

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 Services Board 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.

The contract consists of the following:

- the quotation;
- the application for the plan;
- this plan description, LDI-A03-01, as updated from time to time, and available on the Sanlam website at <http://www.sanlam.co.za>;
- 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.

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;
- 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

Asset manager

Asset manager refers to a manager of a collective investment scheme.

Working day

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

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

A recurring payment 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.

Payment growth

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

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

- **Flexi growth**
As long as the plan is linked to a goal, the recurring payment will be increased each year to ensure that the plan stays on track to meet the goal.
- **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.

Investment

We invest a payment less charges, if applicable, in the investment funds indicated in the statement.

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

Life time investment option

If a life time investment option was chosen, we allocate the investment to the investment funds indicated in the statement. We will manage the allocation of the investment on a continuous basis. Closer to the target savings date, we will gradually shift the allocation of the investment by switching the investment funds to ensure that the investment is fully invested in stable investment funds at the target savings date. When we switch investment funds, we sell units of the investment funds out of which a switch is done, and buy units of the investment funds into which a switch is done.

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.

If a life time investment option is active when any requested switch is done, or payments are allocated differently on request, the option will be cancelled.

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.

Any switch of investment funds that we do according to the chosen life time investment option, will be free of charge. No transaction charge will be levied.

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.

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.

Charges

VAT

VAT will be levied on all the charges below.

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, depending on the level of fees negotiated.
- 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 **goal administration charge** to administer the goal for as long as the plan is linked to a goal. This charge 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 is calculated as a percentage of the fund value. This charge is subject to a minimum monthly rand amount which will be increased from time to time to allow for inflation, as determined by us. The charge is calculated on a monthly basis, which means the percentage is divided by 12 to calculate the the monthly amount. The charge is deducted monthly from the fund value by selling units to the value of the charge.

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.

Transaction charge

We will levy a transaction charge for switching of investment funds. This transaction charge will be increased from time to time to allow for inflation, as determined by us.

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

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.

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 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 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 withdrawal amount. The fund value will reduce by the value of the units sold.

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.

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, 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.

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.

Please note

- The plan is subject to legislation and our requirements from time to time.
 - The level of recurring payments may be changed, subject to our requirements at the time.
 - We do not guarantee the performance of the investment funds. 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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