

# PPS/OPN ENDOWMENT PLAN PRODUCT TERMS, CONDITIONS AND DECLARATIONS



PROFESSIONAL PROVIDENT SOCIETY INVESTMENTS PROPRIETARY LIMITED ("PPS INVESTMENTS")  
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## GLOSSARY

<b>Administrator</b>	PPS Investments Proprietary Limited (Reg. no. 2005/029098/07), a licensed financial services provider FSP Licence No. 39270, is the current administrator of the PPS Endowment and Intembeko Proprietary Limited is the current administrator of the OPN Endowment.
<b>Capital Gains Tax (CGT)</b>	A tax which may be paid on profits realised when selling an asset.
<b>Cession</b>	Surrendering your right to the funds in your investment and assigning these to another person or entity either permanently or temporarily.
<b>Collective Investment Schemes Control Act (CISCA)</b>	This Act regulates and controls the establishment and administration of collective investment schemes.
<b>Collective Investment Scheme (CIS)</b>	An investment vehicle that pools the money of many investors for an asset manager to invest on their behalf. The combined portfolio is divided into equal portions called "units", which are divided among participating investors based on the value of the contributions they've made to the overall portfolio (also known as a "unit trust" or "fund").
<b>Common Reporting Standard (CRS)</b>	Calls on tax jurisdictions (other than the United States of America) to obtain information from financial institutions and automatically exchange that information with other tax jurisdictions on an annual basis in order to reduce potential tax evasion.
<b>Coronation Life</b>	Coronation Life Assurance Company Limited (Reg. no. 1999/005510/06) (FSCA no. 10/10/1/0188), who is the underwriter of the OPN Endowment.
<b>Discretionary Fund Manager</b>	A Discretionary Fund Manager is FAIS CAT II investment manager that invests on behalf of their clients through a variety of investment options.
<b>Dividend Withholding Tax (DWT)</b>	A tax on shareholders (beneficial owners) when dividends are paid to them, and, under normal circumstances, is withheld from their dividend payment by a withholding agent (either the company paying the dividend or, where a regulated intermediary is involved, such as a collective investment scheme, by the latter) and paid to the South African Revenue Services.
<b>E-Signature</b>	An electronic signature as defined in terms of the Electronic Communications and Transactions Act 25 of 2002.
<b>Financial Advisory and Intermediary Services Act (FAIS)</b>	This act applies to any advice given in relation to your investment. It also governs any forms of intermediary services between you, PPS Investments and PPS Insurance.
<b>Financial Intelligence Centre Act (FICA)</b>	This act requires PPS Investments to obtain certain information from you in order for us to verify who you are before we process your investment.
<b>Financial Sector Conduct Authority (FSCA)</b>	The regulatory body responsible for non-banking financial services industry in South Africa.
<b>Foreign Accounts Tax Compliance ("FATCA")</b>	A United States (US) legislation aimed at reducing the potential for offshore tax evasion. FATCA requires that financial institutions outside the US provide the Inland Revenue Service (IRS) with financial account information they hold on US citizens.
<b>FSP Licence</b>	A licence that allows an entity to provide a financial product other than a financial instrument, or who gives advice or offers an intermediary service as a regular part of its business.
<b>Impression</b>	Impression Signatures (Pty) Ltd is a secure digital document delivery and E-Signature business solution.
<b>Income Distributions</b>	The income that is generated by the securities in a unit trust and is then paid to investors. This income is added to each investor's portfolio in proportion to the number of units they hold in the unit trust.
<b>Investment Option</b>	Unit Trusts, Managed Share Portfolio or wrap funds managed by a Discretionary Fund Manager.
<b>Income Tax</b>	A tax levied by the South African government on personal income (or on business income) according to prescribed rates.
<b>Income Tax Act (ITA)</b>	Income Tax Act 58 of 1962 which regulates the payment of taxation in South Africa.
<b>Interest Withholding Tax (IWT)</b>	IWT is a tax charged on interest paid (on or after 1 March 2015) by any person to or for the benefit of a foreign person (which includes individuals, companies, etc.) from a source within South Africa .
<b>Long-Term Insurance Act (LTIA)</b>	Long Term Insurance Act 52 of 1998 which regulates long-term Insurers in South Africa.

## GLOSSARY

<b>Market Value</b>	The current value of your investment (usually the unit price x the number of units).
<b>Minimum Disclosure Document (MDD)</b>	A fact sheet disclosing key information about Investment Option(s).
<b>Multi-Manager Investment Options</b>	Investment Option(s) which are managed by several unrelated investment managers.
<b>Net Investment Value</b>	The Rand amount invested by you in your Endowment policy minus the applicable fees and charges.
<b>OTP</b>	means a one-time password. It provide a mechanism for logging on to a network or service using a unique password that can only be used once, as the name suggests.
<b>Phase-in</b>	The process by which an investment is split into several different portions to gradually be invested into the selected Investment Options(s) (as opposed to a once-off transaction). Investors who phase-in their investment seek to reduce the impact that an unexpected market decline may have on their capital. Thus, a decline shortly after investing would only affect a portion of the total investment capital, as opposed to impacting the overall lump sum.
<b>Policyholder</b>	The person or legal entity in whose name the Endowment Policy is held.
<b>PPS Group</b>	PPS, its subsidiaries and Strategic Partners, collectively referred to as 'The PPS Group' includes but is not limited to: PPS Holdings Trust, PPS Insurance Company Limited, PPS Wealth Advisory (Pty) Ltd, PPS Short-Term Insurance Company Limited, Financial Solutions 4 Professionals (Pty) Ltd, PPS Investments (Pty) Ltd, PPS Investments Management (Pty) Ltd, PPS Investments Long-Term Incentive Scheme Trust, PPS Healthcare Administrators (Pty) Ltd, PPS Insurance Company (Namibia) Limited, PPS Property Fund Trust, Plexus Properties (Pty) Ltd, Six Anerley Road (Pty) Ltd, PPS Foundation Trust, PPS Retirement Annuity Fund, PPS Preservation Provident Fund, PPS Preservation Pension Fund, PPS Personal Pension Retirement Annuity Fund or their successor in title.
<b>PPS Insurance</b>	Professional Provident Society Insurance Company Limited (2001/017730/06) (FSCA no. 10/10/1/214), a licensed financial services provider (licence no. 1044). PPS Insurance is the underwriter of the PPS Endowment.
<b>PPS Investments (PPSI)</b>	Professional Provident Society Investments Propriety Limited (2005/029098/07), a licensed financial services provider (licence no. 39270).
<b>PPS Investments Secure Online Services</b>	An online portal that allows clients and financial advisers to transact online from anywhere, and at any time ( <a href="http://www.ppsisecure.co.za">www.ppsisecure.co.za</a> ).
<b>PPS Investments Website</b>	An online portal that offers additional information about the PPS Investments range of investment products and funds ( <a href="http://www.ppsinvestments.co.za">www.ppsinvestments.co.za</a> ).
<b>PPS QuicklySign</b>	A web application used by the PPS Group that allows you to send documents for signature online.
<b>SARS</b>	The South African Revenue Service.
<b>Single-Manager Investment Options</b>	Refers to Investment Options which are managed by a single investment manager.
<b>Total Expense Ratio (TER)</b>	A measure of the total costs associated with managing and operating a unit trust. Total costs are expressed as a percentage of the total assets under management. The higher the TER percentage, the greater the overall cost to the investor.
<b>Transaction Cost (TC)</b>	The total cost incurred in buying and selling the underlying assets of your Investment Option(s).
<b>Units</b>	Unit trust funds are split into equal portions called units that are allocated to you according to the amount of money you invest and the price of the units on the day you buy them.
<b>USSD</b>	An "Unstructured Supplementary Service Data" is a communications protocol used by GSM cellular telephones to communicate with the mobile network operator's computers.
<b>Please note:</b>	In this document, the term "we" or "us" or "PPS Investments" could refer to PPS Investments, the Administrators, PPS Insurance and Coronation Life as the product providers and suppliers, and/or employees and officers, as the case may be from time to time. "You" refers to the Policyholder and/or investor and/or Life Assured. Endowment Plan refers to the PPS and/or OPN Endowment Plan, unless specified otherwise.

**The Endowment Plan offered by PPS Investments is a structured savings vehicle, centred on the objective of long-term wealth creation.**

It supports disciplined investing by limiting access to capital within the first five years of your investment term. However, you are afforded unlimited flexibility to change your selection of underlying investments or to adjust your contribution amounts, as governed by policy rules.

Income tax legislation requires policyholders who invest via an Endowment Plan to be classified as an individual or corporate. Income and capital gains tax varies according to the classification of the policyholder. Individual investors with a marginal tax rate of more than 30% are presented with a significant tax benefit as the income tax rate within the Endowment Plan for individuals is 30%. Corporate Investors will be subject to an income tax rate of 28%. As taxes are levied within the Endowment Plan, all tax reporting responsibility is removed from you and the proceeds of your investment is tax free in your hands. Should you be the last Life Assured of the Endowment Plan, your loved ones will receive immediate access to your savings upon your death.

## **1 THE ENDOWMENT PLAN**

### **1.1 What is an Endowment Plan?**

It is an investment policy issued by a long-term insurance company in terms of the Long-Term Insurance Act.

### **1.2 What do I need to open an Endowment Plan – Individuals?**

The Policyholder must be a natural person or a trust with natural persons as beneficiaries. Submit an application form in the prescribed format with the required supporting documentation to the Administrator for approval. In addition, you must make a payment to the Endowment Plan – Individuals bank account.

### **1.3 What do I need to open an Endowment Plan – Corporate?**

The Policyholder must be an entity or a trust with one or more entities as beneficiaries. Submit an application form in the prescribed format with the required supporting documentation to the Administrator for approval. In addition, you must make payment to the Endowment Plan – Corporates bank account.

### **1.4 When does the Endowment Plan end?**

When the last Life Assured dies, when the value of the investment is zero, or when the total value of your investment is paid out (after fees).

### **1.5 Who administers the Endowment Plan?**

The Endowment Plan is administered by the Administrator, who is licenced by the FSCA in terms of the FAIS Act as a Category I Financial Service Provider providing intermediary services.

### **1.6 What is the value of my investment within my Endowment Plan?**

The value is equivalent to the market value of your Investment Option(s) less any fees and charges. The value of your investment will increase or decrease as the market values of the underlying securities in your chosen Investment Option(s) fluctuate. The Administrator does not provide any guarantees in relation to any investment performance.

### **1.7 Who owns my investment?**

You are entitled to the payment of a benefit from the Endowment Plan. However, the long-term insurance company owns all the underlying investments of the policy.

### **1.8 Is my Endowment protected against creditors?**

The market value of the Endowment will be protected against creditors after three years. This protection will continue on the market value of your Endowment until five years after the policy is terminated.

## 2 CONTRIBUTIONS

### 2.1 What are the minimum investment amounts?

- Lump sum: R10 000
- Recurring: R500 per month\*
- Ad hoc: R5 000

\*The minimum recurring debit order amount if you are under the age of 30 is R200 per month, which should be escalated to the normal minimum of R500 per month after your 30<sup>th</sup> birthday.

### 2.2 What is the minimum investment period?

The initial term of this Endowment Plan is five years as specified by the Long-Term Insurance Act.

### 2.3 Can I phase in a lump sum?

Yes. Lump sum investments can be phased in over a period of time. You may phase in your lump sum investment over 3, 6 or 12 months. If you choose to phase in a lump sum, the full lump sum will initially be invested into the PPS Enhanced Yield Fund and will be phased into your selected Investment Option(s).

### 2.4 When I deposit monies, will I receive interest before it is invested?

Interest will be applied on all deposits if it takes longer than one day to process your contribution after the deposit has been paid into the Endowment Plan bank account and we have received your application form including all required supporting documentation.

### 2.5 Can I make additional contributions?

You can make additional contributions to your plan at any time. However, should these contributions exceed 120% of your annual contributions in the prior two-year period, your investment will enter an extended restriction period for another five years from the date of the exceeding contribution.

### 2.6 When will my monies be collected if I choose to invest using the electronic collection method?

Electronic collection is restricted to a maximum Rand value per day as determined by the banks. An amount greater than this will require the Administrator to make multiple debits over multiple days, which may result in additional transaction costs. The investment will be processed one (1) business day after the last debit is received.

## 3 INVESTMENT OPTIONS

### 3.1 What are the available Investment Options?

You have access to a premium selection of PPS Multi-Managed Investment Options and a refined list of Single-Manager Investment Options. You may access the Investment Option information via our website. These Investment Options may change from time to time.

## 4 SWITCHES

### 4.1 Can I switch between Investment Options, and how?

You can switch between Investment Options as often as you choose without incurring a transaction fee. However, should the asset manager of your chosen Investment Option(s) charge an initial fee for investing into its unit trusts, this fee would be applied to your investment. In other words, you can switch between available Investment Options, subject to the requirements and conditions that the Administrator or asset manager of the relevant Investment Options may apply.

To switch investment options you must complete a switch form (available on the PPSI website) and submit it with any required supporting documentation to the Administrator.

### 4.2 Can I switch between Original and Select Fund Ranges?

PPS Investments currently offers two ranges of Investment Options, namely the Original Fund Range (available prior to 1 October 2014) and the Select Fund Range (available post 1 October 2014). Existing policyholders in the Original Fund Range can continue to access the Investment Options listed in the Original Fund Range Investment Option schedule. This range is, however, closed to all new investments. New investments will only be made into the Select Fund Range and the Investment Options are set out in the Select Fund Range Investment Option schedule. You will not be allowed to combine Investment Options from the Select and the Original Fund Ranges.

## 5 WITHDRAWALS

### 5.1 Can I withdraw funds from the Endowment Plan?

One withdrawal is allowed within the first five years of the policy, which is referred to as the restriction period.

Full withdrawals and unlimited partial withdrawals are allowed after the restriction period. At the end of the restriction period, the term of the Endowment Plan automatically becomes open ended. If the Rand value of your withdrawal is 95% or more of the value of your investments, we will withdraw 100% of your investment. *Foreign payments made between Eswantini, Lesotho, Namibia and South Africa will be subject to additional requirements.*

### 5.2 How much can I withdraw?

The maximum amount you can withdraw in the restriction period is the lesser of:

- Your contributions during the restriction period, including any market value in the policy the day before the restriction period started plus 5% compound interest; or
- The market value of the Investment Option(s) less fees and charges.

Any remaining balance must stay invested in the policy until the end of the restriction period. If the remaining balance is less than R2 500 the full amount can be taken at point of withdrawal.

**Kindly note that units bought with a recurring or once off collection can only be sold 28 business days after the investment date.**

5.3 Please note that all payments will be made electronically, and that PPS Investments will not make payments to credit cards, loan accounts market-linked accounts, or third-party bank accounts. Payment will only be made to a transactional bank account in the name of the policy holder.

## 6 CESSIONS, COOLING OFF, LOANS AND TRANSFERS

### 6.1 Are cessions allowed?

Yes, the Endowment Plan can be transferred to another person or entity by way of a cession or ceded as security. Capital gains tax may be applicable should you transfer ownership.

### 6.2 Is there a cooling-off period, should I change my mind about the Endowment Plan?

A cooling-off period is allowed. The Endowment Plan can be cancelled within 31 calendar days of receipt of the confirmation documents. This applies to additional contributions or increases in debit orders. This gives you the right to withdraw from your Endowment Plan. The amount to be refunded will consider market fluctuations and may therefore be less than the initial contribution amount. No interest or investment return will be paid or accrue to you. This option is not available where, during the 31-day period, you have switched from the Investment Option(s) originally invested in, or if any benefit or claim has been paid.

### 6.3 Can I transfer the Endowment to another insurer?

You cannot transfer the Endowment Plan to another endowment policy held with another insurer or transfer another endowment policy into the PPS Endowment Plan.

### 6.4 Can I take a loan from the Endowment Plan?

You cannot borrow from your Endowment Plan.

## 7 TIMELINES AND ADMINISTRATION

### 7.1 How long will it take for my transaction to be processed?

Subject to the receipt of a valid instruction and supporting documents before the daily cut-off time of **14:00**:

#### 7.1.1 New business/additional contributions

**Note:** An electronic collection is restricted to a maximum Rand value per day as determined by the banks. An amount greater than this will require the Administrator to make multiple debits over multiple days, which may result in additional transaction costs. The investment will be processed one (1) business day after the last debit is received.

Cut off	Process instruction	Units are purchased	Transaction finalised	Reflects on statement
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of Day 2	Day 4

#### 7.1.2 Internal Switch (switch within the same Management Company)

Cut off	Process instruction	Units are sold	Units are bought	Transaction finalised	Reflects on statement
Day 1 (Before 14:00)	Day 1	Day 2	Day 2	Day 3 at price of day 2	Day 4

#### 7.1.3 External Switch (switch between different Management Companies (A&B))

Cut off	Process instruction	A sells the units	Sale of units finalised	Money paid to B	B purchases units	Transaction finalised	Reflects on statement
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of day 2	Day 4	Day 4	Day 5 at price of day 4	Day 6

#### 7.1.4 Withdrawals

##### Step 1 (Switch transaction)

Cut off	Process instruction	Units are sold	Sale of units finalised	Money from sale switched into clearing account	Step 1 finalised
Day 1 (Before 14:00)	Day 1	Day 2	Day 3 at price of day 2	Day 4	Day 5

##### Step 2 (Withdrawal transaction)

Determine CGT	Withdrawal Processed	Sale of units in clearing account	Transaction finalised	Money available in bank account
Day 5	Day 5	Day 6	Day 7 at price of day 5	Day 8

Please note that certain switches and withdrawals cannot be processed during the period when fees or regular withdrawal payments are being processed. This is to ensure those payments can be made. Please contact us to confirm timing.

**Kindly note that units bought with a recurring or once off collection can only be sold 28 business days after the investment date.**

### 7.2 Delays in processing instructions

Whilst the Administrator will at all times strive to adhere to the timelines suggested the Administrator accepts no responsibility for delays in processing instructions as a result of extraordinary events.

### 7.3 How are income distributions dealt with?

All income distributions are reinvested automatically.

## 8 REPORTING AND ONLINE ACCESS

### 8.1 Can I transact and view my investments online?

PPS Investments' Secure Online Services allows you to transact online for certain transactions. You may also access information about your investment, instructions we have received for your investment, your investment performance and your investment asset class exposure, among others. Should you not have a Secure Online Services account you may complete the online self-registration process on our website and an online account will be activated for you. You can also use the PPS mobile App to manage your investment, view balances, transact and download tax certificates.

### 8.2 Will I receive confirmation of my transaction?

Confirmation of your transaction will be sent to you once your investment has been processed. Statements will be sent to you at regular intervals, not exceeding three months. Copies of statements are available to you on request from our PPS Investments Client Service Centre. Alternatively, you can register to view them on PPS Investments' Secure Online Services, accessible from the PPSI website.

### 8.3 Will my financial adviser receive confirmation of my transaction?

If you have appointed a financial adviser, the Administrator will send your investment confirmation document to the financial adviser listed in the financial adviser details section of the Endowment application form. All documentation in relation to your Endowment Plan will be made available to your appointed financial adviser on their request.

## 9 TAX AND MY ENDOWMENT PLAN

### 9.1 Endowment Plan Tax

All taxes due and payable are paid by the Life Company and recovered by the Administrator from your Endowment Plan. The net proceeds from any withdrawal are therefore tax free in your hands and all tax reporting responsibilities are removed from the Policyholder.

### 9.2 Will I pay tax within the Endowment Plan – Individuals?

#### Interest income

This income is taxed at a rate of 30%.

#### Dividend income

Dividend Withholding Tax (DWT) is levied at a rate of 20% on local dividends declared and paid by companies. DWT will be withheld from the dividend payment and paid to the South African Revenue Service (SARS).

Dividends declared by a Real Estate Investment Trust (REIT) are regarded as taxable income and are subject to tax at the applicable rate, such dividends will however be exempt from dividend tax.

#### Capital growth

Capital gains tax falls under the Eighth Schedule of the Income Tax Act and may be applicable to any capital growth on your investments. Any losses may be offset against future gains. A capital gains tax (CGT) event is triggered whenever units are sold. For example, units are sold when fees are deducted or you make a switch or a withdrawal. CGT is applied to realised capital gains at rate of 12%.

### 9.3 Will I pay tax within the Endowment Plan – Trusts?

#### Interest income

Interest income is taxed at a rate of 30% for Trusts **where beneficiaries are natural persons**.  
Interest income is taxed at a rate of 28% for Trusts **where beneficiaries are legal entities**.

#### Dividend income

Dividend Withholding Tax (DWT) is levied at a rate of 20% on local dividends declared and paid by companies. DWT will be withheld from the dividend payment and paid to the South African Revenue Service (SARS).

Dividends declared by a Real Estate Investment Trust (REIT) are regarded as taxable income and are subject to tax at the applicable rate, such dividends will however be exempt from dividend tax.

#### Capital growth

Capital gains tax falls under the Eighth Schedule of the Income Tax Act and may be applicable to any capital growth on your investments. Any losses may be offset against future gains. A capital gains tax (CGT) event is triggered whenever units are sold. For example, units are sold when fees are deducted or you make a switch or a withdrawal. CGT is applied to realised capital gains at rate of 22.4%.

## 9.4 Will I pay tax within the Endowment Plan – Corporates?

### Interest income

This income is taxed at a rate of 28%. For non-residents, Interest Withholding Tax (IWT) is levied at a rate of 15% and is withheld from the interest payment. It is paid to the South African Revenue Service (SARS).

### Dividend income

Dividend Withholding Tax (DWT) is levied at a rate of 20% on local dividends declared and paid by companies. DWT will be withheld from the dividend payment and paid to the South African Revenue Service (SARS).

South African tax residents: Dividends declared by a Real Estate Investment Trust (REIT) are regarded as taxable income and are subject to tax at the applicable rate, such dividends will however be exempt from dividend tax.

Non-South African tax residents: Dividends declared by a Real Estate Investment Trust (REIT) are exempt from South African Income Tax but will be subject to DWT. A reduced DWT rate may apply if there is a Double Taxation Agreement (DTA) in place between South Africa and your country of residence. By declaring a country of residence for tax purposes other than South Africa, you declare you are not a South African resident and that the reduced rate and article number as contained in the Withholding Tax Annexure (available on [www.pp.co.za/invest](http://www.pp.co.za/invest)) applies to your investment.

### Capital growth

Capital gains tax falls under the Eighth Schedule of the Income Tax Act and may be applicable to any capital growth on your investments. Any losses may be offset against future gains. A capital gains tax (CGT) event is triggered whenever units are sold. For example, units are sold when fees are deducted or you make a switch or a withdrawal. CGT is applied to realised capital gains at rate of 22.4%.

## 10 FEES

### 10.1 What fees are applicable to my investment?

There are typically three fee categories:

- **Financial advice fees:** If you have appointed a financial adviser you may have agreed to initial and/or annual fees (as indicated on the application form or amendment form). Initial fees are deducted from the investment amount prior to investment. Annual fees are deducted through the sale of units in your Investment Option(s) and paid to your adviser monthly in arrears. The fee is calculated and accrued daily.
- **Administration fees:** These are payable for administration services provided by the Administrator. No initial administration or transaction fees are charged. Annual fees are deducted through the sale of units in your Investment Option(s) and paid monthly in arrears. The PPS Investments client-based charging model reduces ongoing administration fees based on the total amount of assets you have invested with them (across all the products you have invested in).
- **Asset management fees:** Initial fees and annual asset management fees on the underlying Investment Option(s) selected will be charged by each management company. There are also other allowable expenses associated with an Investment Option. These fees and charges are deducted within the Investment Options and are therefore not deducted in units, and are instead accounted for in the published performance of the Investment Option.

These fees are indicated on the relevant Minimum Disclosure Document (MDD) available on the PPS Investments website. All fees are paid by a proportional disinvestment from each Investment Option or a specific Investment Option, depending on the instruction you have given on your completed application or transaction form. Fees and charges may change from time to time and you will be notified of such a change.

### 10.2 What is the maximum annual administration fee if I am invested in the Original Fund Range?

The maximum annual administrative fee is 0.70% per annum (excluding VAT).

### 10.3 How is my annual administration fee calculated if I am invested in the Original Fund Range?

The PPS Investments client-based charging model reduces ongoing administration fees based on the total amount of assets you have invested across all products. It is calculated on the daily market value of the investment portfolio and will be charged and paid monthly in arrears. This fee will be charged at the level of your Investment Option(s) and will be reduced in accordance with the sliding scale below:

Value of total investments	Administration Fees (excluding VAT)
Up to the first R500 000	0.70%
From R500 001 to R1 500 000	0.50%
From R1 500 001 to R2 500 000	0.45%
From R2 500 001	0.40%

Investments in the PPS Enhanced Yield Fund and Coronation Money Market Fund are excluded from the investment amount when applying the above sliding scale. An annual platform administration charge of 0.40 % (excluding VAT) is charged on investments in the PPS Enhanced Yield Fund and 0.47% (excluding VAT) is charged on investments in the Coronation Money Market Fund.

Please refer to the Original Fund Range Investment Option schedule available on our website for more information.

### 10.4 What is the maximum annual administration fee if I am invested in the Select Fund Range?

The maximum annual administrative fee is 0.50% per annum (excluding VAT).

### 10.5 How is my annual administration fee calculated if I am invested in the Select Fund Range?

It is calculated on the daily market value of the investment portfolio and will be charged and paid monthly in arrears. This fee will be charged at the level of your Investment Option(s) and will be reduced according to the sliding scale below:

Value of total investments	Administration Fees (excluding VAT)
Up to the first R1 500 000	0.50%
From R1 500 001 to R5 000 000	0.20%
From R5 000 001	0.10%

Investments in the PPS Enhanced Yield Fund and Allan Gray Money Market Fund are excluded from the investment amount when applying the above sliding scale. An annual platform administration charge of 0.40% (excluding VAT) is charged on investments in the PPS Enhanced Yield Fund and Allan Gray Money Market Fund.

Please refer to the Select Fund Range Investment Option schedule available on our website in order to find out more.

### 10.6 What fees are applicable should I select the PPS Discretionary Fund Management Investment Option?

A Discretionary Fund Management Fee applies to selected Investment Options. The fee charged is in-line with the discretionary mandate signed.

## 11 NOMINATION OF BENEFICIARIES AND APPOINTMENT OF LIVES ASSURED

### 11.1 What nominations and appointments will I be asked to make as a natural person or Trust within the Endowment Plan?

- **Beneficiary of Ownership**

If you are a natural person (and not a legal entity, for example) a beneficiary of ownership must be nominated to take ownership of the policy in the event of your death. Only one beneficiary of ownership is allowed. If you are a natural person and the only life assured, no beneficiary of ownership is required. If you are not a natural person, no beneficiary of ownership is required.

- **Beneficiary of Proceeds**

As the policyholder you can nominate a beneficiary to receive the proceeds of your Endowment after death of the last Life Assured. If you nominate more than one beneficiary the proceeds will be split equally unless you specify otherwise. If you do not nominate a beneficiary of proceeds, you (or the legal entity) as the policyholder will automatically become the beneficiary of proceeds.

- **Life Assured**

If the policyholder is a natural person, you will need to appoint a life assured that is a natural person. You can nominate yourself as the life assured, and may appoint more than one life assured on the policy. You as the policyholder may add a life assured, but may not remove or replace an existing life assured. The policy will mature when the last life assured dies.

If the policyholder is a legal entity: A life assured that is a natural person will need to be appointed. A minimum of one life assured, that is a natural person, will need to be appointed on the policy. You may add a life assured, but may not remove or replace an existing life assured. The policy will mature when the last life assured dies.

### 11.2 Can I change my beneficiaries?

You can change your nominated beneficiaries as and when required by written instruction if you are the policyholder. For any changes to the nomination of beneficiaries a signed instruction must be received before the Policyholder's death.

### 11.3 What happens to the proceeds when a cession is noted?

The rights of a security cessionary takes preference over any rights nominated beneficiaries may have, as long as the security cession is noted in the records of PPS Investments.

Any beneficiary nominations made before an outright cession will fall away when the outright cession is noted in our records.

## 12 DEATH OF POLICYHOLDER, BENEFICIARIES & LIFE ASSURED

### 12.1 What happens to the proceeds when the life assured dies?

When the last life assured dies, the Endowment will mature. If you are the last life assured and you have nominated beneficiaries, the market value (excluding applicable fees and charges) will be paid to the beneficiaries for proceeds. If you have not nominated any beneficiaries for proceeds, the proceeds will be paid to your estate or the legal entity, where the legal entity is the policyholder.

### 12.2 What happens to the proceeds when the policyholder dies?

If the policyholder is a natural person, when the policyholder dies, the policy will continue and the beneficiary for ownership will become the policy holder. If the policyholder is the last life assured, the policy will mature and the proceeds will be paid to the beneficiary for proceeds. If you are not the last life assured, the policy will not mature due to your death. The policy will be passed on to the beneficiary for ownership.

### 12.3 What happens to the proceeds when the beneficiary for ownership dies (where the policyholder is a natural person)?

If a beneficiary for ownership dies before the policyholder and / or life assured, you as the policyholder will have to notify us and nominate a new beneficiary for ownership. In the event that we were not notified, your estate will become the owner of the policy upon your death.

### 12.4 What happens to the proceeds when the beneficiary for proceeds dies?

The policyholder should notify us when the beneficiary for proceeds dies. A new beneficiary for proceeds can be appointed or you can re-allocate the basis on which the surviving beneficiaries of proceeds will share the benefits. If there is no beneficiary for proceeds you as the policyholder will automatically be the beneficiary of proceeds.

### 12.5 What is required at death?

We must be notified in writing of the death. The notification must include a certified copy of the identity document, death certificate and investment number.



## 13 UNCLAIMED BENEFITS

### 13.1 What happens to unclaimed benefits?

If the Administrator is unsuccessful in its efforts to make a payment that is due to the policyholder or their estate for whatever reason, such benefits will become unclaimed benefits and will be dealt with in accordance with the Association of Savings and Investment South Africa (ASISA) Standard on Unclaimed Assets.

The Administrator may use all personal and contact information in its possession in order to facilitate tracing directly or via a third party.

Any reasonable direct administrative, tracing and management costs incurred by the Administrator ITO the new Asisa Standard on Unclaimed Assets from the date on which the benefits first became due will be charged against the remaining value of the unclaimed benefit on an ongoing basis or once the benefits have been claimed. ITO the new Asisa Standard on Unclaimed Assets.

The Administrator will cease all attempts to trace the policyholder ITO the new Asisa Standard on Unclaimed Assets if the costs of tracing exceed the benefits of tracing.

## 14 YOUR ROLE

Notwithstanding the information shared above, there are some additional rights and responsibilities to take note of:

### 14.1 We recommend that you seek financial advice

We always recommend seeking financial advice when making investment decisions. A financial adviser should be able to help you make investment choices that are suited to your needs and circumstances. They should also help you ensure that you are fully informed of all fees you need to pay. If you do not have a financial adviser, the responsibility lies with you, as the policyholder to make sure all fees payable are understood.

The financial adviser is responsible for ensuring that you receive an appropriate needs analysis, advice, product and fee information, including changes in administrative processes and that you fully understand these. Where you have appointed a financial adviser, it is the responsibility of your financial adviser to act within the conditions of their relevant FSP licence. We cannot be held responsible or liable for any loss or damage you may incur as a result of the financial adviser acting outside of their licence conditions.

### 14.2 The risk and responsibility to choose an appropriate investment lie with you.

We have indicated who the product is best suited to in the suitability section of this document. The information provided to you by us, whether written, oral or implied, does not constitute advice or a recommendation to enter into any of the PPS Investments products. All information and explanations relating to the terms of this policy are not to be considered advice or a recommendation to enter into any transaction. Information that we share about our offerings is not an endorsement and the risk and responsibility for the selection between the various relevant Investment Options lie with you.

We do not provide any guarantees in relation to any investment performance. The value of the investment portfolio will fluctuate relative on the market value of the underlying securities comprising the selected investment portfolio. Investment Options are generally medium-to-long-term investments. The value of your Investment Option(s) may go down as well as up and past performance is not necessarily a guide to future performance.

### 14.3 Any risks associated with the communication method you choose to submit instructions lie with you.

We will accept your instruction by facsimile or email. We will not accept any loss incurred as a result of us receiving and/or acting upon such communication. You waive any claim that you may have against us as you hold the risk of the communication method you have selected. We will not be liable if we do not receive a communication whether due to the failure, malfunction or delay of any networks or electronic or mechanical device or otherwise.

### 14.4 You are entitled to information a collective investment scheme is legally obliged to disclose.

As the policyholder, you are entitled to any information that the law requires a collective investment scheme to disclose. We are obliged to obtain and transmit such information if the policyholder requests it.

### 14.5 Reporting of errors

You have **14 days** after receipt of investment confirmation or any statement to report any errors to the Administrator. The Administrator will not accept any responsibility for any loss, damages or inconvenience you incur, howsoever caused after this time.

### 14.6 You are responsible to ensure your personal information on our system is correct.

As the policyholder, you are responsible to ensure that your personal and contact particulars, as reflected on the latest policy certificate issued by PPS Investments, are correct. If this is not the case, or in the event that your personal and/or contact particulars change, it is your responsibility to inform us in writing of the new details. We will not accept any responsibility for any loss, damages or inconvenience you incur, howsoever caused, as a direct or an indirect result of incorrect personal and/ or contact particulars.

## 15 THE ROLE OF PPS INVESTMENTS

### 15.1 We are authorised to invest your net investment amount and reinvest all income distributions.

You hereby authorise us to invest your net investment amount into your chosen Investment Option(s) from time to time. All income arising from the Investment Option(s) from time to time (which will be regarded as forming part of your selected products) will be reinvested.

### 15.2 We ensure your policy is compliant with ASISA.

Upon the creation of a new policy, we need to ensure compliance with the ASISA Standard on Replacement Policy. This is to protect you by ensuring that the applicable disclosures were made in the event that a recommendation was made for you to cancel an existing policy with another insurer and replace the policy by opening one with us.

### 15.3 Investments are made subject to the provisions of CISCA.

Investments in the selected Investment Option(s) are made and will be administrated subject to the provisions of CISCA, in accordance with the deeds of such collective investment scheme and subject to each management company's fee structure as amended from time to time.

- 15.4 We are authorised to verify your information.**  
You hereby consent to us making enquiries of any nature, if necessary, to verify the information disclosed in the application form. You also consent to us obtaining any other information concerning you from any source whatsoever to process your application.
- 15.5 We will not be held liable to policyholders or third parties for losses sustained.**  
Provided that we exercise reasonable care and diligence in the management and administration of your Endowment Plan we will not be liable to you or a third party for any loss you have sustained in terms of your Endowment Plan. Specifically, we cannot be held responsible for any acts or errors of commission or omission by third parties, or the timing standards, practices or procedures of third parties.
- 15.6 We may amend terms and conditions from time to time.**  
We may amend the terms and conditions of any of our products provided that those changes don't negatively affect any associated right or benefit that you may have accrued. We will give appropriate and reasonable notice of the proposed changes.
- 15.7 We may change relevant Investment Options.**  
We are entitled to change at our discretion and with appropriate notice, any of the relevant Investment Options offered from time to time. You will be asked to switch instructions should an Investment Option be removed from the PPS Investment offering. In the absence of any instruction from you within the required time period, we will effect a switch to a similar fund, where available.

## 16 THE AGREEMENT

By signing the application form, you acknowledge and confirm the following:

- 16.1** I have read and understood the Product Terms, Conditions and Declarations.
- 16.2** I have read and understood the Minimum Disclosure Documents (MDDs) and the unit trust brochure(s) and/or any other disclosure documentation of the applicable fund(s). This includes, but is not limited to, the Total Expense Ratio (TER) and the Transaction Cost (TC) applicable to my investment. Please refer to the MDDs which are available on the PPS Investments website or contact the PPS Investments call centre on 0860 468 777 (0860 INV PPS) or [clientservices@ppsinvestments.co.za](mailto:clientservices@ppsinvestments.co.za) for more information.
- 16.3** I am the beneficial owner of the investment amount. I am duly and validly authorised to invest the investment amount with us and confirm that all monies deposited into the applicable bank account in respect of my Endowment Plan were obtained from legitimate sources.
- 16.4** In making and maintaining such investment, I have complied and will continue to comply with all relevant legislation, including, but not limited to, FICA, the Income Tax Act and Foreign Account Tax Compliance Act (FATCA), the Organisation for Economic Co-operation and Development ("OECD") and Common Reporting Standards ("CRS"). I confirm that, in the event that I am acting on behalf of a policyholder, I am duly authorised to conclude this transaction on behalf of the investor.
- 16.5** I also certify that the information provided in terms of FATCA, OECD and CRS is correct and that unless stated otherwise, I am not a tax resident of the United States of America.
- 16.6** I agree that PPS Investments may, upon receipt of my application form, request me to submit such further documents and information as PPS Investments may, in its sole discretion, require in order to meet their obligations in terms of the Financial Intelligence Centre Act. This will include, but may not necessarily be limited to, source of funds or source of wealth.
- 16.7** All the statements given in the application form and in all documents which have been or will be signed by me in connection with the application, whether in my handwriting or not, are true and correct. These statements will form the basis of the investment with us.
- 16.8** I authorise PPS Investments and its assignees to disclose any information within PPS Investments, the product provider or supplier's holding companies, subsidiaries, affiliates, Profmed or to other persons, provided that such disclosure is deemed necessary to properly manage or service the investment or investor.
- 16.9** I understand and agree to be bound by the provisions of the application form. If on the date of signature of the application form an updated application form exists and/or fees and Product Terms, Conditions and Declarations differ, the updated application form, fees and/or Product Terms, Conditions and Declarations will apply.
- 16.10** I understand and agree that the application, together with my policy confirmation and Product Terms, Conditions and Declarations as well as any other related documents provided by me and accepted by PPS Insurance, will govern the legal relationship between myself and PPS Insurance.
- 16.11** I understand that PPS Group, PPS Investments, its subsidiaries and affiliates collect and processes my personal information, as defined in the Protection of Personal Information Act of 2013 ('POPI'), for purposes of opening and administering my financial products. I hereby consent to PPS Group, PPS Investments, its subsidiaries and affiliates processing my personal information which may include sharing such information within the PPS Group, its subsidiaries and contracted service providers for the purposes of assessing and improving products and services, obtaining and maintaining any record relating to my PPS membership as well as efficient client servicing.
- 16.12** I understand that PPS Group may also process my personal information in order to protect or pursue my, the PPS Group's, or a third party's legitimate interests, including offering solutions and products that best meet my needs.
- 16.13** I agree that my personal information may be verified for security purposes and consent to PPS Group, PPS Investments its subsidiaries and affiliates sharing my personal information with such third-party service providers for the purposes of storing and maintaining my personal information as may be required.
- 16.14** I acknowledge that this authority may be ceded or assigned to a third party if the agreement is also ceded or assigned to that third party, but in the absence of such assignment of the agreement this authority and mandate cannot be assigned to any third party.

- 16.15** I understand that my debit authority and mandate will continue indefinitely until terminated by me by giving PPS Investments 2 business days' notice to cancel the debit order instruction.
- 16.16** In the event that the payment day falls on a weekend, or a recognised South African public holiday, the payment day will automatically be the preceding ordinary business day.
- 16.17** PPS Group shall accept electronic data attached to, incorporated in, or logically associated with other data, which is intended by me to serve as a my original signature and acceptance in accordance with the provisions of Electronic Communications and Transactions Act of 2002 ('ECTA').
- 16.18** PPS Group maintains a list of its approved electronic signature methods as detailed in the PPS Group Electronic Transactions Standard, which includes the use of OTP, USSD, Impression or PPS QuicklySign.
- 16.19** I understand and acknowledge that the use of any other electronic signature(s) methods other than those approved by the PPS Group will be subject to additional controls or scrutiny.

## 17 DETAILS OF THE PPS ENDOWMENT PLAN

### Compliance department

PPS Investments  
 PPS House  
 Boundary Terraces  
 1 Mariendahl Lane  
 Newlands  
 7700

Tel: 0860 468 777 (0860 INV PPS)  
 Fax: 021 680 3680  
 Website: [www.pps.co.za/invest](http://www.pps.co.za/invest)  
 Email: [compliance@ppsinvestments.co.za](mailto:compliance@ppsinvestments.co.za)

Please do not hesitate to contact us if you are not satisfied with this policy or the services from PPS Investments. A complaint must be submitted to the Compliance Officer. The contact address of the Compliance Officer is the same as the address above. PPS Investments will acknowledge the complaint in writing and will inform you of the contact details of the person addressing your complaint.

### The Ombud for Financial Services Providers

If you are not satisfied with the response from PPS Investments or the Administrator or if you have a complaint about the advice given by your financial adviser, you have the right to address your complaint in writing to the Ombud for Financial Services Providers.

#### The Ombud for Financial Services

Kasteelpark, Orange Building,  
 2nd Floor  
 546 Jochemus Street,  
 Erasmuskloof,  
 Pretoria  
 0010

PO Box 41  
 Menlyn Park  
 0063

Telephone: +27 12 762 5000 / +27 12 492 9711 / 0860 066 3274  
 Facsimile: +27 86 546 5694 / +27 12 348 3447  
 E-mail: [info@faisombud.co.za](mailto:info@faisombud.co.za)  
 Website: [www.faisombud.co.za](http://www.faisombud.co.za)

The Ombud is legally empowered to investigate and adjudicate complaints in a procedurally fair, economical and expeditious manner.

PPS Investments (Pty) Ltd, PPS Multi-Managers (Pty) Ltd, PPS Investment Administrators (Pty) Ltd and PPS Insurance Company Ltd are licensed financial services providers. Coronation Life Assurance Company Limited is registered in terms of Insurance Act 18 of 2017 to carry on long-term insurance business. PPS Management Company (Pty) Ltd (RF) is a licensed collective investment scheme manager. PPS Nominees (Pty) Ltd is an independent nominee company approved by the Financial Sector Conduct Authority.

PPS House, Boundary Terraces, 1 Mariendahl Lane, Newlands 7700  
 Website: [www.pps.co.za/invest](http://www.pps.co.za/invest) Email: [clientservices@ppsinvestments.co.za](mailto:clientservices@ppsinvestments.co.za)