



# Hollard Linked Endowment

Information Document

**Hollard.**  
investments

## Hollard Linked Endowment

This document contains general information about the Hollard Linked Endowment. The content of this document is factual and it should not be seen as advice.

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## 1. Definitions

### 1.1 Hollard Linked Endowment

The Hollard Linked Endowment is an investor-owned endowment policy, issued by Hollard Life under the provisions of the Long-term Insurance Act, No. 52 of 1998, as amended.

### 1.2 Hollard Life (The Administrator)

Hollard Life Assurance Company Limited, a registered long term insurer and authorised financial services provider. Hollard Investments is a division of Hollard Life.

### 1.3 Management Company/Asset Manager (Manager)

The legal entity that renders intermediary services of a discretionary nature with regards to the management of a particular financial product, for example Unit Trust Funds, a private unregistered pool of investment funds (alternative investments) or investment portfolios managed on behalf of a single client in a segregated mandate.

### 1.4 Investor (you)

The individual or trust who owns the Hollard Linked Endowment policy, also referred to as “you” or “the policyholder”.

### 1.5 Investment Portfolio

The selection of Unit Trust Funds and other investment options offered within the Hollard Linked Endowment, as amended from time to time.

### 1.6 Units

An Investment Portfolio is divided into equal parts called participatory interests, also referred to as ‘units’. Each unit represents a direct proportionate interest in every underlying asset of the Investment Portfolio. The number of units in your Investment Portfolio depends on how much money you contribute and what the unit price is when the units are purchased. For certain Investment Portfolios these units may be notional in nature, used for administration purposes.

### 1.7 Investment Account

Your Investment Account is the account through which the policy and the Investment Portfolios you select are administered. You will receive a unique investment number which identifies your Investment Account.

### 1.8 Restricted Period

Legislation imposes a 5 year Restricted Period during which there are certain limitations regarding withdrawing from the policy. Once the Restricted Period has lapsed the policy will move into an open ended status, at which point the restrictions will fall away. The policyholder may remain invested for as long as he/she chooses, the policy is not subject to a fixed term.

### 1.9 Life Assured

The natural person(s) named as the life assured, the last of whose death will trigger the payment of a death benefit from the policy. The Policyholder (if a natural person) is by default the primary Life Assured.

### **1.10 Beneficiary for Proceeds**

A party nominated by the policyholder to receive a benefit from the policy in the event of the death of the last surviving Life Assured.

### **1.11 Beneficiary for Ownership**

A natural person, or a Trust which itself has only natural person beneficiaries, nominated by the policyholder to become the owner of the policy in the event of policyholder's death, should the policyholder not be the last surviving Life Assured.

### **1.12 Financial Services Provider (FSP)**

An entity authorised by the Financial Services Board to provide financial services to clients in the form of advice and/or intermediary services.

### **1.13 Financial Advisor**

A representative of an authorised FSP, who is authorised to provide advice and/or intermediary services and has been appointed in such capacity by the policyholder.

### **1.14 The Investment Manager**

An approved Financial Services Provider acting as the Investment Manager for one or more Model Portfolios offered by Hollard Investments, as mandated by the policyholder by means of a Model Portfolio client mandate agreement.

### **1.15 Model Portfolio**

The collection of notionally grouped Investment Portfolios managed by the Investment Manager on behalf of the policyholder. Model portfolios help you achieve your personal investment objectives by using "asset allocation strategies," which consider which asset class mix will result in the optimal risk return profile for the policyholder over a specified investment time period. An asset class is a broad group of individual securities or investments that have similar characteristics, such as an equity or a bond.

### **1.16 Business Day**

A Business Day is any day other than a Saturday, Sunday or South African public holiday. Business is only conducted on Business Days.

## **2. Documents which constitute the agreement with respect to your Hollard Linked Endowment policy**

- Your investment application form and Investment Portfolio list
- The latest policy schedule and policy document provided to you

Please note that this Information Document does not form part of your agreement with Hollard Life.

## **3. Important information relating to the Hollard Linked Endowment**

### **3.1 Monies which can be invested**

Contributions may be invested into the Hollard Linked Endowment in the form of:

- An initial once-off investment

- An additional once-off investment

You may invest a once-off contribution at any time subject to legislative limits as discussed below. The Administrator does not accept cash contributions and no foreign currency contributions will be accepted. Once-off lump sum investments may be made by way of the following payment methods:

- Electronic transfer
- Cheque deposit

Legislation limits the amount which may be contributed to the policy via additional contribution as follows:

- During the first year after the initial investment takes place, there is no limitation on the amount which may be contributed.
- In subsequent years, a maximum of 120% of the larger of the contributions made during either of the two preceding years may be invested. Should the additional contribution exceed this amount, the policyholder will be required to open a new policy for which the five year Restricted Period will apply.

### **3.2 Minimum investment amount**

The minimum amount required in order to open a Hollard Linked Endowment policy is R100 000 (One Hundred Thousand Rand). Please note that certain Investment Portfolios may have a higher minimum investment amount.

**Please note:** The number of policies requested at the onset of the investment is limited to 10 (Ten).

### **3.3 Linked Endowment tax application**

Endowment Policies underwritten by Hollard Life are taxed within the Individual Policyholder Fund in accordance with Section 29A of the Income Tax Act as amended from time to time. The Individual Policyholder Fund is subject to income and capital gains tax at the prevailing rates prescribed by the South African Revenue Service.

Hollard Life is currently able to reduce the effective rate by using a portion of its available tax loss, thereby improving after tax returns for policyholders.

The effective tax rate is determined by Hollard Life and is subject to change. This could be, but is not limited to, changes in tax legislation resulting in Hollard Life being unable to use its tax position to reduce the effective rate of tax.

The Hollard Linked Endowment is subject to Dividend Tax. This will be withheld from the local dividend portion of a distribution received from an Investment Portfolio where applicable.

Policy proceeds are paid out net of tax to the policyholder.

### **3.4 Investments for Minors**

Minors may invest in a Linked Endowment Policy provided they are assisted by their legal guardian. Their guardian is required to sign the investment application form on behalf of the minor before the minor attains age 18. On attaining age 18 the minor has full legal contractual capacity in regards to the Policy.

### **3.5 Nomination of Beneficiaries**

You may nominate one or more parties to receive any benefits that may be payable on the death of the last surviving Life Assured, subject to the acceptance of Hollard Life. It is important to keep your beneficiary nomination up to date as benefits will be paid to the last beneficiaries on record prior to the death of the last surviving Life Assured.

### **3.6 Ceding of your Hollard Linked Endowment as collateral**

The policy may be ceded as security. Hollard Life will record the cession without expressing any opinion as to the validity thereof. Withdrawal instructions on the policy will not be permitted while the cession is in place unless the party to which the policy is ceded has approved the instruction. Multiple security cessions on policies will not be permitted.

### **3.7 Transferring your policy to another party**

The policy may be ceded to a third party provided that a security cession is not in force on the policy. Where there is more than one policyholder all the policyholders must sign the notification of cession to Hollard Life. The policy will become the property of the party to whom it is transferred, who will take over all rights and obligations of the policyholder. The original policyholder will have no further rights or obligations in terms of the policy from the date on which Hollard Life is informed of the outright cession.

### **3.8 Cancellations and Cooling Off**

A cooling off period of 31 days applies to the Hollard Linked Endowment from the date of receipt of the policy schedule (which shall be regarded as having been received within 7 days of the policy inception date). In the event you request to cool off, the amount paid back to you will be the market value of the Investment Portfolios at the time of processing the instruction, and may therefore be more or less than the initial investment amount due to Investment Portfolio market movement. Any fees paid to Hollard Life, your Financial Advisor or Hollard Investment Managers will be reversed.

### **3.9 Guarantees**

We do not provide a guarantee on the investment value of your investment nor do we guarantee the performance of the Investment Portfolios in your Investment Account. The market value of your Investment Account may fluctuate and go down as well as up, and past performance is not necessarily a guide to future performance. You carry the investment and market risk which includes the possibility of losing capital.

### **3.10 Loans**

You may not take a loan from your Hollard Linked Endowment policy.

### **3.11 Losses incurred**

By submitting an investment application or instruction to Hollard Life, you accept the risks associated with email or fax communication and understand that Hollard Life shall not be liable for all and any losses that you may incur, in the event that Hollard Life has not received your communication, whether due to the failure, malfunction or delay of any networks or electronic or mechanical device or otherwise. Hollard Life will not be liable to make good or compensate you or any third party for any damages, losses, claims or expenses resulting therefrom.

Other losses that Hollard Life will not be responsible for is as follows:

- Any changes in tax or other legislation.
- The investment or market risk of the underlying investments.
- Financial Advisors acting beyond the scope of their FSP license.
- If your Financial Advisor does not comply with the Financial Advisory and Intermediary Services Act (FAIS) or the Financial Intelligence Centre Act (FICA).
- A rejection of an application or a delay in processing as a result of a Financial Advisor not being an authorised Financial Services Provider or not having the required contract with Hollard Life.
- If an unauthorised instruction is received from your appointed Financial Advisor.
- Hollard Life providing your Financial Advisor with details about your investment whether via telephone, fax, email or via a dedicated web front end secured investment portal.
- Errors, omissions or actions taken by the Manager, Financial Advisor, or any bank or other third party.
- An action resulting from incorrect information where the policyholder failed to provide Hollard Life with correct or up-to-date information.
- Delays in processing instructions as a result of extraordinary events that cause disruptions. We will carry

out instructions at the earliest possible opportunity subject to legislation and our administration procedures and Investment Portfolio limitations.

- The delayed sale of some or all of your Investment Portfolio due to ring-fencing. 'Ring-fencing' is the separation and delayed sale of units in an Investment Portfolio. It is caused by the large sale of units above a certain threshold in an Investment Portfolio. Ring-fencing makes sure that the sale of a large number of units will not force the Manager to sell the underlying assets at a price which could negatively affect Investors in the Investment Portfolio. Hollard Life may delay the sale of units or the payment of the proceeds thereof from an Investment Portfolio for which ring-fencing has been invoked.

## **4. Setting up and managing your Hollard Linked Endowment**

### **4.1 Obtaining financial advice**

Should you require financial advice, it is your responsibility to appoint a Financial Advisor and to negotiate the fees payable to him/ her.

Hollard Life, in its capacity as the Administrator of your policy, and the Manager do not provide financial advice, and may only supply the policyholder with factual or administrative information relating to the investment products and Investment Portfolios provided by Hollard Life. Hollard Life may not advise as to which of the Investment Portfolios are suitable for your risk profile or investment needs. You may not rely on any written, spoken or implied communication from us as investment advice, or as a recommendation to invest in or change your investment.

### **4.2 Appointment of a Financial Advisor**

You may appoint a Financial Advisor, revoke the appointment or change advisors at any time by submitting an instruction in writing to Hollard Life. Your Financial Advisor must be contracted with Hollard Life to sell the Hollard Linked Endowment. Your Financial Advisor will be informed should you revoke his/her appointment, and once the instruction has been processed no further fees will be paid to the Financial Advisor. You are not permitted to appoint a Financial Advisor who is not a representative of a duly authorised FSP. Should you choose not to appoint a Financial Advisor, you may be required to sign an indemnity to this effect.

### **4.3 Selection of Investment Portfolios/Model Portfolios**

You may select any one or a combination of the Investment/Model Portfolios offered by Hollard Life to invest into within your Hollard Linked Endowment policy. You will be able to invest via a Model Portfolio should this option be provided by your Financial Advisor. Please refer to the latest Investment Portfolio list available on the Hollard Investments website for more information on the Investment Portfolio range. The Investment Portfolios available for selection at the time of your investment are subject to availability and may be closed at the discretion of the Hollard Life or the Manager.

It is important for you to monitor and review your Investment/Model Portfolio selection on a regular basis, in order that your investment continues to meet your financial needs.

### **4.4 Submitting instructions on the Hollard Linked Endowment forms**

All the instructions which you submit must be completed on the latest Hollard Investment forms. All forms are available on the Hollard Investments website or from your appointed Financial Advisor.

### **4.5 Providing complete and accurate instructions/information**

All instructions which are submitted must be fully completed and accompanied by any required supporting documentation. You must ensure that all the information, instructions and supporting documentation provided is true and accurate. Hollard Life may only accept an instruction signed by your Financial Advisor if he/she holds the required discretionary FAIS license, you have mandated him/her to act on your behalf in the correct capacity, and said mandate has been provided to Hollard Life.

All instructions are subject to:

- The requirements of Hollard Life, the Manager(s), where applicable the Investment Manager, and applicable legislation at the time of the transaction.
- The availability of the selected Investment Portfolios.
- The processing requirements of Hollard Life (this includes cut-off times and processing times).
- The minimum investment amounts specified by Hollard Life and the Manager(s) as applicable at the time of the transaction. Hollard Life may suspend, delay or reject your instruction should all requirements not be met.

#### **4.6 Investment of additional contributions**

You may invest additional monies into your Hollard Linked Endowment, subject to the maximum contribution restriction imposed by legislation, as specified in section 3.1:

- During the first year after the initial investment takes place, there is no limitation on the amount which may be contributed.
- In subsequent years, a maximum of 120% of the larger of the contributions made during either of the two preceding years may be invested. Should the additional contribution exceed this amount, the policyholder will be required to open a new policy for which the five year Restricted Period will apply.

#### **4.7 Income distributions**

An Investment Portfolio may declare and pay income distributions at regular monthly, quarterly, bi-annual or annual intervals. The distribution comprises interest and dividends earned by the Investment Portfolio from the underlying assets in which it invests, less any expenses incurred. If the total expenses are more than the income earned, the Investment Portfolio will not make a distribution.

Any distributions earned will be reinvested automatically into the Investment Portfolio and the effect thereof will be reflected in the price of the Portfolio.

#### **4.8 Switching between Investment Portfolios/Model Portfolios**

You may switch into new Investment/Model Portfolios or between your existing Investment/Model Portfolios within your Linked Endowment Investment Account. You may not switch between Investment Portfolios within a Model Portfolio; the Investment Manager will perform switches on your behalf. You may however request to switch into or from the Model Portfolio. Please refer to the latest Investment Portfolio list on the Hollard Investments website for a list of the available Investment Portfolios. Your switch will not be processed if you select an Investment Portfolio that is not available at the time of processing the instruction. Please note that should you request to switch an amount in excess of 90% of the rand value of your investment portfolio, a percentage of units switch will be processed equivalent to the rand amount requested. For example if the switch rand amount equates to 92% of your investment portfolio, 92% of the unit balance will be switched. In these instances, depending on the confirmed Unit Price for the Investment Portfolio/s the switch amount may be a greater or smaller than was originally requested.

In order for the switch to be processed a Hollard Endowments Switch Instruction Form must be completed and submitted to Hollard Life.

#### **4.9 Withdrawals**

Legislation imposes a 5 year Restricted Period during which there are limitations on the number and value of withdrawals which may be taken from the Linked Endowment portfolio. During the Restricted Period one withdrawal may be taken, the value of which may not exceed the lesser of:

- The value of contributions made during the Restricted Period plus 5% interest compounded over the period.
- The current market value of the investment less any fees and charges due.

If the value of the policy is less than a minimum amount stipulated in legislation, currently set at R10 000, then these restrictions will not apply. If the remaining balance in the Investment Account after the withdrawal is processed would be less than this stipulated minimum, then a full withdrawal will be processed.

There are no restrictions on the value or the number of withdrawals permitted once the Restricted Period has come to an end.



Please note that should you request to withdraw an amount in excess of 90% of the rand value of your investment portfolio, a percentage of units withdrawal will be processed equivalent to the rand amount requested. For example if the withdrawal rand amount equates to 92% of your investment portfolio, 92% of the unit balance will be withdrawn. In these instances, depending on the confirmed Unit Price for the Investment Portfolio/s the withdrawal amount may be a greater or smaller than was originally requested. The legislative rule which restricts the value withdrawal from an endowment policy remains in effect, and will be applied in conjunction with the rule described above.

Withdrawal transactions that have been confirmed as received and processed cannot be reversed, and are subject to the notice period and liquidity of the Investment Portfolio as specified by the Manager.

#### 4.10 Information requests

We may request information from you from time to time to comply with legislation and to manage your investment efficiently. You are required to respond to these requests within the time period specified.

#### 4.11 Amendments to personal particulars and bank account details

It is imperative that you inform us of any changes in your bank account, personal details or contact details. Please submit any changes by completing the relevant Hollard Investments Change of Details Form available on the Hollard Investments website, and provide any required supporting documentation.

## 5. Instruction Processing

Please refer to the latest Investment Portfolio list for the processing times of each Investment Portfolio.

### 5.1 Processing Timelines for daily trading Investment Portfolios

Hollard Life is responsible for processing your instructions and will only do so once a complete and correct instruction is received along with any required supporting documentation.

Hollard Life will make every effort to meet the timelines reflected in the below table once instructions which are complete and correct have been accepted for processing, subject to the turnaround times and liquidity constraints of the Manager.

Business cut-off: 12h00	Process the instruction	Buy or Sell Units	Unit Price received from the Manager	Investor Statement reflects instruction
Before cut-off (Business day 1)	Business day 1	Business day 2	Business day 2	Business day 3
After cut-off (Business day 2)	Business day 2	Business day 3	Business day 3	Business day 4

### 5.2 Processing timelines for non-daily trading Investment Portfolios

Processing timelines for Investment Portfolios which do not price and/or trade on a daily basis are subject to the turnaround times specified by the Manager in question. Hollard Life will make every effort to meet these timelines once instructions which are complete and correct have been accepted for processing subject to the turnaround times and liquidity constraints of the Manager.

### 5.3 Bank interest

Bank interest earned in the designated Hollard Life bank account on deposits for your Investment Account will be added to the investment amount should the monies remain in the bank account for more than 24 hours. Interest will be added up until the day on which your investment is processed. No interest is payable to policyholders in relation to monies in transit during the processing of a switch instruction, provided that stipulated time standards are adhered to.

### 5.4 Recurring Debit Orders (No longer available to New Policyholders)

Recurring debit orders are processed monthly on the 1st or the 20th day of each month, as indicated by

the Investor on the Hollard Linked Endowment Investment Application Form. If the 1st or the 20th does not fall on a Business Day, the debit order will be processed on the following Business Day. The monies will only be invested once they have been debited and reflect in the designated bank account, typically one Business Day after the debit date.

Hollard Investments must receive an instruction to cancel or amend a recurring debit order by 12h00 five Business Days prior to the debit order run date. Any instructions received subsequent to this will be processed after that month's debit order has taken place.

## 5.5 Withdrawals

Legislation requires that the proceeds of a withdrawal instruction may only be paid once all the investment portfolios included in the withdrawal instruction have settled and paid the proceeds to Hollard Life, after which one payment will be made to the policyholder. Interest will be added to any monies held in the Hollard Life bank account awaiting payment.

No monies may be withdrawn if the funds in respect of investments and debit orders have not been cleared. Debit orders can only be disinvested after 45 days and cheque deposits after 10 days.

## 5.6 Switching between daily trading Investment Portfolios managed by the same Manager

A switch between Investment Portfolios at the same Manager will be processed according to the timelines above. You will receive the same day's unit price for both the sell and purchase portions of the transaction.

## 5.7 Switching between daily trading Investment Portfolios managed by different Managers

A switch between Investment Portfolios at different Managers entails a sale of units from the Investment Portfolio at your current Manager and a purchase of units in another Investment Portfolio or Portfolios at the new Manager. The purchase portion of your switch will only be initiated once the proceeds of the sale portion have been received from the Manager(s). Hollard Life will make every effort to meet the timelines reflected in the table below once instructions which are complete and correct have been accepted for processing.

Business cut-off : 12h00	Unit Price received from Manager (Sale)	Cash Received and Transferred to new Manager	Unit Price received from Manager (Purchase)	Investor Statement reflects instruction
Before cut-off (Business Day 1)	Unit price at close of Business Day 2	Business Day 4	Unit price at close of Business Day 4	Business Day 5
After cut-off (Business Day 2)	Unit price at close of Business Day 3	Business Day 5	Unit price at close of Business Day 5	Business Day 6

## 5.8 Processing order of multiple instructions

If Hollard Life receives an instruction while another instruction is in progress, the second instruction may be delayed until such time that the first instruction is complete.

## 6. Responsibilities of Hollard Life as the Administrator

### 6.1 Act with honesty and integrity

We will act with due care, diligence, honesty, fairness and integrity in all dealings with you.

### 6.2 Accept, suspend, delay or reject your instructions

Hollard Life may accept, suspend, delay or reject your application or any subsequent instructions. A transaction may also be reversed if Hollard Life believes the circumstances substantiate it.

### 6.3 Communicate with you

We will communicate with you to provide you with important information. This includes the following:

- Confirmation of your investment application.
- Confirmation of changes made on your investment.
- Quarterly investment statements.
- Notices on events that affect your investment.

We will send all communications to you via email unless specifically requested by you to send all communications by post. You may also contact your Financial Advisor to request this information.

### 6.4 Close an Investment Portfolio

Hollard Life or the Manager is entitled to close an Investment Portfolio at any time. Should policyholders be required to disinvest from the Investment Portfolio, you will be requested to select an alternative Investment Portfolio. Hollard Life may switch your investment into a default Investment Portfolio should no response be received from you by the specified deadline date.

### 6.5 Maintain professional and fidelity insurance

Hollard Life and the Investment Manager are insured against negligent or dishonest behaviour and fraud.

## 7. Fees and Charges

### 7.1 Initial Administration Fee

No initial administration fee is charged.

### 7.2 Initial Management Fee

Certain Managers may charge an initial fee on your selected Investment Portfolios within your Investment Account. These fees will be charged when you invest into the Investment Portfolio or when you switch into the Investment Portfolio.

### 7.3 Financial Advisor Initial Fee

If you and your Financial Advisor agree to a Financial Advisor Initial Fee, as indicated in the application form or any other written communication accepted by Hollard Life, the agreed amount will be deducted from the investment before the investment is made. A maximum fee of 3% excluding VAT applies.

### 7.4 Annual Administration Fee

The following fees are charged on the value of your Investment Account:

Investment Value	Annual Admin Fee if fully invested in 3 <sup>rd</sup> Party Manager Funds – Weighted Fee (Excl. VAT)	Annual Admin Fee if fully invested in Hollard Prime Unit trust Funds – Flat Fee (Excl. VAT)*
From R0.0 to R1 million	1.20%	0.50%
Next R500 000	1.15%	
Next R500 000	1.10%	
Thereafter	1.05%	

\* Should the Policyholder not be fully invested in Hollard Prime Unit Trust Funds within the Policy, the annual administration fee will be calculated proportionally using the two fee scales provided in the table above for the respective portfolios.

These fees may differ in certain circumstances (including policies taken out prior to July 2018). Please make sure to review the fees applicable to your Investment as disclosed on the investment quotation provided when

investing in the Hollard Linked Endowment. Should you be an existing Investor please contact the Hollard Customer Care team to enquire on the fees applicable to your Investment Account.

An additional fee of 0.2% per annum excl. VAT will be levied for an Investment Account which contains a segregated mandate investment.

The fee is deducted proportionally from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Expense Account if you have selected this option and there is sufficient balance in this account. For Hedge Fund, Share portfolio and Offshore Investment Portfolios, 0.5% of the value of the pooled Investment Portfolio will be held in cash to facilitate the deduction of annual fees. This cash portion is incorporated into the daily unit price of the Investment Portfolio and as such will not reflect on your Investment Account.

Fees owed will be deducted before the proceeds of a withdrawal or transfer instruction are paid out.

## **7.5 Annual Management Fee**

Managers charge Annual Management Fees, which are incorporated into the daily unit price of the Investment Portfolio. These fees vary across the range of Investment Portfolios as well as the class of Investment Portfolio, therefore the Investment Portfolio you choose will determine the fees which you are charged. All fees and charges applicable to your selected Investment Portfolios can be found in the Investment Portfolio list available on the Hollard Investments website.

## **7.6 Asset Swap Fee**

Where an offshore Investment Portfolio is selected, an asset swap fee may be levied by Hollard Life as specified in the Investment Portfolio list, against the monies invested in the Investment Portfolio. This charge will be priced into the unit price of the Investment Portfolio.

## **7.7 Capital Gains tax recovery charge and Income tax recovery charge**

### **For Investments Placed After July 2018**

A tax recovery charge of 0% will be levied on any taxable Capital Gain or Income earned by the Investment Portfolios the policyholder is invested in, during the restricted period of the Policy. Subsequent to the Restricted Period of the Policy, the tax recovery charges may change.

Hollard Life is currently able to reduce the effective rate by using a portion of its available tax loss, thereby improving after tax returns for policyholders.

The effective tax rate is determined by Hollard Life and is subject to change. This could be, but is not limited to, changes in tax legislation resulting in Hollard Life being unable to use its tax position to reduce the effective rate of tax. Prior written notice will be provided in the event of a change.

### **For Investments Placed Prior to July 2018**

A tax recovery charge will be levied on the Investment Portfolios within the Hollard Linked Endowment. The recovery charge will be incurred whenever a taxable Capital Gains event takes place in the Investment Portfolio or taxable income is earned by the Investment Portfolio. The tax recovery charges applied differ per Investment Portfolio and are disclosed on the Investment Portfolio list. Should you replace your Financial Advisor, the tax recovery charges applicable to the Investment Portfolio(s) may change.

If you are invested in a local Collective Investment Scheme these charges will be deducted proportionately from the Investment Portfolios in your Investment Account, and will occur monthly in arrears when any one of the following events takes place:

- An income distribution (Income Tax recovery charge)
- A disposal of units resulting in a CGT event (CGT recovery charge). Should more than 90% of Investment Account/Policy be withdrawn the CGT recovery charge will be deducted immediately at not in the monthly fee run as discussed above.

If you are invested in a Personal Share Portfolio, Foreign Collective Investment Scheme and/or a Hedge Fund, tax charges are incorporated into the unit price of the Investment Portfolio.

The tax recovery charges applied are disclosed on the Investment Portfolio list and are subject to change by

Hollard Life. Policy proceeds are paid out net of tax to the policyholder.

#### **7.8 Dividend Tax**

The Hollard Linked Endowment is subject Dividends tax which is taxed in the hands of Hollard Life and not the policyholder. Any Dividends Tax incurred will be deducted from the local dividend portion of an income distribution before it is re-invested into the Investment Portfolio.

#### **7.9 Financial Advisor Annual Fee**

If you and your Financial Advisor agree to a Financial Advisor Annual Fee, as indicated in the application form or any other written communication accepted by Hollard Life, we will deduct this fee and pay it over to your Financial Advisor. A maximum fee of 1% excluding VAT applies.

The fee is deducted proportionally from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Expense Account if you have selected this option and there is sufficient balance in this account. For Hedge Fund, Share portfolio and Offshore Investment Portfolios, 0.5% of the value of the pooled Investment Portfolio will be held in cash to facilitate the deduction of annual fees. This cash portion is incorporated into the daily unit price of the Investment Portfolio and as such will not reflect on your Investment Account.

Fees owed will be deducted before the proceeds of a withdrawal or transfer instruction are paid out.

#### **7.10 Portfolio Management fee**

The Investment Manager levies a Portfolio Management fee on a Model Portfolio investment, as agreed in the Investment Manager Discretionary Client Mandate Agreement. Hollard Investments will deduct this fee and pay it over to the Investment Manager. The fee is deducted proportionally from the underlying Investment Portfolios within your Investment Account or deducted exclusively from your Expense Account if you have selected this option and there is sufficient balance in this account.

For Hedge Fund, Share portfolio and Offshore Investment Portfolios, 0.5% of the value of the pooled Investment Portfolio will be held in cash to facilitate the deduction of annual fees. This cash portion is incorporated into the daily unit price of the Investment Portfolio and as such will not reflect on your Investment Account. Portfolio Management Fees owed will be deducted before the proceeds of a withdrawal or transfer instruction are paid out, or when a full switch out of a Model Portfolio takes place.

#### **7.11 Switching Fee**

We do not charge any fees when you switch between Investment/Model Portfolios.

#### **7.12 Value Added Tax**

VAT will be added to the fees or charges on your investment where applicable.

#### **7.13 Reporting**

Your investment statement will show the fees that are charged on your investment, except for the Annual Management Fees and Asset Swap Fees mentioned above that are included in the unit price of the Investment Portfolios.

### **8. On the Death of the Investor**

If the policyholder is not the last surviving Life Assured specified for the Policy then the ownership of the Policy will transfer to the specified Beneficiary for Ownership when the last surviving Life Assured passes away.

## 9. On the Death of the Last Surviving Life Assured

### 9.1 Events which trigger the payment of a death benefit

A death benefit will become due when the last surviving life assured listed for the policy passes away. A beneficiary shall have no interest or right in the policy until after the death of the last surviving Life Assured.

### 9.2 Parties who are entitled to a portion of the death benefit

Hollard Life will allocate any benefit due to the nominated beneficiaries as specified on the policy. A beneficiary nomination shall be of no force and effect if the beneficiary predeceases the policyholder. Should there be no beneficiaries on record any benefit will be paid to the deceased estate of the policyholder, in accordance to the requirements of the relevant legislation. Hollard Life will not accept any amendments to your nominated beneficiaries after your death regardless of the date of signature on the nomination.

### 9.3 Death benefit

The death benefit is the value of your investment, less any applicable charges and fees, at the time of the processing of the death claim. Each beneficiary will be paid out their portion of the benefit in cash.

### 9.4 Death claim processing

Hollard Life must be notified of your death in writing. The following information must be included in the notification:

- a) A certified copy of the deceased's ID document
- b) Personal details of the deceased, including identity number and age
- c) A certified copy of the death certificate
- d) The deceased's Investment Account numbers
- e) A certified copy of marriage certificate if the deceased was married in community of property or anti-nuptial contract with the accrual

## 10. Unclaimed Benefits

The following steps will be taken by Hollard Life in order to trace the Policyholder or the beneficiaries should the death benefit remain unclaimed:

- 10.1 Hollard Life will trace the Policyholder or beneficiaries within 6 months of the death benefit becoming payable, and remain unpaid.
- 10.2 If the Policyholder or beneficiary/ies cannot be traced as per 10.1, Hollard Life will then repeat the tracing process once within a three-year period.
- 10.3 If the Policyholder or beneficiary/ies cannot be traced as per 10.2, Hollard Life will repeat the process within 10 years of the death benefit becoming due.
- 10.4 If, after 10 years, Hollard Life cannot trace the beneficiary/ies or Policyholder, an external tracing company will be used. This requirement will be waived if the assets are worth less than the minimum amount stipulated by legislation and the cost of tracing exceeds the amount payable.
- 10.5 If the Policyholder or beneficiary/ies has not been located by the time they attain the age of 100 years, Hollard Life will release assets from the reserve account backing the unclaimed assets. These assets will be invested in socially responsible initiatives that earn a reasonable commercial rate of return. At no point will the assets move on to the Hollard Life balance sheet and the Policyholder, beneficiaries and their dependants will always have a claim on those funds.
- 10.6 It is the responsibility of the Policyholder to ensure that all contact information is current and recorded by Hollard Life.
- 10.7 Should the initial tracing process described in 10.4, prove unsuccessful, Hollard Life may charge any

reasonable direct, administrative and tracing fees incurred as a result of a tracing process, on any unclaimed assets, thereby reducing the benefits payable.

## 11. The Privacy of Your Information

In order to provide investment products to you, we have to process your personal information. We will treat your personal information with caution and have put reasonable security measures in place to protect it. By signing this application for investment, you agree to the processing and sharing of your personal information.

We care about the privacy, security and online safety of your personal information and we take our responsibility to protect this information very seriously. Below is a summary of how we deal with your personal information. For a more detailed explanation, please read our official Privacy Notice on our website.

**Processing your personal information:** We have to collect and process some of your personal information in order to provide you with our products and services, and also as required by insurance, tax and other legislation.

**Sharing your personal information:** We will share your personal information with other insurers, industry bodies, credit agencies and service providers. This includes information about your investment, withdrawals and premium payments. We do this to assess withdrawals, prevent fraud and to conduct surveys. If applicable, we may also share your personal information to trace you or your beneficiaries for any unclaimed benefits.

**Protecting your personal information:** We take every reasonable precaution to protect your personal information (including information about your activities) from theft, unauthorised access and disruption of services.

**Receiving marketing from us:** Please contact us on 0860 202 202 if you want to change your marketing preferences. Remember that even if you choose not to receive marketing from us, we will still send you communications about this product.

## 12. Legislation which governs the Hollard Linked Endowment

The following are some of the main Acts and Regulations that govern your investment and the parties to this investment agreement. Amendments to or replacement of the legislation and directives issued by regulatory authorities may change the terms and conditions of your investment.

**The Long-term Insurance Act**

**The Collective Investments Schemes Control Act**

**The Financial Advisory and Intermediary Services Act**

**The Income Tax Act**

**Exchange Control Regulations**

## 13. Contact Details

**Hollard Investments**

**Email:** [customer-care@hollardinvestments.co.za](mailto:customer-care@hollardinvestments.co.za)

**Website:** [www.hollard.co.za](http://www.hollard.co.za)

**Physical Address:** Hollard Villa Arcadia, 22 Oxford Road, Parktown, 2193

**Postal Address:** PO Box 87419, Houghton, Johannesburg, 2041

**Tel:** 0860 202 202 (If you are calling from within South Africa)

**Tel:** +27 (0)11 351 5000 (If you are calling from outside South Africa)

**Fax:** +27 (0)11 351 3816

**Hollard Compliance:** [compliance@hollard.co.za](mailto:compliance@hollard.co.za)

Hollard is committed to “Creating and securing a better future” and therefore subscribes to an internal Anti-Fraud policy. Please report any suspicious or unethical activity anonymously on 0801 516 170 (toll free) or via email at [Hollard@tip-offs.com](mailto:Hollard@tip-offs.com)

## 14. Complaints

**13.1** If you have a complaint against any person with regard to this investment, you may lodge a written complaint together with supporting documents to Hollard Life at the following address:

**Physical Address:** Hollard Villa Arcadia, 22 Oxford Road, Parktown, 2193  
**Postal Address:** PO Box 87419, Houghton, Johannesburg, 2041  
**Email:** Customercare@hollardinvestments.co.za  
**Tel:** 0860 202 202 (If you are calling from within South Africa)  
+27 11 351 5000 (If you are calling from outside South Africa)

**13.2** Hollard Life shall, on receipt of such complaint:

- a) Carry out an investigation regarding the complaint.
- b) Provide all the parties involved with copies of the complaint and supporting documents.
- c) Instruct the parties involved to provide Hollard Life, within seven (7) days, with a full written reply to the complaint.

**13.3** Hollard Life may, after carrying out an investigation, and after informing the parties involved of the intentions to act and affording them a reasonable opportunity to respond thereto:

- a) By written notice, require any party involved to take corrective steps which will be appropriate under the circumstances; and
- b) Hollard Life may take any steps available to them in law, to address the complaint.

**13.4** Where you are not satisfied with the decision reached by Hollard Life, you have the right to submit the complaint to the Long-term Insurance Ombudsman, whose particulars are as follows:

**Postal Address:** Private Bag 45, Claremont, 7735  
**Telephone:** (021) 657 5000  
**Sharecall:** 0860 103 236  
**Fax:** (021) 674 0951

**13.5** If you have a dispute about the advice given in respect of this product, you may contact the Ombud for Financial Services Providers, whose particulars are as follows:

**Postal Address:** PO Box 74571, Lynwood Ridge, 0040  
**E-mail:** info@faisombud.co.za

**13.6** The Ombudsman and Ombud are legally empowered to investigate and adjudicate complaints in a procedurally fair economical and expeditious manner.