosen by the planholder. The additional allocation depends on the level of intermediary fees negotiated at the start. Investments are administered subject to the terms and conditions stipulated by the asset managers.

Information about all investment funds we offer, is available on the Sanlam website at <http://www.sanlam.co.za>.

### **How is the amount allocated to a specific investment fund, invested?**

We use the amount allocated to a specific investment fund to buy units in that investment fund. The units are held in the name of an independent nominee, Afflulink Nominees (Pty) Ltd, on behalf of the planholder.

### **When is the amount allocated to a specific investment fund, invested?**

The investment date for an amount allocated to a specific investment fund is usually the first working day after the transaction date. The investment takes place at the unit price applicable on the investment date. If more than one working day elapses between the transaction date and the investment date because of circumstances not within our control, we will add interest, as determined by Sanlam Life, to the amount allocated to a specific investment fund. This interest will be calculated from the date the investment should have taken place to the actual investment date.

### **Clearance period**

Payments are subject to a clearance period of 30 days, and no selling of units that resulted from an uncleared payment will be allowed during this period.

### **Unit price**

The unit price of a specific investment fund is determined by the asset manager. A price is usually only available one or two days after the day to which it applies. Therefore it will take a few days before a transaction reflects on the statement. Details of the calculation of unit prices are available on request from the asset managers.

### **What happens when income is declared for an investment fund?**

The income, which may include interest and dividends, is automatically reinvested in the investment fund for which the income has been declared. This takes place on the date that the income is paid, which may be later than the date on which the income was declared.

### **May an investment fund be closed?**

Yes. This may occur if, for example, legislation changes or certain classes of assets become unavailable or it is in our opinion no longer prudent to invest in the specific investment fund. If the plan is affected, we will request the planholder to choose another investment fund allowed at that stage for this type of plan, and to inform us of the choice made. If we receive no response to such a request, we will decide in which investment fund to invest the affected part of the plan.

### **Switching of investment funds**

Switching of investment funds allowed at the time for this type of plan may be done on request.

Future payments may be allocated to any investment fund allowed for this type of plan. The payments already allocated to the current investment funds, will then remain in these investment funds.

### **Cost to switch investment funds**

Currently there is no transaction charge for the first four switches in a plan year. For each subsequent switch in a plan year, we will levy a transaction charge, which will be determined at the time. The current transaction charge is indicated in the statement. We may change the number of free switches from time to time.

### **When will selling and buying of units for switching take place?**

To perform a switch, we sell the required number of units of the investment funds out of which a switch is done. With the proceeds of the selling transaction, less the transaction charge, we buy units of the investment funds into which a switch is done. We usually sell and buy on the first working day after receiving the switch request. If we cannot sell the units on that day, the buying of units is delayed until we can sell the units. However, if the selling takes place, but the buying is delayed because of circumstances not within our control, we will add interest to the proceeds of the selling transaction, after deducting the transaction charge. This interest will be calculated from the date the buying should have taken place to the date we actually buy the units.

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### **Fund value**

The fund value of a specific investment fund is the number of units multiplied by the unit price for that investment fund.

The fund value of the plan is the total fund value of all the investment funds for that plan.

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### **Loyalty Bonus**

On certain plan anniversaries we add rebates on certain charges to the fund value in the form of a Loyalty Bonus, as reward for maintaining the plan with us. We calculate the amount of the Loyalty Bonus as a percentage of some of the charges deducted from the plan. More detail of the calculation of the Loyalty Bonus is provided in the statement.

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### **Charges**

#### **VAT**

VAT will be levied on all the charges below. VAT will not be levied on the payment for the investment guarantee.

#### **Charges for the plan**

The current charges are indicated in the statement and can be one or more of the following:

- An **initial marketing charge**, deducted from each payment.
- A **payment charge**, deducted from recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the recurring payment.
- A monthly **plan charge**, which will be increased from time to time to allow for inflation, as determined by us. The charge is deducted monthly from the fund value by selling units to the value of the charge.
- A yearly **marketing and administration charge**, which consists of two parts:
  - A **fixed marketing and administration charge**, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.

- A **variable marketing and administration charge**, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.

### **Payment for the investment guarantee**

A yearly payment for the investment guarantee is made to Sanlam Life, to pay for the cost of the investment guarantee of every investment fund that offers an investment guarantee. This payment is calculated as a percentage of the fund value. The yearly payment is calculated on a monthly basis, which means it is divided by 12. An amount equal to the payment is deducted monthly from the fund value by selling units to the value of the payment.

### **Deductions made by the asset managers**

An asset manager charges fees for investment research and for selecting the underlying assets of an investment fund. These fees are taken into account in the calculation of the daily unit price of an investment fund. The published performance figures of an investment fund are therefore net of these fees. More information on these fees and their current values are available in the statement.

### **Alteration charge**

A plan may be changed at any stage, provided we agree to the alteration. We will levy an alteration charge if the alteration is done before an alteration charge date. The alteration charge date is determined at the start and does not change at subsequent alterations. Separate alteration charge dates apply to the one-off and recurring funds.

The alteration charge will be taken from the fund value by selling the required number of units.

The current alteration charge for the most common alterations is indicated in the statement.

### **Transaction charge**

In addition to the abovementioned alteration charge we will levy a transaction charge for each of the following alterations:

- Reduction or stopping of the recurring payment;
- Termination of the plan;
- Transfer of units out of the plan;
- An ad hoc withdrawal from the plan.

This transaction charge will be increased from time to time to allow for inflation, as determined by us.

We will not levy this transaction charge on or after the option date.

We will also levy a transaction charge for other transactions, as mentioned in this plan description, and as indicated in the statement. This transaction charge will be increased from time to time to allow for inflation, as determined by us.

We will continue to levy a transaction charge after the alteration charge date.

Plan specific rules are applied to determine the maximum payment holiday period over the term of the plan. The payment holiday period can be used in full or partially at different times during the term of the plan. Some of these periods will be free of charge. Once all these free periods have been used, the plan may qualify for an additional number of payment holiday periods for which we will levy a transaction charge. This transaction charge will be increased from time to time to allow for inflation, as determined by us. The current transaction charge is indicated in the statement.

Every transaction charge will be taken from the fund value by selling the required number of units.

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### **Investment advice agreement between the planholder and the intermediary**

The planholder may request us to pay a fee for ongoing investment advice for his or her investment. VAT will be levied on this fee. We will pay this fee monthly to the intermediary who provides this advice.

This investment advice is an optional service that the planholder may request, and is provided by an intermediary nominated by the planholder. It is a specialised service which is in addition to and not part of the intermediary services for which we pay fees.

The fund-based fee for this investment advice is specified as a percentage per year of the fund value. The planholder must specify the percentage. The fee is calculated on a monthly basis, which means it is divided by 12. It is deducted monthly from the fund value by means of a withdrawal to the value of the monthly fee. The amount of the fund-based fee is linked to and will therefore fluctuate with the fund value, for example, a fee of 0.50% implies R41.67 per month if the fund value equals R100 000.00.

The current fund-based fee, if applicable, is indicated in the statement.

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### **Reduction or stopping of the recurring payment**

The recurring payment may be reduced or stopped on request, provided that our conditions at the time are met. We will levy a transaction charge when the recurring payment is reduced or stopped before the option date. We will also levy an alteration charge if this happens before the recurring fund's alteration charge date.

One of the conditions for stopping the recurring payment is a minimum fund value after the alteration and transaction charges, if applicable, have been deducted. If recurring payments are stopped despite this condition not being met, the plan will be terminated. If no termination value is available, the plan will lapse. The minimum fund value is indicated in the statement.

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### **Realising the plan benefits**

The plan benefits may be realised in one of the ways described below. To realise a benefit, we will sell units on the first working day after the day on which we receive the request. Transfer of units will take longer to finalise.

### **Termination of the plan**

A plan may be terminated on request. The fund value less the alteration and transaction charges, if applicable, will be paid to the planholder when the plan is terminated.

On the termination date the plan may be entitled to income already declared, but not yet invested. Once all declared income has been invested, the units will be sold. The proceeds will be paid to the planholder, after the deduction of a transaction charge, which will be determined at the time. Its current level is indicated in the statement.

### **Transfer of units out of the plan**

Units may be transferred to another financial services provider or to the planholder. The fund value will reduce by the alteration and transaction charges, if applicable, and the value of the units that are transferred.

### **An ad hoc withdrawal from the plan**

The planholder may make an ad hoc withdrawal from the plan, provided that our conditions at the time are met. As these conditions will change from time to time, they will be communicated when the planholder applies for an ad hoc withdrawal. We will sell the required number of units to pay the alteration and transaction charges, if applicable, and the withdrawal amount. The fund value will reduce by the value of the units sold.

### **Regular withdrawals from the plan**

The planholder may apply to make regular withdrawals from the plan, provided that our conditions at the time are met. One of these conditions is that regular withdrawals may not be made while recurring payments are being made. However, as conditions will change from time to time, they will be communicated when the planholder applies for regular withdrawals.

The details of the regular withdrawals will be indicated in the statement after we have accepted the application for making regular withdrawals.

We levy a transaction charge for each withdrawal payment made. The charge will vary over time. Its current level is indicated in the statement.

We will sell the required number of units from the applicable investment funds in proportion to their fund values to pay the transaction charge and the requested withdrawal amount. The fund value will reduce by the value of the units sold.

If a month does not have the requested withdrawal day, or if it does not fall on a working day, we will consider the following working day to be the requested withdrawal day. We will sell the units on the first working day after the requested withdrawal day each month or year. We will pay the withdrawal amount as soon as possible after the units have been sold.

We will stop the regular withdrawals when they fail to satisfy our conditions.

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## **What happens to the plan at the death of the planholder?**

A person or an entity may be nominated to become the new planholder after the death of the planholder. The nominee may only accept or reject a nomination after the death of the planholder.

If the nominee does not accept the nomination, or if nobody has been nominated, the plan will be an asset in the estate of the planholder.

### **May the nomination be changed?**

A nomination may be added, cancelled or changed at any time. It must be in writing and signed by the planholder, and must reach the Sanlam Life head office before the death of the planholder.



### **Can the nomination lapse?**

Yes, it will lapse if the plan is ceded, whether outright or as collateral security.

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### **Tax**

The planholder will be responsible for the tax liability arising from the plan. We will supply a tax certificate each year, setting out the income of the plan as well as any local or foreign withholding tax applicable to it, and the capital gains on the plan. Any selling of units, including those that are sold to pay for charges and local withholding tax, and where applicable the investment guarantee, will result in a capital gain or loss which may have a tax impact.

A tax liability may also arise when the planholder changes, for example if the plan is ceded outright.

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### **Can there be a delay in carrying out requests?**

In some circumstances we may not be able to carry out requests within the normal time standards. An example would be where an extraordinary event occurs that causes extensive market activity, such as the outflows experienced on 11 September 2001. An asset manager may also temporarily suspend the selling of units. We will then carry out requests at the earliest possible opportunity.

### **Exclusion of liability**

We, in our own capacity and as agent of SanLink, and SanLink will not be held responsible, and will not accept liability, for any damages or losses, including consequential losses, sustained by the planholder arising from or caused by

- errors, actions or omissions by third parties providing the investment underlying the plan;
  - any time calculation standards, practices and procedures of these parties, or their delay of selling or refusal to allow selling on a specific date or at a specific price;
  - any tax or levy of whatever nature imposed by any local, provincial, national or other authority;
  - the acting by us on any instructions that were transferred by telephone, fax, electronic mail or the Internet, provided that we exercised reasonable care to establish the validity of the instruction.
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### **Payments**

All payments must be made in South Africa in South African currency.

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**Please note**

- The plan is subject to legislation and our requirements from time to time.
  - We determine the values, benefits and charges of any guarantee policy that is part of this plan, and administer that policy, according to the actuarial basis that has been approved for it as required by the Long-term Insurance Act, 1998.
  - If investment guarantees were chosen, refer to the applicable attached "Addition to plan description" for an explanation.
  - The level of recurring payments may be changed, subject to our requirements at the time.
  - We do not guarantee the performance of the chosen investment funds, apart from investment funds where we specifically provide the option of an investment guarantee. Income or the value of units may increase or decrease, and past performance is no guarantee of future performance. For example the value of assets in foreign currencies may increase or decrease materially due to changes in exchange rates.
  - We will consider communication, instructions or payments that are received before 16:00 on a working day to have been received on that working day. If received after 16:00, we may consider it to have been received on the next working day.
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