

PRESCIENT D AND D SINKING FUND

POLICY DOCUMENT

21092015

D AND D THE CYCLE

ISSUED TO:

J WILSON



DEFINITIONS

Administrator:	<p>Means the entity responsible for administration of the Policy, including receipt of Contributions, investment and other instructions, calculation of the Policy Benefit, and settlement of claims.</p> <p>The Insurer is responsible for the administration of this Policy.</p>
Beneficiary for Ownership:	<p>A beneficiary for ownership is the person who will become the owner of the policy on the death of the Policyholder. This is only applicable where the Policyholder is a natural person. Only one Beneficiary for Ownership may be nominated.</p>
Cession:	<p>Means a Security Cession – an agreement where value available under the Policy is provided as security for a loan (or other obligation) by the Policyholder; or</p> <p>Means an Outright Cession – the Policy is ceded to a person or institution which becomes the new Policyholder.</p>
Contribution:	<p>Means a once-off or regular premium paid by the Policyholder as agreed with the Insurer from time to time.</p>
Financial Services Provider (FSP):	<p>Means the licensed financial services provider (if any) who has been appointed by the Policyholder for the purposes of this Policy.</p>
Insurer (“Prescient”):	<p>Means Prescient Life (RF) Limited, Reg. No. 2004/014436/06, a registered long-term insurer under the Long-term Insurance Act, which issues the Policy and undertakes to provide Policy Benefits to the Policyholder as set out herein.</p>
Investment Account:	<p>Means the account with the Administrator through which the Policyholder’s investments under the Policy is administered in the underlying Investment Options selected by the Policyholder.</p>
Investment Option/s:	<p>Means a range of collective investment scheme portfolios (unit trusts) or life pooled portfolios offered by the Insurer that are made available as Investment Options underlying the Investment Account.</p>
Policy:	<p>Means a long-term insurance policy issued by the Insurer. The Policy is a ‘sinking fund policy’ as defined in section 1 of the Long-Term Insurance Act 52 of 1998.</p>
Policy Benefit:	<p>Means the value of the Investment Account due to the Policyholder that is determined in the manner described in Section 3.2, less any amount held as a result of a security cession in respect of the Policy.</p>
Policyholder:	<p>Means the legal owner of the Policy, who may be a natural person or a legal entity or a trust.</p>

TERMS AND CONDITIONS

1. Introduction

- 1.1 This document contains the terms and conditions of the Policy and should be read with the application form and any other supporting documentation. Together with the Policy Summary, these documents form the legal agreement between the Policyholder and the Insurer.
- 1.2 The Policy commences when the application form and supporting documents has been received and accepted by the Administrator, and a Contribution is received in the relevant bank account together with a proof of payment. The application may be accepted or rejected at the discretion of Prescient.
- 1.3 The Policy has a minimum 5 year term but no fixed termination date. There are liquidity restrictions that apply to the Policy at certain times. The Policy will end when the total amount available under the Policy is withdrawn.

2. Payment and Investment of Contributions

- 2.1 The Policyholder must make at least one Contribution. The Insurer may from time to time agree to accept further Contributions in addition to the first Contribution paid.
- 2.2 Contribution payments may be stopped at any time.
- 2.3 The initial Contribution is invested in the Investment Option/s selected on the application form. Subsequent Contributions will be invested in accordance with the Policyholder's initial or if relevant, any subsequent investment instructions.

3. The Investment Account

- 3.1 The Investment Account reflects the portfolios selected by the Policyholder from time to time as the underlying Investment Options of the Policy. The Insurer owns all the underlying investments of the Policy.
- 3.2 The value of the Investment Account may fluctuate and is not guaranteed. The value of the Investment Account is increased by Contributions and positive investment returns. Any income distributions received (if applicable), net of taxes and costs, will be re-invested. The value of the Investment Account is reduced by negative investment returns and any fees, taxes and charges.
- 3.3 Prescient is obliged to pay the Policyholder's FSP any fees which may be due to it from time to time, as agreed in the initial application form or any other relevant instruction thereafter. These fees shall be deducted from the value of the Investment Account.
- 3.4 If, for any reason, an Investment Option is no longer available, the Administrator will give the Policyholder written notice, and the Policyholder will be required to select an alternative from the list of

available Investment Options. If an Investment Option is not selected within the time period given, the Administrator shall switch the investment from the affected Investment Option to a money market fund.

- 3.5 The Insurer and the Administrator does not take responsibility for the selection of the Investment Options and the Policyholder is responsible for on-going review of the Investment Option selection.

4. Nominating Beneficiaries

- 4.1 Where the Policyholder is a natural person, a Beneficiary for Ownership may be nominated. The Beneficiary for ownership will become the owner of the Policy after the death of the Policyholder.
- 4.2 If a Beneficiary for Ownership dies within seven days of the Policyholder without nominating a further Beneficiary, the nomination of the deceased Beneficiary for Ownership shall be of no force and effect.
- 4.3 The rights of a cessionary noted supersede those of nominated Beneficiaries.
- 4.4 The Administrator should be notified as soon as possible of the death of the Policyholder and should be provided with a certified copy of the death certificate.

5. Ceding the Policy

The Policy may be ceded outright to a new Policyholder or as security to a security cessionary. The cession will be acknowledged once the Administrator receives proof of the cession documentation.

6. Cancelling the Policy (Cooling Off Period)

- 6.1 The Policy may be cancelled by written instruction to the Administrator within 30 calendar days of the Policy document being received. The date of receipt will be deemed to be seven business days after the Policy was issued.
- 6.2 The amount that will be paid back to the Policyholder is the Contribution(s) less any charges and market losses. Interest and or market growth will not be paid out.
- 6.3 The Policy may not be cancelled if any Policy Benefits were paid or if any Investment Options were changed during the cooling off period.

7. Liquidity Restriction Period and Withdrawals

- 7.1 During the first five years of the Policy, or five years from the first day of any month in which the 120% rule takes effect, the amount of money available to be taken in cash from the Policy is restricted. These periods are known as "a restriction period".
- 7.2 During a restriction period, only one full or partial withdrawal may be made and such withdrawal is limited to the lesser of the value in the Investment Account less fees and charges, or the value of Contributions made during the restriction period, including the value in the Investment Account at the

start of the restriction period, plus 5% compound interest. Any balance remaining after withdrawal must remain invested until the end of the restriction period. In the event that the value of the Policy is less than R5000, the Administrator will pay the full value to the Policyholder and the Policy will terminate.

- 7.3 The 120% rule takes effect when the Contributions in any policy year are more than 120% of the greater of any of the previous two years total Contributions. The Administrator will accept these Contributions into the same Policy and extend the restriction period, if already in force, or start a new five year restriction period on the entire Policy.
- 7.4 Outside of a restriction period, the amount of money available through a full or partial withdrawal is not restricted, and you may also request to schedule regular withdrawals.
- 7.5 The Policyholder must give written notice to the Administrator for a full or partial surrender. The Administrator will use its best endeavours to give effect to such notice within 30 days of receipt thereof. The Insurer however retains the right to delay the payment of Policy Benefits in the event that liquidity constraints are experienced in the underlying Investment Options as a result of extraordinary events (e.g. ring-fencing of unit trust funds or large withdrawals that will negatively impact other policyholders). In the event of such delays, the Administrator will notify the Policyholder of the options available at that time, which may include the payment of Policy Benefits in the form of a transfer of assets rather than a cash amount.
- 7.6 A surrender will only be permitted in respect of the Policy that has been ceded if the prior written consent of the cessionary has been received by the Administrator.

8. Terminating the Policy

The Policy does not have a fixed termination date. It ends when the total amount available under the Policy is withdrawn in accordance with clause 7, or the value reduces to zero.

9. Instruction and Processing requirements

- 9.1 The cut off time for receiving applications and/or instructions is 13h00.

<i>Business Process</i>	
Instruction cut-off time	13h00
Buying / selling units	2 business days
Switching units in portfolios administered by the same product provider	2 business days
Switching units in portfolios administered by different product providers	3 business days
Cut off for debit order changes	5 business days before debit order date

- 9.2 All instructions will be processed by the Administrator on behalf of the Insurer. Only signed written instructions from the Policyholder or the appointed FSP, will be acted upon. All instructions are subject to:

- ≈ The operational requirements of the Insurer, the Administrator and the product providers of the Investment Options (including investment minimums, cut-off times and time periods for processing);
- ≈ Applicable legislation at the date of the transaction;
- ≈ The availability of the selected Investment Options.

9.3 Policy applications will be considered for processing on receipt of:

- ≈ a correctly completed application form with all the required supporting documentation,
- ≈ receipt of the Contribution into the correct bank account and
- ≈ after receipt of proof of deposit.

9.4 Other instructions will be considered for processing if they are submitted on the relevant transactional form required by the Insurer, together with any supporting documentation required.

9.5 The Administrator will carry out instructions at the earliest possible opportunity, subject to its own administration procedures and any portfolio limitations. Where Contributions are made via debit order or cheque deposit, the Administrator will wait for the funds to clear before processing the instruction. Neither the Administrator, nor the Insurer accepts responsibility for delays in processing instructions as a result of extraordinary events that cause extensive disruptions.

9.6 The Administrator will not proceed with an instruction if there is any doubt about the validity of the signature/s or information provided, or if it deems the instruction to be incomplete in any way.

9.7 Any processing errors must be reported to the Administrator within 14 days after receipt of the investment confirmation or any statement.

9.8 The Administrator must be informed of any changes in bank or contact details, including postal and email addresses, and supporting documentation must be provided where appropriate.

10. Internet Access

Internet access is provided to view a Policy Benefit statement online. Visit www.prescientonline.co.za and log on with the username and password provided. Please note that access will be cancelled should the incorrect password be entered three times in succession. Should this happen please contact the Administrator and they will reset the password.

11. Financial Services Provider (FSP)

11.1 The Insurer and the Administrator does not provide financial advice. It is the responsibility of the Policyholder to appoint a financial services provider and to negotiate appropriate fees.

11.2 The Policyholder may appoint, change or remove a FSP at any stage by written instruction to the Administrator.

- 11.3 The FSP is responsible for ensuring that the Policyholder receives and understands all appropriate advice, product and fee information including changes in the working practices and procedures of the Administrator.
- 11.4 The Administrator will only accept applications/ instructions submitted on behalf of policyholders from FSP's who have been granted a licence by the Financial Services Board.
- 11.5 The Insurer and the Administrator cannot be held responsible or liable for loss or damage suffered by the Policyholder as a result of the FSP acting outside his / her licence parameters or because of delays in the processing or rejection of this application form, caused by the fact that the FSP is not authorised as a FSP or is not approved by the Administrator.

12. Fees

- 12.1 Where applicable the Administrator shall pay to the FSP any initial Financial Services Provider fee as set out in the Policy summary, which amount will be deducted from the Contribution prior to the investment of the money and prior to the issue of this Policy.
- 12.2 The following on-going fees (VAT excluded) are levied against the Investment Account, calculated on a daily basis at a rate of 1/365 per day:
- 12.2.1 An annual administration fee as set out in the Policy summary;
- 12.2.2 An annual Investment Option management fee as set out in the Investment Option Brochure;
and
- 12.2.3 Where applicable, an on-going advice fee payable to the FSP, as set out in the Policy summary.
- 12.3 All fees may be amended from time to time, in which case the Administrator will give the Policyholder notice.

13. Tax Implications

- 13.1 The Insurer is required to pay income tax and capital gains tax (CGT) at a rate depending on the nature of the Policyholder.
- 13.2 Income tax is incurred and recovered from the Policy when income distributions are received from the securities underlying the Investment Option/s.
- 13.3 The Insurer will also pay tax on any capital gains that arise. When the Policy Benefits are due the amount payable may be reduced by a provision for CGT.

14. General

- 14.1 The Administrator will provide half yearly investment statements.

- 14.2 All Investment Options are unitised and pricing takes place at the close of each business day which means that the price is only available the following business day.
- 14.3 The Insurer and the Administrator does not guarantee any future performance of the Investment Option/s in terms of this Policy, nor does the Insurer guarantee that any Investment Option will hold its value or behave in any particular manner.
- 14.4 The Insurer and the Administrator shall incur no liability for any claims for loss or damage which the Policyholder may suffer, howsoever such loss or damage may arise or be suffered, in respect of the Investment Options. The Insurer and/or the Administrator shall, however, be liable for, and shall indemnify the Policyholder in respect of, any such loss or damage which arises as a result of the fraud, dishonesty or gross negligence of the Insurer and/or the Administrator or any of its directors, employees, officers, servants or agents.
- 14.5 The Administrator will give the Policyholder three months' written notice of any change to the fees and may give less than three months' written notice if the circumstances of the changes are required due to a change in legislation.
- 14.6 Subject to clause 14.5 above, the Insurer reserves the right to amend the terms and conditions that apply to the Policy at any time without giving notice to the Policyholder.
- 14.7 Any personal information may be used by the Insurer or the Administrator in the normal course of business to provide the products and services and they may retain any information for purposes of investment transactions, processing and administration and to communicate directly with the Policyholder. Personal information will not be given or sold to any third parties. The Insurer and the Administrator will disclose or report personal information if and when required to do so by law or any regulatory authority, and to its employees (if relevant), or agents who require such information to carry out their duties.

15. Currency

All Contribution and Policy Benefit payments in terms of this Policy shall be made in the Republic of South Africa in South African Rand.

16. Whole Agreement

This Policy document, the application form and all instructions accepted from the Policyholder by the Administrator shall constitute the whole and entire agreement between the Insurer and the Policyholder and no amendment shall be valid unless it is reduced to writing.

17. Law

The Policy is subject to the laws of the Republic of South Africa. In the event of any changes in legislation, the Insurer reserves the right to amend the agreement accordingly and to revise the benefits payable in terms of this Policy.

18. Risk Warnings and Exclusions

18.1 No loans are allowed against the Policy from the Insurer.

18.2 The Investment Account is subject to the volatility of the underlying Investment Options and there are no guarantees.

18.3 The Investment Option portfolios should be considered as medium to long-term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. Collective Investment Scheme (CIS) portfolios are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the CIS Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year.

A Money Market portfolio is not a bank deposit account and the price is targeted at a constant value. The total return is made up of interest received and any gain or loss made on any particular instrument; and in most cases the return will have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. The yield is calculated as a weighted average yield of each underlying instrument in the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund is a portfolio that invests in a single portfolio of a collective investment scheme which levies its own charges and which could result in a higher fee structure for the feeder fund.

The CIS manager retains full legal responsibility for any third-party-named portfolio. The Insurer shall not be held responsible for any loss, consequential or otherwise, arising from changes in tax or other legislation that may have an impact on the performance.

Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information.

The Insurer is a member of the Association for Savings and Investments SA.

19. Contact Details

19.1 The full registration name, postal and physical addresses of the Insurer are:

Prescient Life (RF) Limited	
Registration Number:	2004/014436/06
Prescient House	PO Box 31142
Westlake Business Park,	Tokai
Otto Close,	7966
Westlake	
7945	
Telephone:	021 700 3600
Facsimile:	021 700 5425
Email:	plife@prescient.co.za

19.2 The full registration name, postal and physical addresses of the Administrator are:

D and D the Cycle (PTY) Ltd	
Registration Number:	2013/15747707
Building 4 Culross on Main	PO Box 73725
34 Culross Road	Fairland
Bryanston	2030
Johannesburg	
2021	
Telephone:	011 706 3542
Email:	prescient@thecycle.co.za

20. Complaints

20.1 If a Policyholder is not satisfied with this investment or the services from the Insurer or the Administrator, s/he may submit a written complaint, together with supporting documents, to the Compliance Officer, at the address given above.

20.2 The complaint will be acknowledged in writing and the Policyholder will be informed of the contact details of the persons involved in the resolution thereof.

20.3 If the Policyholder is not satisfied with the response received, s/he has the right to contact the Ombudsman for Long-Term Insurance at:

Private Bag X45

Claremont 7735

Telephone:

021 657 5000

Facsimile:

021 674 0951

Toll share:

0860 103 236

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