

**RETIREMENT ANNUITY  
CONDITIONS OF MEMBERSHIP**

EFFECTIVE 7 NOVEMBER 2017 VERSION 12

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## **Allan Gray Retirement Annuity Fund – Conditions of Membership**

This is an overview of the Conditions of Membership of the Allan Gray Retirement Annuity Fund. The complete Fund Rules, which take precedence over this overview, are available from the Fund or the Administrator.

### **DEFINITIONS**

#### **Fund**

The Allan Gray Retirement Annuity Fund (the Fund), registered (Registration Number 12/8/37186/R) in terms of the Pension Funds Act and approved by the South African Revenue Service (SARS). The Fund is governed by the Fund Rules and relevant legislation.

#### **Fund Rules**

The rules, approved by the regulatory authorities, which govern your membership, the management and operation of the Fund.

#### **Conditions of Membership**

The Conditions of Membership provides an overview of the features of membership of the Allan Gray Retirement Annuity Fund. It also describes how the Fund is administered. The Fund Rules and legislation will take preference over the Conditions of Membership.

#### **Retirement Fund**

This is any fund registered in terms of the Pension Funds Act or any other South African pension fund established in terms of legislation. It could be a retirement annuity fund, a pension, a preservation or a provident fund.

#### **Trustees**

The persons who manage the Fund according to the Fund Rules and relevant legislation.

#### **Administrator**

This is the company that is appointed by the Trustees to administer the Fund – Allan Gray Investment Services Proprietary Limited, an authorised administrator in terms of the Pension Funds Act.

#### **Member**

The person whose retirement savings are invested in the Fund – addressed as 'you'.

#### **Investment Account**

The account through which the unit trust(s) you choose is administered in the Fund.

#### **Portfolio of a Collective Investment Scheme**

This is an arrangement that enables investors to pool their money and have it professionally managed and invested in a range of underlying assets. The underlying assets of a Portfolio vary depending on the Portfolio's investment objective. Portfolios are commonly referred to as 'unit trust(s)' or 'fund(s)'. In this document the term 'unit trust' is used.

## Participatory interest in a Portfolio of a Collective Investment Scheme

A Portfolio of a Collective Investment Scheme is divided into equal parts, also referred to as 'units'. Each unit represents a direct proportionate interest in every underlying asset of the Portfolio. The number of units in your Investment Account depends on how much money you contribute and what the unit price is when units are purchased.

## Manager

The company that administers the Portfolio(s) of a Collective Investment Scheme. Allan Gray Unit Trust Management (RF) Proprietary Limited is an example of a Manager.

## Allan Gray Nominees

This is the nominee company approved by the Financial Services Board (FSB) that holds the Fund's assets on behalf of the Fund as provided by the Pension Funds Act – Allan Gray Nominees (RF) Proprietary Limited.

## Dependant

The person(s), as prescribed by legislation who must be considered for a benefit on your death.

## Beneficiary

The nominations you make for payment of the benefit on your death.

## Compulsory Annuity

An annuity which you have to purchase with the proceeds from a Retirement Fund. It must be purchased from an insurer registered under the provisions of the Long-term Insurance Act.

## Business Day

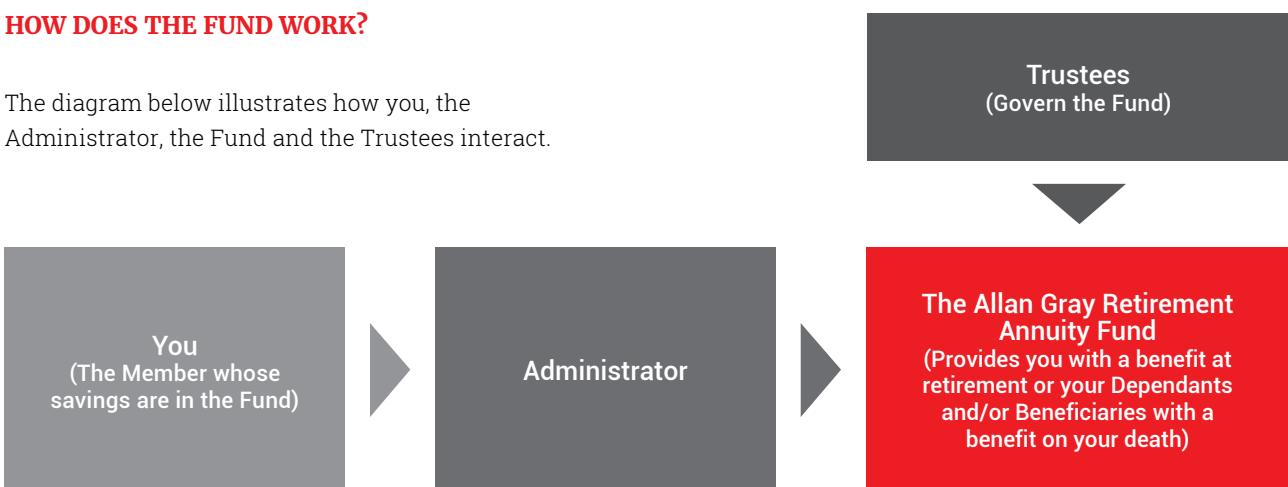
A business day is any day other than a Saturday, Sunday or South African public holiday. In this document day and business day has the same meaning.

## Allan Gray Group Retirement Annuity System

The Allan Gray Group Retirement Annuity System is a group-based administration system that enables employers to make contributions to the Allan Gray Retirement Annuity Fund on behalf of their employees.

## HOW DOES THE FUND WORK?

The diagram below illustrates how you, the Administrator, the Fund and the Trustees interact.



## **What is the purpose of the Fund?**

To provide:

- you with a benefit at retirement, or
- your Dependants and/or Beneficiaries with a benefit on your death.

## **What is the role of the Trustees?**

Although Allan Gray Proprietary Limited sponsors the Fund, it is a separate legal entity governed by the Board of Trustees. Some of the Trustees must be independent (which means that they must not be employed by the sponsor). The Trustees must protect the interests of members and act with impartiality, due care, diligence and good faith. The law specifically requires the Trustees to apply the Rules of the Fund, appoint a principal officer, communicate with members and ensure proper administration. The Trustees have put governance procedures in place to fulfil these responsibilities to members.

## **What does the Fund do with your contribution?**

The Fund invests your contributions in the unit trusts which you have selected. The investments are owned by the Fund, and you have no right to specific investments held by the Fund. The investments are held via a nominee company, Allan Gray Nominees (RF) Proprietary Limited.

## **How does the Investment Account work?**

You must choose any one or a combination of the unit trusts made available by the Fund as the underlying investments of your Investment Account. The value of the Investment Account is directly linked to the market value of the underlying investments and is not guaranteed (i.e. may move up and down).

The value of the Investment Account is increased by your contributions (including transfers from other Retirement Funds) and positive investment returns. The Fund re-invests all dividends and interest earned in the unit trust. The value of the Investment Account is reduced by negative investment returns, and any relevant fees and charges.

Past performance of the underlying investments is not necessarily a guide to the future. You carry the risk of the value of the Investment Account being reduced.

## **When does your membership of the Fund start?**

Your membership starts once:

- the Administrator has received your application and supporting documents,
- the Administrator on behalf of the Fund has accepted your application, and
- your contribution is received in the Fund's bank account.

## **When does your membership of the Fund end?**

Your membership of the Fund will end when the total value, less fees and charges, of all your Investment Accounts are paid out, for example on withdrawal, retirement, death or a transfer to another retirement annuity fund.

## **WHICH DOCUMENTS FORM THE BASIS OF YOUR MEMBERSHIP OF THE FUND?**

Your membership of the Fund is based on:

- the application form,
- the Fund Rules, and
- all instructions and supporting documentation which you provide and which the Fund and/or Administrator accepts.

## **WHAT ARE YOUR RIGHTS AND RESPONSIBILITIES?**

You must provide all instructions in the prescribed format which must be accepted by the Administrator on behalf of the Fund.

All instructions are subject to:

- the requirements of the Fund, Administrator and relevant legislation at the time of the transaction,
- the availability of the selected unit trusts,
- the processing requirements of the Administrator at the time of instruction (this includes cut-off times and time periods for processing),
- the terms and conditions of the Manager, and
- minimum amounts applicable at the time of the transaction.

The Administrator may suspend, delay or withdraw your instruction due to any of the above.

If your contributions will be administered by your employer via the Allan Gray Group Retirement Annuity System you must still apply individually to become a Member of the Fund. Although your contributions are administered on a group basis, the rights and responsibilities below are still applicable to you as an individual Member of the Fund.

### **Provide accurate information**

You must ensure that all information in instructions and supporting documentation that the Fund and Administrator receive from you is true and accurate.

### **Make informed financial decisions**

If you require financial advice it is your responsibility to appoint a financial adviser, as neither the Fund, Trustees nor the Administrator provides financial advice. It is also your responsibility to negotiate financial adviser fees with your financial adviser.

### **Appoint or change your financial adviser**

You may appoint, change or remove your appointed financial adviser at any stage by writing to the Administrator. The Administrator will inform your financial adviser of the change. If you remove your appointed financial adviser, this will take effect after five business days.

### **Make contributions**

You may make the following contributions to the Fund:

- initial lump sum
- additional lump sum
- regular contributions via debit order
- transfers from other Retirement Funds which may in certain circumstances include transfers from a retirement fund not registered or administered in South Africa.

Membership of the Fund is voluntary in the sense that you may become a Member or stop contributing to the Fund at any time.

All monetary payments to and by the Fund are payable in South Africa, in South African rand.

If your contributions are deducted from your salary and paid by your employer on your behalf, your investment is still your responsibility. There is no obligation on the Fund or Administrator to ensure contributions are made by you, or on your behalf. You may change your contribution levels with your employer. You may also make additional contributions in your own capacity.

If you leave your employer, you may not access your benefit, except under certain conditions. Please refer to 'When can you receive a withdrawal benefit?' for more details.

However, you may:

- stop contributing without any penalties, and
- continue to contribute to your investment in the Fund in your own capacity, provided you meet the minimum requirement at the time.

### **Transfer your benefit from another Retirement Fund into the Fund**

You may transfer your benefit freely subject to the:

- rules of the transferring Retirement Fund,
- Fund Rules and requirements of the Fund, and
- requirements of the regulatory authorities and legislation.

You may request that the transfer of your benefit from the other Retirement Fund is made by means of a transfer of units in a unit trust(s) (i.e a transfer other than in cash). In addition to all the requirements already listed, such a transfer is also subject to the requirements and agreement of the Administrator, the transferring fund as well as the Manager.

### **Select your unit trust(s)**

A range of unit trusts are available to you. There is no 'default' investment option and you may not become a member of the Fund unless you choose one or more unit trusts. Therefore, you must select one or more unit trusts made available by the Fund. The unit trusts selected must comply with the investment exposure limits set out in Regulation 28 of the Pension Funds Act. The unit trusts may be available in different classes which may have different fee structures. Certain unit trusts are subject to availability due to Exchange Control Regulations, the Pension Funds Act and the discretion of the relevant Manager.

### **Phase your contribution into your selected unit trusts**

When you make an initial investment or an additional contribution you may phase your investment into your selected unit trust(s) monthly over 3, 6, 9 or 12 months. If you wish to phase-in, your contribution must initially be placed in the Allan Gray Money Market Fund or the Allan Gray Stable Fund. This option is subject to the minimums applicable at the time of the transaction. Unit trusts that are classified as 'Foreign' or 'Worldwide' may be capped from time to time and the phase-in option into these unit trusts may be cancelled.

### **Monitor your unit trust(s)**

You are responsible for regularly reviewing your unit trust(s) and ensuring that it suits your circumstances. The Trustees of the Fund do not take responsibility for your selection.

### **Switch between unit trusts**

You may switch between the available unit trusts. All switch transactions have two components:

- Sell units from your existing unit trust.
- Buy units in another unit trust.

If the market value of a unit trust from which you wish to switch is less than the minimum amount, the entire amount must be switched. The two components of the transaction may not take place on the same day and the prices are not guaranteed.

### **Nominate Beneficiaries**

You may nominate Beneficiaries to receive the benefit on your death. You cannot specify how your death benefit should be dealt with in your will. Please refer to 'What happens when you die?' for more details.

You should keep your nomination up to date. If you want to change your nomination you must complete and sign a Beneficiary nomination form. If you have more than one investment account in the Fund, then your beneficiary nomination will apply to all your investment accounts related to the Fund. To distribute your benefits as fairly as possible it would help the Trustees to understand why you have made certain Beneficiary nominations and allocations. Therefore please attach a letter of explanation to the Beneficiary nomination form if there are any special factors that you would like the Trustees to take into account. The Beneficiary nomination form should be delivered to the Fund while you are still alive. The Fund will not be obliged to accept a Beneficiary nomination form if it is delivered to the Fund after your death. Legislation requires the Trustees to use their discretion when making an allocation between Dependants and your Beneficiaries, should they differ. Your nomination therefore does not guarantee that your Beneficiary will receive any death benefits. If you nominate a trust and you have Dependants, the Fund will only pay benefits to that trust if the trust is only for the benefit of your Dependants.

Dependants are a special category of persons as described in legislation. They are given preference when allocating benefits. Your Dependants always include your spouse(s). All your children (irrespective of their age and including those adopted, from previous marriages or born out of wedlock) are also your Dependants. Anyone else financially dependent on you (such as an elderly parent, a family member, a grandchild, a friend or a divorced spouse to whom you are paying maintenance) is also your Dependant.

### **Notify the Fund of your retirement**

You have to notify the Fund of your decision to retire from one or more of your Investment Accounts, using the retirement notification form.

### **Access your benefit under the Fund**

Benefits are payable on your retirement, withdrawal (subject to current limits) or death. If your contributions are administered by your employer via the Allan Gray Group Retirement Annuity System you may not access your benefits when you leave your employer. You may receive a withdrawal benefit under certain limited circumstances. Please refer to 'When can you receive a withdrawal benefit?' for more details.

### **Report errors**

You have 14 days after receipt of the investment confirmation or any statement, to report any errors to the Administrator.

### **Notify the Administrator of changes in bank or contact details**

You need to inform the Administrator of any changes in your bank or contact details, including your postal and email address, and provide supporting documentation where appropriate.

### **View the Fund Rules, valuations and financial returns**

During office hours you may view the Fund Rules, financial returns and actuarial valuation report at the Fund's registered office. Copies are available at a fee determined by the Trustees.

### **Transfer your benefit in the Fund to another approved retirement annuity fund**

If you transfer your benefit in the Fund to another approved retirement annuity fund, you must transfer the full market value, after fees and charges have been deducted, of the investments underlying the Investment Account(s).



The transfer is subject to the:

- Fund Rules and requirements of the Fund,
- rules and requirements of the receiving retirement annuity fund, and
- requirements of the regulatory authorities and legislation.

The last contribution via a recurring debit order cannot be withdrawn or transferred within 32 days of that contribution date.

### **Specify a preferred unit trust selection**

A preferred unit trust selection is your choice of one or more unit trusts which the Fund may use where no unit trust selection is evident, or as a default unit trust allocation for your account. If your investment account exceeds the prescribed legal investment limits specified under Regulation 28 of the Pension Funds Act, or Exchange Control requirements, the Fund may switch your investment to your preferred unit trust selection in order to make your account compliant again. Therefore, your preferred selection must comply with the prescribed legal investment limits. You may select, change or cancel your preferred unit trust selection at any time.

### **WHAT ARE THE RESPONSIBILITIES OF THE FUND?**

Below are some of the Fund's responsibilities that affect the majority of members. For more detail please refer to the Fund Rules.

#### **Pay benefits**

All monetary benefits are payable in South Africa, in South African rands, via electronic funds transfer (EFT) only to a current, savings or transmission account.

#### **Deduct tax**

Any cash benefit you select at withdrawal, retirement or which is paid to your Dependants or Beneficiaries could be taxable. The Fund will deduct tax from the benefit as per a tax directive issued by the South African Revenue Service (SARS).

#### **Provide statements**

The Fund must provide you with an annual benefit statement.

#### **Comply with Regulation 28**

Prudential investment guidelines are prescribed by the Pension Funds Act in Regulation 28 and specify investment exposure limits with which the Fund must comply. These limits set, amongst other things, the maximum exposure that the Fund or you as a member may have to various asset classes (examples include a maximum of 75% in equities and 25% in foreign assets).

#### **Provide a contribution certificate**

The Fund must provide you with an annual contribution certificate for contributions made during the relevant tax year unless the contribution is one in respect of which you may not claim a tax deduction for the relevant tax year. The contribution certificate is issued after the tax year end.

## **WHAT CAN THE FUND DO THAT COULD AFFECT YOUR INVESTMENT?**

### **Remove underlying investment options**

If for any reason a unit trust is no longer available, the Administrator on behalf of the Fund will give you written notice. The Fund will ask you to select an alternative from the list of available investment options. If you do not select another investment option within the time period given by the Fund, the Fund will switch your investment from the affected unit trust to the Allan Gray Money Market Fund.

### **Change your selected unit trust(s)**

If your investment account exceeds prescribed legal investment limits as specified under Regulation 28 or Exchange Control requirements, the Fund may rebalance your investment to your preferred unit trust selection. If you have not previously specified a preferred unit trust selection, and if you do not send us a preferred selection within the applicable period from the time the investment exposure limits are exceeded, the Fund must then make the necessary changes on your behalf. It may then switch the portion of your investment that exceeds the prescribed limits out of your chosen unit trust(s) to the Allan Gray Money Market Fund. Similarly, if the Fund itself exceeds these limits, it may switch your investment out of your chosen unit trust(s) to the Allan Gray Money Market Fund in order to comply with the applicable limits.

### **Change the Fund Rules**

The Fund may change the Fund Rules. For an updated version of these please contact the Administrator's Client Service Centre on 0860 000 654. Please contact your financial adviser, the Client Service Centre on 0860 000 654 or visit [www.allangray.co.za](http://www.allangray.co.za) for the latest version of the Conditions of Membership.

### **Reduce your benefits to recover fees for Fund expenses**

The Fund recovers fees from the underlying investments in your Investment Account that are directly related to the unit trusts and administration of your benefits. Fund expenses not directly related to the unit trusts and administration such as audit or valuation fees may be recovered from the underlying investments of the Investment Account. The Administrator will give you notice if your benefits will be reduced to pay for Fund expenses.

## **WHAT DOES NOT APPLY TO MEMBERS OF THE FUND?**

### **Cancellation**

You may not cancel contributions already made to the Fund (i.e. ask for a refund) or cancel your membership once you have become a member of the Fund. You can request that your benefits under the Fund be transferred to another retirement annuity fund.

### **Investment guarantees**

The value of the underlying unit trusts of the Investment Account is not guaranteed and may move up and down. You carry the investment risk, which includes the possibility of losing capital.

### **Cessions**

Your benefits under the Fund as represented by the underlying investments of the Investment Account may not be transferred or pledged to someone else as payment or security for your obligations to them.

### **Loans**

Your benefits under the Fund as represented by the underlying investments of the Investment Account cannot be used to secure a loan.

## **Insured death or disability benefits**

There are no insured death or disability benefits available for Members under the Fund.

## **WHEN CAN YOU RECEIVE A WITHDRAWAL BENEFIT?**

### **Withdrawal benefit before retirement**

You may take a withdrawal benefit from the Fund if you are no longer contributing to the Fund and:

- the market value of the underlying investments of all your Investment Accounts in the Fund is less than R7 000 or any other amount determined by legislation or regulatory authorities from time to time,
- you have emigrated from South Africa and your emigration is recognised by the South African Reserve Bank, or
- you leave South Africa at the end of a work visa or visitor's visa, as contemplated in the Income Tax Act.

### **The administrative process when you withdraw**

If you withdraw from the Fund, the Administrator will:

1. Switch the unit trust(s) of your Investment Account(s) into the Allan Gray Money Market Fund
2. Where applicable apply for a tax directive from SARS
3. Follow the instructions according to the SARS tax directive
4. Pay you

This is subject to:

- the Administrator's processing requirements, and
- the requirements of the Managers of the unit trust(s).

It will take a minimum of 10 business days to finalise, provided all requirements are met. If it forms part of an emigration it will take a minimum of three months. This is partly due to the additional emigration requirements stipulated by SARS.

## **WHAT HAPPENS WHEN YOU RETIRE?**

### **When may you retire?**

You may retire from one or more of your Investment Accounts any date after you reach age 55. The Fund provides for early retirement (before age 55) in the event of your permanent disability. Permanent disability is when you are permanently disabled due to an injury or illness. The Trustees need to approve your application for early retirement, based on medical evidence obtained at your cost. You must notify the Administrator of your retirement by submitting the retirement notification form.

### **What is the retirement benefit?**

The retirement benefit is determined by the market value of the underlying investments of your Investment Account(s) that you are retiring from, less fees and charges. Unless a transfer of units has been agreed to, the amount is determined once all the unit trusts underlying the selected Investment Account(s) are switched into the Allan Gray Money Market Fund and after all fees and charges have been taken into account. You may request that the units of the unit trust(s) underlying the Investment Account(s) be transferred to the insurer from whom the Compulsory Annuity is to be purchased. This request is subject to the requirements and agreements of the Fund, the Administrator, insurer and Manager and may include a requirement that you have not elected to take a portion in cash.

**Your retirement benefit options are:**

- The full benefit may be used to buy a Compulsory Annuity in your name.
- A maximum of one-third of the benefit may be taken as a cash lump sum. The remaining two-thirds must be used to buy a Compulsory Annuity in your name.
- The full benefit may be taken as a cash lump sum if the pre-tax value of your benefit, on the date of retirement, is equal to or not more than R247 500 or any other amount determined by legislation or regulatory authorities from time to time.

The cash portion of the benefit will be reduced by any tax that may be payable as determined by SARS.

### **The administrative process when you retire**

After receiving your retirement notification the Administrator will:

- Switch the unit trust(s) of your Investment Account(s) into the Allan Gray Money Market Fund
- Apply for a tax directive from SARS where required
- Follow the instructions according to the SARS tax directive
- Pay you and/or the provider of the Compulsory Annuity

This is subject to:

- the Administrator's processing requirements, and
- the requirements of the Managers of the unit trust(s).

It will take a minimum of 9 business days to finalise, provided all requirements are met.

## **WHAT HAPPENS WHEN YOU DIE?**

### **What is the death benefit?**

The death benefit is the market value of all your Investment Accounts less fees and charges. This amount is not determined by the date of death or the date of notification, but is determined once all the unit trusts of all your Investment Accounts are switched into the Allan Gray Money Market Fund and all applicable fees and charges have been deducted.

### **Who receives your death benefit?**

Legislation requires the Trustees to determine:

- who receives the benefit,
- the proportion in which the benefit is paid, and
- how the benefit is paid.

Those who receive a benefit have the following options, which are subject to the requirements of regulatory authorities and/or relevant legislation:

1. Purchase a Compulsory Annuity
2. Take a cash sum
3. Take a combination of cash and a Compulsory Annuity

## **The administrative process on death**

The Administrator must be notified of your death in writing at its head office. The notification should include:

- your personal details,
- identity number,
- a copy of the death certificate, and
- your investor number.

Following the notification of death, the unit trust(s) of the Investment Account will be switched into the Allan Gray MoneyMarket Fund.

After a full investigation the Trustees will decide who must receive the benefit. Your Beneficiary will not automatically receive the benefit, as Dependants receive preference under current legislation. If you have Dependants and you nominated Beneficiaries who are not Dependants, the Trustees will use their discretion to decide who must receive the benefit.

If you have no Dependants and you have nominated Beneficiaries who are not Dependants, the Trustees must establish if your estate has enough money to pay your debts. If there is not enough money in your estate to pay your debts, the Trustees must first use the benefit to pay the debts of your estate. Only once all the debts of your estate have been paid, will a payment be made to your Beneficiary. If you have no Dependants and have not nominated Beneficiaries, a lump sum payment will be made to your estate.

When the trustees' have finalised their decision, the value of your Investment Account in the Allan Gray Money Market Fund, less fees and charges, will be available for distribution.

**Following the trustees' distribution decision the Administrator will:**

1. Apply for a tax directive from SARS if the Dependant(s) or Beneficiary(s) receive a cash benefit
2. Follow the instructions according to the SARS tax directive
3. Pay your Dependant and/or Beneficiary and/or the provider of the Compulsory Annuity

**This is subject to:**

- the Administrator's processing requirements, and
- the requirements of the Managers of the unit trust(s).

## **WHAT ARE THE ADMINISTRATOR'S RIGHTS AND RESPONSIBILITIES?**

### **Administer member benefits**

The Administrator must administer member benefits in terms of an administration agreement between it and the Fund.

### **Accept or reject instructions**

The Administrator may accept or reject your application or any subsequent instructions on behalf of the Fund. The Administrator may also reverse a transaction on behalf of the Fund, if it decides the circumstances justify it.

### **Communicate with you**

The Administrator will communicate with you on behalf of the Fund.

You may select whether the financial adviser receives communication on your behalf. Where you have made no selection:

- transaction confirmations will be sent to both you and your appointed financial adviser
- quarterly statements and other communication will only be sent to you

Your annual benefit statement will be sent to you only.

**Confirm changes**

The Administrator will confirm changes made to your member details in writing.

**Provide statements**

The Administrator must provide you with quarterly statements. Additional statements are available from the secure section of [www.allangray.co.za](http://www.allangray.co.za) or the Administrator’s Client Service Centre.

**Process all instructions**

The Administrator is responsible for the processing of your instructions subject to the timelines applicable at the time of the instruction.

Pricing takes place at the close of each business day which means that the price is only available the following business day.

**Processing timelines for:**

**1. Buying, selling and switching units in unit trusts administered by the same Manager**

The table below shows the timeline for buying and selling units in a unit trust or for switching unit trusts administered by the same Manager.

Business cut-off to receive an instruction is 14:00	Process the instruction	Buy or sell units	Unit price received from the manager	Shows on investor statement
Instructions received before 14:00 (Day 1)	Day 1	Day 2	The price at the close of Day 2	Day 3
Instructions received after 14:00 (Day 1)	Day 2	Day 3	The price at the close of Day 3	Day 4

It will take an extra business day to complete the transaction if we are asked to collect money from a bank account as we can only perform the collection after we have processed the instruction.

For certain unit trusts there will be an additional business day for the units to show on your statement. It is noted on the Allan Gray Investment platform fund list when and where this applies. Units purchased with a cheque deposit cannot be repurchased within 14 days of the investment date. Units purchased with a direct debit or a recurring debit order cannot be sold within 32 days of each investment date.

When you make a withdrawal the sale of the units will show on your quarterly statement within four days but it may take longer for the payment to show in your bank account.

**2. Recurring monthly contributions via debit order**

You may select to contribute via debit order on the 1st or 15th of each month. The Administrator will collect the contribution on your selected date and then invest it at the unit price of the following business day. If your selected date is not a business day the Administrator will collect the contribution on the next business day.

The Administrator needs to receive the instruction by 14:00 three business days before the selected date. Any instructions received after the cut-off date will be processed the following month.

### 3. Switching unit trusts administered by different Managers

Business cut-off to receive an instruction is 14:00	Process the instruction	Administrator sells units	The Administrator receives money from the Manager	The Administrator pays the money to the new Manager	Manager buys units	Shows on Investor statement
Before 14:00 (Day 1)	Day 1	Day 2 The price at the close of Day 2	Day 4	Day 4	Day 4 The price at the close of Day 4	Day 5
After 14:00 (Day 1)	Day 2	Day 3 The price at the close of Day 3	Day 5	Day 5	Day 5 The price at the close of Day 5	Day 6

Transactions that require a sale of the underlying investments will normally take a maximum of seven business days to process. However, the last contribution via a recurring debit order cannot be sold within 32 days of that contribution date.

### 4. Phase-ins

Phase-ins are scheduled on the 5th of every month. If the 5th is not a business day it will take place on the business day thereafter. The Administrator needs to receive the instruction by 14:00 five business days before the scheduled phase-in day. Any instructions received after the cut-off date will be processed the following month.

### 5. Processing sequence of multiple instructions

If the Administrator receives an instruction while another instruction is in progress, the second instruction may be delayed until the first is complete.

### Allocate bank interest earned

Bank interest (at the rate earned in the Allan Gray Retirement Annuity Fund bank account on lump sum contributions) will be applied to the amount deposited if it takes longer than 24 hours to start processing the contribution.

### Professional indemnity and fidelity insurance cover

For your protection, the Administrator is insured against fraud, negligence or dishonest behaviour.

### Reinvest income distributions

Any income distribution made within a unit trust will be re-invested automatically.

### Correct administrative mistakes

The Administrator will correct administrative mistakes as soon as reasonably possible after becoming aware of the mistake. Where the selected unit trusts in an investment account do not conform to the limits of Regulation 28, you will be required to give the Administrator an alternative selection. If you do not provide a selection within the applicable period of the Administrator requesting you to do so, the Fund will be required to switch your investment out of your chosen unit trust(s) to the Allan Gray Money Market Fund in order to comply with Regulation 28.

## WHAT ARE THE FUND AND THE ADMINISTRATOR NOT RESPONSIBLE FOR?

### Advice

Neither the Administrator, the Fund, nor the Trustees give advice. They do not employ financial advisers.

### Certain losses suffered

Neither the Administrator nor the Fund and its Trustees are responsible for any losses that may be suffered due to:

- errors made by the Manager of a unit trust;
- the investment or market risk of the underlying investments;
- changes in tax or other legislation;
- delays in the processing or the rejection of an application because the financial adviser is either not an authorised Financial Services Provider or does not have a contract with the Administrator;
- financial advisers acting beyond the scope of their FSB licence;
- unauthorised instructions given by the financial adviser;
- the failure of any networks or electronic or mechanical devices;
- the Administrator or the Fund and its Trustees providing your appointed financial adviser with details about your investment either via telephone, email, fax or a secure website;
- the Administrator or the Fund acting on information sent electronically;
- the Administrator or the Fund acting on incorrect information where you have failed to notify them of any changes to such information; or
- the delayed sale of units in a unit trust due to **ring-fencing\***.

\***Ring-fencing** is the separation and delayed sale of units in a unit trust. Large sale of units above a certain threshold in a unit trust may cause ring-fencing. This ensures that the sale of a large number of units will not force the Manager to sell the underlying investments at a price in the market which could have a negative impact on investors. The Fund may delay the payment or reinvestment of the proceeds of the sale of units.

### Delays in processing instructions

The Administrator will carry out instructions at the earliest possible opportunity, subject to its own administration procedures and any unit trust limitations. Neither the Administrator, nor the Fund accepts responsibility for delays in processing instructions as a result of extraordinary events that cause disruptions.



## WHAT FEES AND CHARGES DO YOU PAY?

If a fee or charge is levied against the Fund, the Fund will pass the fee or charge on to you by reducing the underlying investments of the Investment Account by the same amount. Your choice of unit trusts and their associated class will determine certain aspects of the fee structure.

Where applicable, these charges are levied proportionately across all unit trusts of the Investment Account. You may choose to have your annual administration and annual adviser fees deducted from your Allan Gray Money Market Fund. This will be known as your preferred fee unit trust.

If the preferred fee unit trust does not have sufficient funds to pay the fees, the Administrator will deduct fees from the unit trust(s) where the fees have accrued. If there is an insufficient balance in that unit trust the Administrator will deduct fees proportionately from the remaining unit trusts.

There are generally three types of fees that may be deducted from your investment on an initial and annual basis:

- administration fees,
- investment management fees, and
- financial adviser fees.

### Initial fees

Initial fees are deducted before the investment is made.

#### 1. Administration fee

There is no initial administration fee.

#### 2. Investment management fee

If the Manager of your chosen unit trust charges the Fund an initial fee to invest in the unit trust, the amount available for investment will be reduced by the initial fee and paid to the Manager before investment. The fee will be based on each contribution less the initial financial adviser fee (if applicable).

#### 3. Financial adviser fee

If you and your financial adviser agree to an initial financial adviser fee (as indicated in the application form or any other written communication acceptable to the Fund), the Fund will deduct from each contribution, before investment, an amount equal to the initial financial adviser fee. The Fund will pay the Administrator this amount (which accrues to the Administrator) as an initial administration fee. The Administrator will pay an equal amount to the financial adviser.

### Annual fees

All annual fees are calculated daily, based on the market value of the unit trust at the end of each day.

#### 1. Administration fee

The Administrator charges the Fund an annual administration fee (excluding VAT) of:

- a maximum of 0.5% on the first R1.5m
- 0.2% on the next R3.5m
- 0.1% on the balance of the market value across all local platform investments linked to a Member's investor number as assigned by the Administrator

For any investments in Allan Gray unit trusts the Administrator charges the Fund a flat annual administration fee (excluding VAT) of 0.2%.

The annual administration fee deducted from the Investment Account is decreased by any amount passed on from the Managers of the chosen unit trusts. It will be paid to the Administrator monthly in arrears by selling units from the unit trusts underlying the Investment Account.

If the amount passed on from the Managers exceeds the annual administration fee, the Administrator will pay an amount equal to the excess to the Fund. The Fund will use the amount received to buy additional units in the relevant unit trusts and will credit the Investment Account monthly in arrears.

## **2. Investment management fee**

The Manager charges annual investment management fees. These fees vary per unit trust; they may be fixed or performance related. There are also other allowable expenses associated with unit trusts. These fees and expenses are deducted within the unit trust, and are therefore accounted for in the unit trust's published performance figures. Please refer to the relevant unit trust minimum disclosure documents and the Allan Gray Investment Platform fund list for more details.

## **3. Financial adviser fee**

You and your financial adviser may agree on annual financial adviser fees (as indicated in the application form or any other written communication acceptable to the Administrator).

Depending on the class of your chosen unit trust, an amount equal to the financial adviser fee is either:

- a. Deducted by selling units from the unit trusts underlying the Investment Account.

The Fund will pay the Administrator this amount (which accrues to the Administrator) as an annual administration fee, in addition to the administration fee in (1) above. The Administrator will pay an equal amount to the financial adviser monthly in arrears; or

- b. Included in the published unit price of the unit trust.

The Manager pays this fee directly to the financial adviser, or to the Administrator who pays the financial adviser.

## **Value added tax (VAT)**

Where VAT is levied on fees charged to the Fund, an amount to compensate for VAT will be added to the fees or charges recovered from the Investment Account. VAT may also be added to fees and charges which are not charged to the Fund directly.

## **Other charges**

Additional charges that accrue to the Fund may also be recovered from the Investment Account when it is the result of a change in (but not limited to):

- taxation basis or rate (including the introduction of a new tax),
- legislation, or
- practice or interpretation by any court, legislative or regulatory authority.

## **Changes in fees or charges**

The charges and fees that the Fund recovers from the Investment Account may change. The Fund will also recover any new, additional charges or fees from the Investment Account if they are charged to the Fund.

The Fund will give you three months' written notice when new, additional charges or fees are added, or when changes are made to the:

- initial administration fee,
- annual administration fee, or
- unit trust switching fee.

The Fund does not have to notify you when any of the other fees are changed. The Fund may give less than three months' written notice if, in its opinion, the circumstances of the change (for example a change in legislation) require it.

### **Reporting of fees**

The quarterly statement will indicate the applicable fees for the investment for that period.

More information about the fees and charges may be obtained from your financial adviser or from the Administrator's Client Service Centre.

## **WHAT LEGISLATION AND REGULATIONS GOVERN YOUR MEMBERSHIP OF THE FUND?**

The following are some of the main acts that govern your membership of the Fund. Amendments to or replacements of the legislation and directives issued by the regulatory authorities may change from time to time.

### **The Pension Funds Act**

This act governs all Retirement Funds, including the Fund.

### **The Collective Investment Schemes Control Act**

This act regulates the unit trusts of the Investment Account.

### **Exchange Control Regulations**

The availability of certain unit trusts are subject to these regulations.

### **Income Tax Act**

This act applies where we refer to taxation.

### **Financial Advisory and Intermediary Services Act**

This act applies to any advice given relating to this investment. It also governs any form of intermediary services between you and the Administrator.

### **The Long-Term Insurance Act**

When a Compulsory Annuity is purchased, it must be bought from an insurer registered under the provisions of this act.

## CONTACT DETAILS

### The registered office of the Fund is:

**Physical address:**

1 Silo Square, V&A Waterfront, Cape Town 8001

**Postal address:**

P O Box 51605, V&A Waterfront, Cape Town 8002

**Administrator: Allan Gray Investment Services Proprietary Limited**

Postal and physical addresses of the head office and contact details of the Allan Gray Client Service Centre:

**Physical address:**

1 Silo Square, V&A Waterfront, Cape Town 8001

**Postal address:**

P O Box 51605, V&A Waterfront, Cape Town 8002

**T:** 0860 000 654 or +27 (0)21 415 2301

**F:** 0860 000 655 or +27 (0)21 415 2492

**E:** info@allangray.co.za

**W:** www.allangray.co.za

## COMPLAINTS

**If you are not satisfied with any aspect of your membership of the Fund which includes:**

- your benefits under the Fund;
- the administration of the Fund;
- your Investment Account; or
- the interpretation and application of the Fund Rules

You can write to the principal officer of the Fund at the address above. Please remember to include all supporting documents. The Fund must respond in writing within 30 calendar days of receiving the complaint.

If you are not satisfied with the response or if no response is received within 30 calendar days after receipt of the complaint, you can contact the Pension Funds Adjudicator at:

**Postal address:**

The Pension Funds Adjudicator

P O Box 580, Menlyn 0063

**T:** 012 346 1738

**F:** 086 693 7472

**E:** enquiries@pfa.org.za

**W:** www.pfa.org.za

If you have a complaint about the Administrator or advice given by a financial adviser relating to your investments under the Fund, you can write to the Ombud for Financial Services Providers at:

**Postal address:**

The Ombud for Financial Services Providers

P O Box 74571, Lynnwood Ridge 0040

**Toll-free:** 0860 324 766

**E:** info@faisombud.co.za

The Pension Funds Adjudicator and the Ombud have the legal power to investigate and give a ruling on a complaint in a fair, economical and prompt manner.

## **ALLAN GRAY RETIREMENT ANNUITY FUND**

### **Trustees**

I W Barrow B Soc Sci LLB

V Bell BA LLB†

R S Carter B Bus Sc FIA FASSA

W N Isaacs MBChB

M W Lowther B Sc FASSA+\*

E D Loxton B Com (Hons) MBA

† Independent Trustee \* Chairman

### **Principal Officer**

G F van Eeden BA LLB

### **Registration Number**

12/8/37186/R



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8001  
South Africa

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