

**INVESTMENT POLICY**

Issued to

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND**

With effect from 1<sup>st</sup> January 2010

**underwritten by**

**LIBERTY GROUP LIMITED  
REG NO. 1957/002788/06**

**and its**

**ASSOCIATED COMPANIES**

**PHYSICAL ADDRESS**

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**CORPORATE SELECTION UMBRELLA RETIREMENT FUND**  
**("the Fund")**

WHEREAS the Fund has made application to Liberty Group Limited (hereinafter referred to as "Liberty Life") for the purpose of the investment of monies for Members and their Beneficiaries in terms of its Rules

AND WHEREAS Liberty Life has agreed to invest the amounts as specified in the said application on the basis of written or electronically transmitted statements and declarations made on or in connection with the application,

With effect from 1<sup>st</sup> January 2010 ("the Endorsement Date") Liberty Life hereby endorses any existing policy and endorsement issued thereto and replaces them by the issue of this policy to the Fund in the name of the Fund (hereinafter referred to as "this Policy").

In terms of this Policy it is agreed by and between the Fund and Liberty Life and is declared as follows:

In consideration of payment of the amounts described in this Policy, Liberty Life shall invest monies and pay such benefits as described in the Schedules to this Policy on receipt of satisfactory proof of the happening of the events described therein;

Provided always that all dealings with benefits and payments made shall be subject to the conditions of all of the following documents, which shall be deemed to form part of this Policy:

- (i) any Proposal, Declaration, Scheme Authority and Member Authority;
- (ii) any Endorsements, Schedules and Annexures attached hereto;
- (iii) the Rules as defined in this Policy; and
- (iv) all documents or electronic transmissions furnished in terms of this Policy and the Rules;

  
LIBERTY LIFE

16 February 2010  
DATE

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# CORPORATE SELECTION UMBRELLA RETIREMENT FUND

## GENERAL CONDITIONS

### 1. GENERAL

#### 1.1 INTERPRETATION

In this Policy, where the context or circumstances so admit or require and unless otherwise expressly stated:

1.1.1 Words and expressions defined as Policy Definitions shall have the meanings given to them.

1.1.2 Words and expressions defined as Schedule Definitions shall have the meanings given to them in respect of that Schedule only.

1.1.3 Words importing the singular shall include the plural and vice versa.

1.1.4 Words importing one gender shall include the other genders and vice versa.

1.1.5 For the purposes of this Policy, the phrase "in writing" shall mean written communications as well as information stored or transferred electronically in terms of the Scheme Authority or Member Authority

1.1.6 Any headings to clauses, the Schedules, any Endorsements or any Annexure hereto do not form part of, nor do they affect, the interpretation of this Policy, but are for convenience of reference only.

#### 1.2 POLICY DEFINITIONS

**"ACT"** means the Pension Funds Act (Act 24 of 1956) as amended or any replacement thereof.

**"ACTUARY"** means Liberty Life's statutory actuary as provided for in the Long-term Insurance Act (Act 52 of 1998) as amended or replaced.

**"BONUS PERIOD"** in respect of the Corporate Advanced Bonus Portfolio only, means the period of 3 months commencing on 1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October of each year.

**"BONUS YEAR"** in respect of the Corporate Balanced Bonus Portfolio only, means the period of 12 months commencing on 1<sup>st</sup> January of each year.

**"BUSINESS DAY"** means every day except a Saturday or Sunday or official South African public holiday.

**"COMMENCEMENT DATE"** means the COMMENCEMENT DATE defined in the Rules.

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|                                 |   |
|---------------------------------|---|
| <b>"COMMISSIONER"</b>           | has the meaning as defined in the Rules.  |
| <b>"CONTRIBUTIONS"</b>          | means all monies (including any voluntary contributions or transfers from another fund, but excluding any premiums in respect of insured risk benefits) payable to Liberty Life for the purposes of providing the benefits afforded by this Policy.   |
| <b>" ELECTION"</b>              | means the investment of future Net Contributions in an Investment Portfolio other than that in which Net Contributions are currently being invested.  |
| <b>"INVESTMENT PORTFOLIO"</b>   | means an investment portfolio which Liberty Life may make available from time to time for this class of Policy and shall include the expression "Portfolio".  |
| <b>"MEMBER"</b>                 | means any person who is admitted to membership of the Fund in accordance with the Rules and shall include any such person as long as they are prospectively entitled to a benefit from the Fund.<br><b>"MEMBERSHIP"</b> shall have a corresponding meaning.   |
| <b>"NET CONTRIBUTION"</b>       | means the amount remaining and invested in this Policy, after the deduction of any charges, other than asset-based administration fees, from the Contributions (including any voluntary contributions or transfers from another fund)   |
| <b>"NORMAL RETIREMENT DATE"</b> | has the meaning as defined in the Rules.  |
| <b>"PARTICIPATING EMPLOYER"</b> | has the meaning as defined in the Rules.  |
| <b>"POLICY VALUE"</b>           | means the sum of the Portfolio Values.  |
| <b>"PORTFOLIO VALUE"</b>        | means in respect of all portfolios (other than the Corporate ALSI 40 Portfolio and the Corporate Balanced Bonus Portfolio) at any time:<br><br><ol style="list-style-type: none"><li>(1) the value of Units then allocated to the Fund, which shall equal the number of Units allocated multiplied by the current Unit repurchase price,</li><li>(2) plus Net Contributions received but not yet invested in the Investment Portfolio,</li><li>(3) less all Asset-based Policy Fees</li></ol> |

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including Fees not yet disinvested,

- (4) less all Tax including Tax not yet disinvested,
- (5) less all Statutory and similar charges not included in the determination of the Unit Price including charges not yet disinvested,
- (6) less the value of any Benefit Payments or Switches not yet disinvested, which shall equal the number of Units related to the Benefit or Switches not yet disinvested, multiplied by the Unit repurchase price at the appropriate date of disinvestment,
- (7) plus, where appropriate, property capital surplus;

and in respect of the Corporate ALSI 40 Portfolio shall mean at any time:

- (1) Net Contributions including Net Contributions received but not yet invested in the Investment Portfolio,
- (2) plus, or less, any change in the ALSI 40 Index as published by the Johannesburg Stock Exchange attributable to the Policy at the relevant time,
- (3) plus any bonuses declared,
- (4) less all Asset-based Policy Fees including Fees not yet disinvested,
- (5) less all Tax including Tax not yet disinvested,
- (6) less all Statutory and similar charges including charges not yet disinvested,
- (7) less the value of any Benefit Payments or Switches not yet disinvested;

and in respect of investments in the Corporate Balanced Bonus Portfolio shall mean at any time:

the Net Contributions paid by the Fund together with any interest credited and surplus attributable to the Policy at the relevant time, less any Benefit Payments or Switches made in terms of this Policy.

**"REGISTRAR"**

has the meaning as defined in the Rules.

**"RULES"**

means the Rules governing the Fund.

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**"SCHEME AUTHORITY"** means an authority signed by an authorised representative of the Fund or Participating Employer by virtue of which notices, communication, data or any other information in respect of the Fund, its Members or any party having a valid interest in the Fund may be communicated or stored utilising electronic means, which shall include, but not be limited to, facsimile, e-mail, electronic data interchange (EDI) or any other computer readable medium.

**"MEMBER AUTHORITY"** shall, where the context so permits, have a similar meaning.

**"SWITCH"** means the transfer of all or a portion of the existing Policy Value to an Investment Portfolio or Portfolios different from that in which the Policy Value is currently invested.

**"UNIT"** means the units as described in Clause 2 of the Investment Schedule forming part of this Policy.

**1.3 NOTICES AND COMMUNICATION**

1.3.1 Every notice or communication to be given, sent or made under this Policy shall be in writing, which shall include electronic communication.

1.3.2 Where electronic communication is utilised, the onus shall be on the sending party to prove delivery by the receiving party.

1.3.3 Any such notice or communication addressed to the Fund shall be sent to the Fund at the address last notified by it in writing to Liberty Life.

1.3.5 Any such notice or communication addressed to Liberty Life shall be sent to Liberty Life at its Head Office for the time being.

**1.4. CURRENCY, PLACE OF PAYMENT**

All payments to or by Liberty Life under this Policy shall be made in the lawful currency of the Republic of South Africa by means of an electronic fund transfer to or from an account designated by Liberty Life.

**1.5 LAW**

Any question of law arising under this Policy shall be decided in accordance with the laws of the Republic of South Africa.

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**1.6 AMENDMENT TO POLICY CONDITIONS**

- 1.6.1 Liberty Life may amend any provision or condition of this Policy after giving the Fund one month's written notice (or such other period of notice as specifically provided for in this Policy) of its intention to effect the alteration.
- 1.6.2 No provision or condition of this Policy may be waived or modified in any way whatsoever except by an endorsement signed by an authorised official of Liberty Life.
- 1.6.3 Should any statutory authority introduce measures which affect this Policy or in the event of Liberty Life's basis of taxation being changed or should a Fund which requires registration or approval by the relevant authorities have such registration or approval refused or withdrawn, Liberty Life shall make such amendments to this Policy as it considers appropriate, without any notice to the Fund, but shall consult with the Fund with regard to the reasons for such amendment.
- 1.6.4 If the Fund considers any amendment to be prejudicial it may discontinue this Policy in full or in part, subject to the relevant discontinuance provisions contained herein.

**1.7 DISCONTINUANCE AND TERMINATION**

- 1.7.1 The Fund may discontinue Contributions to this Policy on expiry of one calendar month's written notice to Members, Liberty Life and to Participating Employers.
- 1.7.2 Liberty Life may discontinue this Policy at any time on the occurrence of any one of the following events:
  - 1.7.2.1 The Fund being placed under judicial management or in liquidation or effecting a compromise with its creditors.
  - 1.7.2.2 If no payment or an inadequate payment has been received by the end of the period stipulated in the Rules the following shall apply:
    - 1.7.2.2.1 Liberty Life shall have the right to convert this Policy into a paid-up contract.
    - 1.7.2.2.2 Before implementing the provisions of this Clause, Liberty Life shall give the Fund seven (7) days' written notice of its intended action.



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- 1.7.2.3 A material non-compliance by the Fund with the provisions of its Rules or with the provisions of this Policy.
  
- 1.7.3 The discontinuance of Contributions to this Policy shall not affect any claim by the Fund where the event giving rise to the claim occurred before Contributions were discontinued, provided that the potential claim is notified to Liberty Life within one month of the occurrence of the event giving rise to the claim.
  
- 1.7.4 On the discontinuance of Contributions to this Policy the following terms and conditions shall apply.
  - 1.7.4.1 Upon discontinuance, the benefits secured by the Contributions shall be held as paid-up benefits or, in terms of the relevant cash redemption provisions contained in the Investment Portfolio Schedules be disposed of in accordance with the provisions of the Rules.
  
  - 1.7.4.2 The date at which the Policy is made paid-up (the 'Termination Date') shall be the earlier of:
    - 1.7.4.2.1 the expiry of the notice period, described in Clause 1.7.1 ,
  
    - 1.7.4.2.2 the date on which the event specified in Clause 1.7.2.1 is effective,
  
    - 1.7.4.2.3 the expiry of the notice period as described in Clause 1 7.2.2. , or
  
    - 1.7.4.2.4 the date from which Liberty Life deems there to be non-compliance, as described in Clause 1.7.2.3.

## **1.8 DISPUTES**

- 1.8.1 In the event of conflict between the provisions of the Rules and the conditions of this Policy, the following shall apply:
  
- 1.8.2 in all matters relating to the rights and obligations of the Fund under this Policy, the conditions of this Policy shall prevail;
  
- 1.8.3 in all other matters, including the rights and obligations of Members, the provisions of the Rules shall prevail;
  
- 1.8.4 in all matters relating to the conditions of this Policy, if disputes arise which cannot be resolved amicably between the parties, the matter shall be referred for resolution by mediation under the rules of the Arbitration Foundation of Southern Africa ("AFSA"), which mediation decision shall be binding.
  
- 1.8.5 Should mediation fail, the matter under dispute must, within 15 Business Days of such failure, be referred for expedited

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arbitration in Sandton, Gauteng, under the rules of AFSA.

- 1.8.6 The parties to the dispute shall, by agreement appoint a single arbitrator to rule on the dispute.
- 1.8.7 Should the parties fail to agree on the arbitrator within 10 Business Days after referral, an arbitrator shall be appointed by the Secretariat of AFSA to hear the matter.
- 1.8.8 The arbitrator's decision shall be final.
- 1.8.9 Notwithstanding the above, the disputing parties may shorten or lengthen the periods referred to in respect of negotiation or mediation by written agreement.
- 1.8.10 The contents of this clause shall not preclude any party from access to an appropriate court of law or alternate dispute resolution body established by law or otherwise, for appropriate relief in any matter under dispute.
- 1.8.11 The contents of this clause shall continue to be binding notwithstanding the fact that the one or more parties to the dispute may have ceased to exist.

#### **1.9 BENEFITS ARE NON-ASSIGNABLE**

This Policy is issued solely for the benefit of the Fund and no right, title, interest or benefit herein or hereunder may be ceded, assigned or disposed of in any manner without the prior written approval of Liberty Life.

#### **1.10 DISCHARGE OF LIABILITY**

Notwithstanding anything to the contrary contained in this Policy or in the Rules, the production by Liberty Life of an instruction, duly signed by or on behalf of the Fund, to make any payment to any person or body, and proof that such payment has been made by electronic fund transfer to the account reflected in such instruction, shall be final and conclusive evidence and proof that the payment has been paid and received. Liberty Life shall not be liable for any further action, claim or demand of whatever nature in respect thereof.

## **2. DUTIES AND RESPONSIBILITIES OF THE FUND**

### **The Fund shall:**

- 2.1 Where it is required to be registered by the Registrar or to be approved by the Commissioner,
  - 2.1.1 ensure that it is registered by the Registrar, or
  - 2.1.2 ensure that it is approved by the Commissioner; and

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- 2.1.3 ensure that it at all times complies with the provisions of the Act , the Income Tax Act and any other legislation relevant to the Fund.
- 2.2 Provide proof to the satisfaction of Liberty Life of the occurrence of an event giving rise to a claim for benefits under this Policy.
- 2.3 Provide such other information as may reasonably be requested by Liberty Life.  
  
Such advice shall be delivered in a form acceptable to Liberty Life within 30 Business Days of the date of such event or request.
- 2.4 Pay Contributions into this Policy in accordance with the Fund's Rules and the provisions of the Act.
- 2.5 Advise Liberty Life of its intention to discontinue Contributions to a particular Portfolio or to the Policy as a whole as provided for in the relevant Schedules to this Policy.
- 2.6 Advise Members of any restriction or condition imposed by this Policy. Failure to do so shall not affect the operation of such restriction or condition.
- 2.7 Where the Fund is required to act in respect of a Participating Employer, the Fund may delegate the duty to provide information, pay contributions or give notice to a duly authorised representative of such Participating Employer. Such delegation shall not absolve the Fund from any liability imposed upon it under this Policy.

### **3. DUTIES AND RESPONSIBILITIES OF LIBERTY LIFE**

#### **Liberty Life shall:**

- 3.1 Apply the amounts received in terms of this Policy for the purposes as set out in the relevant Schedules to this Policy.
- 3.2 Pay all amounts and/or benefits as set out in the relevant Schedules to this Policy.
- 3.3 Furnish the Fund with any information it may reasonably require regarding this Policy.
- 3.4 Be entitled to discontinue all or part of this Policy after providing the Fund with such written notice as set out in the relevant Schedules to this Policy.
- 3.5 Not accept any claim for interest or any other compensation in respect of delays in payment of amounts resulting from the Fund's failure to provide:
  - 3.5.1 timeous proof of the occurrence of the event giving rise to such claim for benefit, or

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- 3.5.2 timeous discharge, indemnity or such other documents as may be required for the purposes of paying such amount or benefit.
- 3.6 Not accept any claim for interest or any other compensation in respect of delays in investing amounts resulting from the Fund's failure to provide timeous or accurate information as required in terms of Clause 2 of this Section of the Policy.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
INVESTMENT SCHEDULE (CONTINUED)**

**1. UNITS**

- 1.1 It is recorded that, solely for the purpose of ease of administration and simplicity in determining the Portfolio Value and without conferring on the Fund any interest or undivided share of whatsoever nature in any of the investments held in the Investment Portfolio, the Investment Portfolio shall be divided into Units.
- 1.2 The Unit price, which shall be applied for the purchase and the sale of Units, shall normally be determined daily (the "Valuation Date") or, where deemed appropriate by Liberty Life, on a more, or less, frequent basis. All Net Contributions shall be used to purchase Units in an Investment Portfolio using the Gross Selling Price ruling on the later of the Business Day following receipt of such Net Contributions or the date on which the Net Contribution is identified as being available for allocation to this Policy.
- 1.3 The "Gross Selling Price" shall be the price, as made available by the fund manager of the Investment Portfolio, increased by any purchase fees levied by the fund manager of the Investment Portfolio and any other amounts incurred in the purchase of units.
- 1.4 The "Repurchase Price" shall be the price as made available by the fund manager of the Investment Portfolio, and shall be reduced by any redemption fees levied by the Investment Portfolio and any other costs associated with the sale of units.
- 1.5 Net income distributions received or accrued from an Investment Portfolio shall be adjusted for income tax and applied to purchase Units at the Gross Selling Price.
- 1.6 Benefit Payments and Switches shall be disinvested by the sale of Units at the Repurchase Price.
- 1.7 Except under the circumstances as set out in the particular Investment Portfolio Schedule, the number of Units shall only be increased at the time of the addition of investments. Units shall only be cancelled at the time of the disposal or exclusion of investments.
- 1.8 On the acquisition or disposal of investments, the new number of Units shall be determined in such a manner that the Unit price is the same immediately before and after such acquisition or disposal.

**2. CHOICE OF INVESTMENT PORTFOLIO**

- 2.1 The Fund may invest in any of the Investment Portfolios that Liberty Life may make available from time to time for this class of Policy.
- 2.2 The list of available Investment Portfolios shall be maintained on Liberty Life's Intranet or Internet site, as is appropriate, and shall also be made available for inspection at Liberty Life's Head Office, which at the Endorsement Date is 1 Ameshoff Street, Braamfontein, Johannesburg. The Portfolios from which the Fund may elect to invest at the date of

## **CORPORATE SELECTION UMBRELLA RETIREMENT FUND**

### **INVESTMENT SCHEDULE (CONTINUED)**

issue of this Policy, shall be those set out in the available Investment Portfolio Schedule attached to this Policy.

- 2.3 Investment Portfolios fall into the following main categories:
- 2.3.1 Multi-manger Life Stage Portfolio
  - 2.3.2 Single-manager Life Stage Portfolio
  - 2.3.3 Corporate Series of Portfolios,
  - 2.3.4 Ermitage Series of Portfolios,
  - 2.3.5 Unit Trust Portfolios,
  - 2.3.6 Multi-Manager Portfolios,
  - 2.3.7 Single Investment Manager Portfolios
- 2.4 The Fund may request an Election or Switch to any other Investment Portfolio which Liberty Life may make available for this purpose from time to time.
- 2.4.1 The request for an Election or Switch shall be made in writing in the format prescribed by Liberty Life from time to time.
  - 2.4.2 Liberty Life shall not give effect to any request for an Election or Switch where the written request is incomplete or reflects Investment Portfolios that are not available to the Fund at the time of the request.
  - 2.4.3 Liberty Life shall advise the Fund of Election or Switch requests received within two Business Days of receipt and whether or not they have been or shall be effected, and if not, the reason therefor.
  - 2.4.4 The Fund shall ensure that any requested Election or Switch has been appropriately completed and shall advise Liberty Life within 5 Business Days of such request, should the notice referred to in Clause 2.4.3 above not have been received.
  - 2.4.5 The onus of proof that Liberty Life has been provided with a valid Election or Switch request shall reside with the Fund; and Liberty Life shall not be liable for any losses incurred prior to the receipt of any such request.
  - 2.4.6 Election requests shall be processed within two Business Days of receipt, and shall only be applied to Net Contributions received after the processing date.
  - 2.4.7 Switch requests shall be subject to any relevant disinvestment provisions in accordance with Liberty Life's practices from time to time and in the manner reflected in Clauses 2.5 to 2.7 below.
- 2.5 In respect of investments in an Investment Portfolio other than the Corporate Advanced Bonus and Corporate Balanced Bonus Portfolio, Liberty Life shall complete the Switch as a single transaction within Two Business Days of receipt subject to such terms and conditions as Liberty Life may determine from time to time.

## **CORPORATE SELECTION UMBRELLA RETIREMENT FUND**

### **INVESTMENT SCHEDULE (CONTINUED)**

- 2.6 In respect of investments in the Corporate Balanced Bonus Portfolio, Liberty Life shall complete the Switch over a period as if the Policy were redeemed as described in Clause 5 of the Investment Portfolio Schedule applicable to the Corporate Balanced Bonus Portfolio.
- 2.7 In respect of investments in the Corporate Advanced Bonus Portfolio, Liberty Life shall complete the Switch at the end of each Bonus Period subject to such terms and conditions as Liberty Life may determine from time to time.
- 2.8 Should the Fund prove that Liberty Life received a valid written Election or Switch request, but did not act on that request in terms of Clauses 2.4 to 2.7 above, Liberty Life shall immediately on receipt of such proof place the Fund in the same position which it would have been in, had the request been processed in accordance with the said Clauses.

### **3. INVESTMENT AND DISINVESTMENT**

- 3.1 All Net Contributions received by Liberty Life shall be divided amongst, and invested in, the available Investment Portfolios in the proportions agreed to in writing between the Fund and Liberty Life.
- 3.2 Where no Investment Portfolio has been nominated and agreed in writing, the Net Contributions shall be invested in the Multi-manager Life Stage Portfolio.
- 3.3 Notwithstanding the above or any other provision contained in this Policy, Liberty Life shall, where it may be constrained in securing certain investments for whatsoever reason, be entitled to invest any part of the Net Contributions in the Standard Bank Money Market Unit Trust Portfolio and shall advise the Fund accordingly.
- 3.4 All benefits paid by the Fund shall be divided and treated as disinvestments from the appropriate Investment Portfolios in proportion to the balance in each Portfolio at the date referred to in Clause 3.6 below.
- 3.5 Allocation of Net Contributions shall be made on the later of the Business Day following receipt of such Net Contributions or the Business Day following that on which the Net Contribution is identified as a Net Contribution.
- 3.6 All payments shall be disinvested on the Business Day preceding payment. Where any discharge, indemnity or other document required for the purpose of a payment is outstanding on receipt of a request for payment, Liberty Life shall disinvest the amount due and invest it in the Standard Bank Money Market Unit Trust Portfolio until the date on which payment can be made.
- 3.7 The Fund shall have no property or real rights in relation to the investments which comprise any Investment Portfolio, which investments shall at all times be and remain the unencumbered property of Liberty Life.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
INVESTMENT SCHEDULE (CONTINUED)**

**4. ASSET-BASED ADMINISTRATION FEES**

Asset-based Administration Fees payable by the Fund shall be as set out in the Schedule of Asset-based Administration Fees contained in this Policy, but shall be subject to a minimum annual fee as advised in writing by Liberty Life from time to time.

**5. COMMISSION**

A charge for commission in terms of the provisions of the Long-term Insurance Act, as is applicable to this class of policy, shall be levied in addition to any other charges reflected herein, in a manner determined by the Actuary.

**6. REDEMPTION BY THE FUND**

6.1 The notice period required for redemption of the Policy on discontinuance and the terms and conditions applicable to repayment of the Portfolio Value shall be as set out in this Policy.

6.2 The notice period required for redemption of all or part of this Policy as a result of a Switch and the terms and conditions applicable to repayment of the Portfolio Value, shall be as set out in Clause 2 above.

**7. ASSET COMPOSITION**

7.1 Notwithstanding the Fund's choice of Investment Portfolios as contemplated in Clause 2 above, Liberty Life shall do all things necessary to ensure that the asset composition of the an available Investment Portfolio at all times complies with the requirements of the Act or any replacement legislation.

7.2 Where requested, Liberty Life shall provide the Fund with a certificate confirming compliance with the Act within two calendar months of the Fund's financial year end.

7.3 Liberty Life shall disclose to the Fund the mandates granted by Liberty Life to its investment managers in respect of all Portfolios selected by the Fund for the purpose of investing its assets.

7.4 Liberty Life shall report to the Fund in respect of the investment managers' compliance with such mandates.



**POLICY**  
**SCHEDULE OF ASSET- BASED POLICY FEES**

**1. ASSET-BASED ADMINISTRATION FEES**

- 1.1 The Asset-based Administration Fees payable by the Fund to Liberty Life in respect of the assets held in respect of each individual Participating Employer shall, from the Endorsement Date be based on a sliding scale according to the following table:

| <b>Stratum of Policy Value per Participating Employer</b> | <b>Annual fee as a percentage of the relevant stratum of the Policy Value</b> |
|---|---|
| First R3 million  | 1,20%   |
| Next R7 million   | 0,80%   |
| Next R30 million  | 0,45%   |
| Excess over R40million                                    | 0,10%   |

Provided that, where the Fund invests in the Corporate Balanced Bonus Portfolio, the Asset-based Administration Fees for that Portfolio shall be the amount decided by the Actuary, as provided for in the Investment Portfolio Schedule for the Corporate Balance bonus Portfolio.

- 1.2 One-twelfth of the above fee shall be paid monthly in arrears on the last Business Day of a month, based on the Policy Value at that time. The fee shall be deducted by reducing the unit balance or by such other means of payment as is agreed between the Fund and Liberty Life.
- 1.3 In addition to the fees referred to in Clause 1.1 above, Liberty Life shall be entitled to recover any fees or costs incurred with the acquisition of foreign assets or the securing of foreign investments. Such fees or costs shall include, but not be limited to, fees charged for asset swap transactions and be levied as follows:
- 1.3.1 In respect of the Corporate International Assets Portfolio, such costs shall be included in the Unit price.
- 1.3.2 In respect of all other Portfolios, on that portion of the Policy Value which constitutes investments in Portfolios where such fees and costs are applicable. These fees shall be levied in the same way as the fees referred to in Clause 1.2 above.
- 1.3.3 In respect of all Single Contributions invested in the Portfolios referred to in Clauses 1.3.1 and 1.3.2, the fees shall be deducted from the Contribution on receipt thereof.
- 1.4 In addition to the fees referred to in Clause 1.1 and Clause 1.3 above, Liberty Life shall be entitled to an asset-handling fee of 0,25% per annum of the value invested in any Investment Portfolio, other than the Corporate Series of Portfolios or an Investment Portfolio wholly managed by Stanlib Collective Investments Ltd. The asset-handling fee shall be levied in the same way as the fees referred to in Clause 1.2 above.
- 1.5 Liberty Life shall give one calendar month's written notice of any variation to the above fees. The Fund shall be deemed to have

**POLICY**  
**SCHEDULE OF ASSET- BASED POLICY FEES**

unconditionally accepted such variation if Liberty Life does not receive written notice of the Fund's intention to redeem the Policy within two calendar months from Liberty Life giving written notice of the proposed variation.

- 1.6 Liberty Life shall not levy fees in respect of Switches other than where the Fund incurs a buy/sell spread on Switches.
- 1.7 The above Fees exclude any fees charged by specific investment managers on their respective Portfolios.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS**

**THE CORPORATE SERIES OF PORTFOLIOS  
OTHER THAN THE CORPORATE ADVANCED BONUS, THE CORPORATE ALSI 40  
PLUS AND THE CORPORATE BALANCED BONUS PORTFOLIOS**

The following terms and conditions shall apply specifically to the Corporate Series of Portfolios other than the Corporate Advanced Bonus Portfolio, the Corporate ALSI 40 Plus Portfolio and the Corporate Balanced Bonus Portfolio.

**1. SURPLUS AND ALLOCATION**

- 1.1 Normal surplus shall be calculated by the Actuary on each Valuation Date and shall comprise the following two items:
  - 1.1.1 Income surplus, which shall include all attributable income, whether accrued or received, in respect of the investments held in the Investment Portfolio.
  - 1.1.2 Capital surplus, which shall reflect all changes in the market value of the investments held in the Investment Portfolio, other than fixed properties and property companies.
- 1.2 The Unit price on any Valuation Date shall be adjusted from that of the previous Valuation Date to reflect the normal surplus referred to in Clause 1.1 above for the intervening period, giving the new Unit price.
- 1.3 Property capital surplus and any other valuations agreed to by the directors of Liberty Life shall be calculated on 31 December of each year or such other date as Liberty Life determines from time to time, provided that such date shall not be later than twelve calendar months after the previous valuation. It shall reflect the change in market value of fixed properties and property companies since their previous valuation.
- 1.4 Property capital surplus and any other valuations agreed to by the directors of Liberty Life referred to in Clause 1.3 above shall be allocated either by the addition or subtraction of Units.
- 1.5 The value of the total number of Units created or cancelled on 31 December of each year, or such other date as referred to in Clause 1.3 above, shall equal the total property capital surplus attributable to the Investment Portfolio for that period. The Units attributable to the Fund shall relate to the proportion of the Fund's investment in properties during the period in question.
- 1.6 Any costs incurred in obtaining and holding specific assets of the portfolio, including, but not limited to, stamp duty, marketable securities tax, brokerage and asset swap fees, shall be charged to the Investment Portfolio by way of a reduction in the Unit repurchase price, or by an addition to the gross selling price, as deemed appropriate by Liberty Life.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS (CONTINUED)**

**THE CORPORATE SERIES OF PORTFOLIOS  
THE CORPORATE ADVANCED BONUS PORTFOLIO**

The following terms and conditions shall apply to the Corporate Advanced Bonus Portfolio:

**1. SURPLUS AND ALLOCATION**

- 1.1 The Policy shall participate in that part of the net surplus of the Corporate Advanced Bonus Portfolio as the Actuary decides is attributable to it.
- 1.2 The net surplus is determined by the Actuary, gross of the Asset-based Policy Fees reflected in the Schedule of Asset-based Policy Fees contained in this Policy.
- 1.3 The net surplus shall be distributed by means of a bonus that shall be declared at the commencement of each Bonus Period and shall vest linearly over the Bonus Period.
  - 1.3.1 A bonus may not be negative, and
  - 1.3.2 A bonus, once declared, may not be reduced.
- 1.4 The Unit price on any Valuation Date shall be adjusted from that of the previous Valuation Date, to reflect the bonus referred to in Clause 1.3 above for the intervening period, giving the new Unit price.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS (CONTINUED)**

**THE CORPORATE SERIES OF INVESTMENT PORTFOLIOS  
CORPORATE ALSI 40 PLUS PORTFOLIO**

The following terms and conditions shall be applicable to investments in the Corporate ALSI 40 Plus Portfolio:

**1. COMPOSITION**

- 1.1 The Portfolio Value is guaranteed to match the index performance of the Johannesburg Stock Exchange Index known as the ALSI 40, gross of the Asset-based Policy Fees.
- 1.2 From time to time, Liberty Life may declare bonuses dependent upon the net investment income received from the actual assets underlying the Portfolio.
- 1.3 If, at the date of any Benefit Payment or Switch, the underlying assets relative to this Portfolio have achieved cumulative capital appreciation in excess of the proportionate movement of the ALSI 40 to the date on which the last index was determined, an amount equal to 50% of such excess, if any, shall be credited to the Policy Value.
- 1.4 Liberty Life reserves the right to utilise another share index if, in its sole opinion, the ALSI 40 Index ceases to be appropriate or is replaced by a more appropriate index for the purposes of this type of Portfolio.
- 1.5 Liberty Life reserves the right to recover from the Portfolio Value any applicable capital gains tax that may be levied against this Portfolio.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS (CONTINUED)**

**THE CORPORATE SERIES OF PORTFOLIOS  
CORPORATE BALANCED BONUS PORTFOLIO**

The following terms and conditions shall apply to investments in the Corporate Balanced Bonus Portfolio:

**1. COMPOSITION**

- 1.1 The Corporate Balanced Bonus Portfolio consists of investments specifically designated by the Directors of Liberty Life, which fall into the following categories:
  - 1.1.1 fixed properties and property companies owned or controlled by Liberty Life;
  - 1.1.2 fixed interest investments including debentures, loan stocks and mortgage bonds;
  - 1.1.3 equities;
  - 1.1.4 gilt-edged and approved securities; and
  - 1.1.5 such other investments as are appropriate to the objectives of the Investment Portfolio.

**2. SURPLUS AND ALLOCATION**

- 2.1 The Policy shall participate in that part of the net surplus of the Corporate Balanced Bonus Portfolio as the Actuary decides is attributable to it.
- 2.2 Before the net surplus is determined by the Actuary, there shall first be deducted any Asset-based Policy Fees, which the Actuary decides are attributable to the Investment Portfolio.
- 2.3 The net surplus shall be distributed by means of a bonus that shall be declared at least once a year and shall be reinvested automatically in the Corporate Balanced Bonus Portfolio. The bonus consists of the following elements:
  - 2.3.1 A "Vested Bonus" which, once declared, vests and may not be reduced; and
  - 2.3.2 a "Capital Bonus" which shall vest as described in Clause 2.4. In the event of depreciation of the value of the underlying investments in the Corporate Balanced Bonus Portfolio, the Capital Bonus previously declared may be reduced.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS (CONTINUED)**

**THE CORPORATE SERIES OF PORTFOLIOS  
CORPORATE BALANCED BONUS PORTFOLIO (CONTINUED)**

- 2.4 Liberty Life shall maintain a Main Account, which shall be credited each year with the following:
- 2.4.1 Contributions;
  - 2.4.2 the Vested Bonus; and
  - 2.4.3 10% of the initial value of each of the last ten Bonus Years' Capital Accounts as described in Clause 2.5,
- and shall be debited with the benefits paid and any expenses due under the Policy.
- 2.5 Liberty Life shall maintain a Capital Account for each Bonus Year. This account is initially established by the Capital Bonus credited in that year. Thereafter, this account is reduced each year by transferring 10% of the initial value of the account to the Main Account so that the account is reduced to zero after 10 years.

**3. CASH REDEMPTION PAYMENT**

- 3.1 The Portfolio Value shall be paid out over ten years from the expiry of the notice period, subject to Liberty Life having received such indemnities, discharges and documents or information as it may require. Every attempt shall be made to spread payments evenly over the redemption period. Liberty Life reserves the right to make accelerated or lump sum payments on redemption, at its own discretion, and such accelerated payments shall be subject to an adjustment to the Portfolio Value as the Actuary may determine to be equitable.
- 3.2 If the total amount payable in respect of all redemptions of assets in this Investment Portfolio in any one calendar year exceeds 10% of the net increase in the value of the assets of approved retirement funds managed by Liberty Life in the previous year, all redemption payments may be proportionately reduced. The reduction shall be such that the total amount paid for that year is limited to 10% of the previous year's net increase. In this event, the ten-year period during which the Portfolio Value may be paid out may be extended by one year for each year that the limitation of payment applies.
- 3.3 Each payment of the Policy Value shall consist of proportionate payments from the Main Account and the Capital Account.
- 3.4 During the payout period the Policy shall participate fully in bonus declarations.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS (CONTINUED)**

**LIFE STAGE PORTFOLIOS**

The following terms and conditions shall apply to investments in a Life stage Portfolio:

**1. COMPOSITION**

- 1.1. Two Life stage portfolios shall be made available to the Fund, a Multi-manager Life stage Portfolio and a Single-manager Life stage Portfolio.
- 1.2. The Management Committee of the Fund, at its sole discretion, shall determine the Managers of the Life stage Portfolios.
- 1.3. Life stage Portfolios are designed to automatically reduce the investment volatility to which the Member's retirement funds are exposed as the Normal Retirement Date approaches.
- 1.4. Life stage Portfolios are structured from a Growth portfolio, Consolidation portfolio and Preservation portfolio in descending risk profile order.
- 1.5. They are structured so that the units in the investment account, as well as any future investment contributions, are automatically switched into progressively more conservative Investment Portfolios, the closer the Member is to the Normal Retirement Date as reflected in the following table.

| <b>Investment portfolio</b> | <b>Term to Normal Retirement Date</b> | <b>Switching</b>  | <b>Risk profile</b> |
|-----------------------------|---------------------------------------|---|---------------------|
| Growth Portfolio            | More than 7years                      | No switching  | Aggressive          |
| Consolidation Portfolio     | 7 – 3 years                           | 20% for 5 years, commencing from the month-end 7 years prior to the Member's Normal Retirement Date | Moderate            |
| Preservation Portfolio      | Less than 3 years                     | 50% for 2 years commencing from the month-end 3 years prior to the Member's Normal Retirement Date  | Conservative        |

- 1.6. The Fund, may not invest Net Contributions in respect of a Member in any other Investment Portfolio, whilst a Life stage Portfolio is being utilised for that Member.
- 1.7. The Fund may not elect to invest in only one of the Life Stage portfolios to the exclusion of the others, nor alter the timing of the Switch and Election.



**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF INVESTMENT PORTFOLIOS (CONTINUED)**

**ERMITAGE PORTFOLIOS**

The following terms and conditions shall apply to investments in the Ermitage Portfolios:

**1. UNITS**

- 1.1. It is recorded that, solely for the purpose of ease of administration and simplicity in determining the Portfolio Value and without conferring on the Fund any interest or undivided share of whatsoever nature in any of the investments held in the Investment Portfolio, the Investment Portfolio shall be divided into Units.
- 1.2. All Net Contributions shall be used to purchase Units in an Investment Portfolio using the Gross Selling Price ruling on the later of the Business Day following receipt of such Net Contributions or the date on which the Net Contribution is identified as being available for allocation to this Policy.
- 1.3. The "Gross Selling Price" shall be the price, as made available by the fund manager of the Investment Portfolio, increased by :
  - 1.3.1. any purchase fees levied by the fund manager of the Investment Portfolio, and
  - 1.3.2. any charges related to the cost of acquiring the Units of the Investment Portfolio, as determined by Liberty Life including, but not limited to, foreign exchange and asset swap costs,and converted to South African Rand at the ruling exchange rate where relevant.
- 1.4. The "Repurchase Price" shall be the price as made available by the fund manager of the Investment Portfolio, and shall be reduced by any redemption fees levied by the Investment Portfolio and any other costs associated with the sale of Units, and converted to South African Rand at the ruling exchange rate where relevant.
- 1.5. Net income distributions received or accrued from an Investment Portfolio shall be adjusted for income tax and applied to purchase Units at the Gross Selling Price.
- 1.6. Benefit Payments and Switches shall be disinvested by the sale of Units at the Repurchase Price.

**POLICY**  
**SCHEDULE OF GUARANTEES**

**1. INVESTMENT PORTFOLIO GUARANTEES**

1.1 In respect of a Policy issued prior to 1 July 2005, where the Policy provided an Investment Portfolio guarantee, the following shall apply;

1.2 **DEFINITIONS**

For the purpose of the determination of a guarantee, the following definitions shall apply

**"GUARANTEE DATE"** means the fifth anniversary of the Commencement Date, provided that the assets have been invested in the Portfolio for a minimum of five years, as set out in the Policy Schedule, and every fifth anniversary thereafter, ceasing on the fifth anniversary following 1 August 2005.

**"GUARANTEE INTEREST RATE"** means the Guarantee Interest Rate as reflected in the Policy at the Commencement Date, or in any subsequent endorsement thereto.

**"GUARANTEE VALUE"** means for each Portfolio at the Guarantee Date:  
  
Net Contributions, excluding the value of any Net Contributions that do not represent an actual allocation to a Member including, but not limited to, any surplus account, contingency account or reserve account invested in the Investment Portfolio,

(1) less any Benefit Payments, Switches, Retirement Fund Tax and any other charges deductible from the assets of the Fund,

(2) plus interest calculated at the Guarantee Interest Rate as reflected in the Policy issued at the Commencement Date, or any subsequent endorsement thereto, calculated from the date of first investment in the Investment Portfolio to the Guarantee Date,

but excluding;

all Net Contributions received on or after 1 August 2005, together with the proportional value of the charges and interest referred to above applicable to such Net Contributions.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF GUARANTEES (CONTINUED)**

**“NET CONTRIBUTION”** for the purpose of determining guarantees in terms of this Schedule, Net Contribution to an Investment Portfolio includes any Switches to or from that Investment Portfolio.

**"PORTFOLIO VALUE"** means for each Portfolio at the Guarantee Date:

the value of Units allocated to the Fund at the Guarantee Date, excluding the value of any Units allocated to the Fund that do not represent an actual allocation to a Member including, but not limited to, any surplus account, contingency account or reserve account, which shall equal;

- (1) the number of Units allocated at 1 August 2005,
- (2) less the number of Units cancelled in respect of any Benefit Payments, Switches, Retirement Fund Tax and any other charges deductible from assets, including amounts due but not yet disinvested,
- (3) plus the number of Units allocated in respect of any income distributions, Bonus allocations and previous special bonuses in respect of previous Guarantee Dates, including amounts accrued but not yet allocated,

multiplied by the Unit repurchase price at the Guarantee Date.

**1.3 NET CONTRIBUTIONS**

1.3.1 Net Contributions received on or after 1 August 2005 shall not be considered for the purpose of determining an Investment Portfolio guarantee value at the Guarantee Date.

1.3.2 Where

1.3.2.1 an amount is transferred into the Fund from any other fund, or

1.3.2.2 where any additional Contribution is made by or on behalf of the Member, or

1.3.2.3 where, prior to 1 August 2005, a Switch is made from a Portfolio offering no guarantee into a Portfolio offering a guarantee,

within three years preceding a Guarantee Date, the amount of such transfer, additional Contribution or Switch shall not rank for inclusion in determining a guaranteed value at the Guarantee Date.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND**  
**SCHEDULE OF GUARANTEES (CONTINUED)**

**1.4 PROPORTIONAL DISINVESTMENT**

All disinvestments from an Investment Portfolio made on or after 1 August 2005, including benefit payments and Switches, shall be made from both the assets that existed prior to 1 August 2005 and those that accrued after 1 August 2005 in proportion to their respective values.

**1.5 SWITCHES**

1.5.1. Where, prior to 1 August 2005, a Switch was made from a Portfolio offering no guarantee into a Portfolio then offering a guarantee, the amount of Net Contribution transferred for the purpose of the guarantee shall be the value transferred.

1.5.2. Where, prior to 1 August 2005, a Switch was made from a Portfolio then offering a guarantee into another Portfolio then offering a guarantee, the amount of Net Contribution transferred for the purpose of the guarantee shall be the lesser of the value transferred and the value of that proportion of the guarantee value attributable to the transferred amount accumulated in the Portfolio from which the Switch was made.

**1.6 AMENDMENT TO GUARANTEE**

On giving one month's written notice to the Fund, Liberty Life may amend the Guarantee Date or quantum of any guarantee, provided that a guarantee once vested shall not be reduced.

**1.7 IMPLEMENTATION OF GUARANTEE**

1.7.1. At the Guarantee Date immediately following 1 August 2005, the Portfolio Value shall be compared to the Guarantee Value. If the former is less than the latter, Liberty Life shall credit the Policy with a special bonus such that the Portfolio Value, immediately after declaration of such bonus, shall equal the Guarantee Value.

1.7.2. The special bonus shall be allocated to Members in proportion to the value of the asset attributable to each Member invested in such portfolio at the Guarantee Date.

1.7.3. Thereafter, no further Investment Portfolio guarantees shall apply in respect of any Investment Portfolio.

**1.8 DISCONTINUANCE**

In the event that this Policy or participation in this Policy is discontinued at any time, benefit guarantees shall not apply and the value of this Policy or participation in this Policy shall be determined as the actual value of the investment account, after deduction of any expenses associated with discontinuance.

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF GUARANTEES (CONTINUED)**

**2 MEMBER BENEFIT GUARANTEES**

2.1 In respect of a Policy issued prior to 1 July 2005, where the Policy provided a Member benefit guarantee, the following shall apply:

**2.2 DEFINITIONS**

**“GUARANTEE INTEREST RATE”** means the Guarantee Interest Rate as reflected in the Policy at the Commencement Date, or in any subsequent endorsement thereto.

**“MEMBER’S GUARANTEE DATE”** means the earlier of;

- (1) the date on which the Member ceases to be a Member by reason of retirement, provided the Member has been a Member of the Fund for at least five years prior to retirement, or
- (2) the date of his death, as determined in accordance with the Rules.

**“MEMBER’S GUARANTEE VALUE”** means for each Member at the Member’s Guarantee Date:

Net Contributions allocated in respect of the Member and invested in the Investment Portfolio,

- (1) Less any Switches, Retirement Fund Tax and any other charges deductible from the assets of the Fund attributable to such Member,
- (2) Plus interest calculated at the Guarantee Interest Rate as reflected in the Policy issued at the Commencement Date or any subsequent endorsement thereto, calculated from the date of first investment in the Investment Portfolio to the Guarantee Date,

but excluding

all Net Contributions in respect of the Member received on or after 1 August 2005, together with the proportional value of the charges and interest referred to above applicable to such Net Contributions.

**“MEMBER’S PORTFOLIO VALUE”** means for each Member at the Member’s Guarantee Date:

the value of Units allocated to the Fund in respect of the Member at the Guarantee Date, which shall equal;

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND  
SCHEDULE OF GUARANTEES (CONTINUED)**

- (1) the number of Units allocated at 1 August 2005,
- (2) less the number of Units cancelled in respect of any Switches, Retirement Fund Tax and any other charges deductible from the assets, attributable to the Member including amounts due but not yet disinvested,
- (3) plus the number of Units allocated in respect of any income distributions, Bonus allocations, and previous special bonuses in respect of previous Guarantee Dates, including amounts accrued but not yet allocated,

multiplied by the Unit repurchase price at the Member's Guarantee Date.

**“NET CONTRIBUTION”** for the purpose of determining guarantees in terms of this Schedule, Net Contribution to an Investment Portfolio includes any Switches to or from that Investment Portfolio.

**2.3 NET CONTRIBUTIONS**

- 2.3.1 Net Contributions received on or after 1 August 2005 shall not be considered for the purpose of determining an Investment Portfolio guarantee value at the Guarantee Date.
- 2.3.2 Where an amount is transferred into the Fund from any other fund, or where any additional Contribution is made by or on behalf of the Member, or where, prior to 1 August 2005, a Switch is made from a Portfolio offering no guarantee into a Portfolio offering a guarantee, within three years preceding a Guarantee Date, the amount of such transfer, additional Contribution or Switch shall not rank for inclusion in determining a guaranteed value at the Guarantee Date.

**2.4 SWITCHES**

- 2.4.1. Where, prior to 1 August 2005, a Switch was made from a Portfolio offering no guarantee into a Portfolio then offering a guarantee, the amount of Net Contribution transferred for the purpose of the guarantee shall be the value transferred.
- 2.4.2. Where, prior to 1 August 2005, a Switch was made from a Portfolio then offering a guarantee into another Portfolio then offering a guarantee, the amount of Net Contribution transferred

**CORPORATE SELECTION UMBRELLA RETIREMENT FUND**  
**SCHEDULE OF GUARANTEES (CONTINUED)**

for the purpose of the guarantee shall be the lesser of the value transferred and the value of that proportion of the guarantee value attributable to the transferred amount accumulated in the Portfolio from which the Switch was made.

**2.5 AMENDMENT TO GUARANTEE**

On giving one month's written notice to the Fund, Liberty Life may amend the Guarantee Date or quantum of any guarantee, provided that a guarantee once vested shall not be reduced.

**2.6 IMPLEMENTATION OF GUARANTEE**

2.6.1 On a Member's retirement, and provided that Net Contributions have been made into this Policy by or on behalf of the Member and invested in a Portfolio offering a guarantee for a continuous period of at least 5 years immediately prior to the date of retirement, or

2.6.2 On a Member's death prior to the selected retirement age, and provided that contributions made by or on behalf of the Member are invested in a Portfolio offering a guarantee,

the Member's Portfolio Value at the date of retirement or death shall be compared to the Member's Guaranteed Value.

If the former is less than the latter, Liberty Life shall credit the Member's Portfolio Value with a special bonus such that the Member's Portfolio Value, immediately after declaration of such bonus, shall equal the Member's Guarantee Value.

**2.7 DISCONTINUANCE**

In the event that a Member's assets are transferred to another registered and approved retirement fund prior to retirement or that the Participating Employer's participation in the Fund, or the Fund itself, is placed in liquidation, no Member benefit guarantee shall apply and the Member's benefit shall be determined as the actual value of the Member's investment account, after deduction of any expenses associated with the transfer or liquidation.

**STATUTORY NOTICE TO POLICYHOLDERS IN TERMS OF  
SECTION 62 OF THE LONG-TERM INSURANCE ACT (1998)  
(This notice does not form part of the Policy)**

**IMPORTANT - PLEASE READ CAREFULLY**

As a long-term insurance policyholder, or prospective policyholder, you have the right to the following information:

1. The intermediary (insurance broker or representative) dealing with you must at the earliest reasonable opportunity disclose:
  - (a) Name, physical and postal address and telephone number.
  - (b) Legal capacity: whether independent or representing an insurer or brokerage.
  - (c) Concise details of relevant experience.
  - (d) Insurance products that may be sold.
  - (e) Insurers whose products may be marketed.
  - (f) Indemnity cover held - Yes / No.
  - (g) Shareholdings in insurers if 10% or more.
  - (h) Name of insurers from which the intermediary received 30% or more of total commission and remuneration during the past calendar year.

The intermediary must be able to produce proof of contractual relationship with and accreditation by the insurers concerned.

2. Your right to know the impact of the decision you elect to make:
  - (a) The intermediary or insurer dealing with you must inform you of:
    - (i) The premium you may be paying.
    - (ii) The nature and extent of benefits you may receive.
  - (b) If the benefits are linked to the performance of certain assets:  
How much of the premium shall go towards the benefit  
To what portfolio shall your benefits be linked.
  - (c) The possible impact of this purchase on your finances.
  - (d) The possible impact of this purchase on your other policies (affordability).
  - (e) The possible impact of this purchase on your investment portfolio (affordability).
  - (f) The flexibility of changes you may make to the proposed contract.
  - (g) The contract terms of the product you intend to purchase.

It is very important that you are quite sure that the product or transaction meets your needs and that you feel you have all the information you need to make a decision.



**STATUTORY NOTICE TO POLICYHOLDERS IN TERMS OF  
SECTION 62 OF THE LONG-TERM INSURANCE ACT (1998)  
(This notice does not form part of the Policy)**

3. Your right when being advised to replace an existing policy.

You may not be advised to cancel a policy to enable you to purchase a new policy or amend an existing policy, unless:

- (a) The intermediary identifies the policy as a replacement policy.
- (b) The implications of cancellation of the policy are disclosed to you such as:
  - (i) The influence on your benefits under the old policy.
  - (ii) The additional costs incurred with the replacement.
- (c) The insurer which issued the original policy shall contact you, you are advised to discuss the matter with its representative.

4. Your right to be informed by the Insurer.

The insurer shall forward you documentation confirming policy details as discussed in paragraph 2 of this Notice, which shall also include:

- (a) The name of the insurer.
- (b) The product being purchased.
- (c) The cost in Rands of the transaction and specifically:
  - (i) the loadings, if any;
  - (ii) the initial expense; and
  - (iii) the amount of commission and other remuneration being paid to the intermediary.
- (d) In the case of policies with an investment element, the ongoing expense and any other fees or charges payable.
- (e) The summary in terms of Section 48 of the Long Term Insurance Act, 1998
- (f) The contact number and address of the Complaints and the Compliance Officers of the insurer

The insurer may disclose the above Information on a generic basis with additional policyholder specific disclosure.

5. Your right to cancel the transaction

In most cases, you have a right to cancel a policy in writing within 30 days after receipt of the summary contemplated in section 48 from the insurer. The same applies to certain changes you may make to a policy.

The insurer is obliged to confirm to you whether you have this right and to explain how to exercise it.

Please bear in mind that you may not exercise if you have already claimed under the policy or if the event, which the policy insures you against, has already happened. If the policy has an investment component, you shall carry any investment loss

**STATUTORY NOTICE TO POLICYHOLDERS IN TERMS OF  
SECTION 62 OF THE LONG-TERM INSURANCE ACT (1998)**

**(This notice does not form part of the Policy)**

**6. IMPORTANT WARNING**

It is very important that you are quite sure that the product or transaction meets your needs and that you feel you have all the information you need before making a decision.

It is recommended that you discuss with the intermediary or insurer the possible impact of the proposed transaction on your finances, your other policies or your broader investment portfolio. You should also ask for information about the flexibility of any proposed policy.

Where paper forms are required, it is advisable to sign them only once they are fully completed. Feel free to make notes regarding verbal information, and to ask for written confirmation or copies of documents.

Remember that you may contact either the Long-term Insurance Ombudsman or the Registrar of Long-term Insurance, whose details are set out below, if you have any concerns regarding a product sold to you or advice given to you.

**7. Particulars of Long-term Insurance Ombudsman**

PO Box 45007  
CLAREMONT  
7735  
Tel: (021) 674-0330  
Fax: (021) 674-0951

**8. Particulars of Registrar of Long-term Insurance**

Financial Services Board  
PO Box 36656  
MENLO PARK  
Tel: (012) 428-8000  
Fax: (012) 347-0221