

# Prescient Preservation Provident Fund

---

TERMS AND CONDITIONS OF MEMBERSHIP

September 2024

Prescient

## Definitions

<b>Act</b>	The Pension Funds Act, No. 24 of 1956, as amended or renamed and the subordinate legislation thereto and shall include any matter prescribed by regulation or regulatory instrument.
<b>Administrator</b>	The company that is appointed by the Fund to administer the benefits payable under the Fund, which is Prescient Fund Administration (Pty) Ltd (Reg. No: 2023/697717/07). Prescient Fund Administration is an approved retirement benefit administrator (reference number 24/810).
<b>Annuity</b>	A compulsory non-commutable annuity issued in the name of a Member or Beneficiary/Dependant which is not capable of being transferred, assigned, reduced, hypothecated or attached by creditors.
<b>Beneficiary</b>	A natural person nominated at any time by the Member, whilst the Member is still alive, to receive retirement benefits on the death of the Member prior to retirement.
<b>Default Annuity</b>	The Annuity option/s as set out in the Default Annuity strategy by the Trustees from time to time that comply with the provisions of the Act.
<b>Default Investment Option</b>	The Investment Option selected by the Trustees that comply with the provisions of the Act. The Default Investment Option will apply in instances deemed necessary by the Trustees.
<b>Dependant</b>	<p>A dependant is a person as defined in the Act in respect of whom the Member is legally liable for maintenance or that person was factually or legally dependent on the deceased Member for maintenance.</p> <p>The spouse and all children (whether adopted or born outside marriage) of the Member qualify. Anyone else who relies on the Member for financial support (such as an elderly parent, a family member, a grandchild, a friend or a divorced spouse to whom you are paying maintenance) is also regarded as a dependant.</p>
<b>Financial Services Provider (FSP)</b>	<p>The financial services provider (if any) described in the Membership summary, who has been appointed by the Member to act as his/her advisor for the purposes of membership of the Fund.</p> <p>The Financial Advisor must be authorised as a financial services provider under the Financial Advisory and Intermediary Services Act, 2002 or its replacement. The Financial Advisor is independent of the Fund, the Sponsor and the Administrator and is responsible for disclosing any agency or employee relationships to the Member.</p>

<b>Fund</b>	<p>The Prescient Preservation Provident Fund, registered in terms of the Act as a retirement fund and approved for tax purposes by the South African Revenue Services (SARS).</p> <p>The objective of the Fund is to provide the Member with a benefit at retirement after age 55 or earlier due to ill-health, or to provide the Member's Dependants and / or Beneficiaries with a benefit on the death of the Member or to provide withdrawal benefits permitted under the Income Tax Act.</p>
<b>Fund Rules</b>	The rules, as approved by the regulatory authorities, which govern membership of, and the management and operation of the Fund.
<b>Investment Account</b>	One or more accounts with the Administrator through which the Member's Transfer Benefits to the Fund are administered in the underlying Investment Options selected by the Member.
<b>Investment Options</b>	A range of portfolios under a collective investment scheme (unit trusts) or life pooled portfolios offered by the Insurer that are made available to Members by the Trustees as Investment Options underlying the Investment Account. The Investment Account may be comprised of a Savings Component, a Retirement Component and/or a Vested Component (as applicable).
<b>Insurer</b>	A company who is a registered long-term insurer under the Insurance Act, 2017 (or its replacement) and where relevant, the product provider of various life pooled portfolios or an Annuity.
<b>Member</b>	The natural person who has been admitted as a member in the Fund through the acceptance of his/her initial application form and all supporting documentation, following receipt of the first Transfer Benefit in respect of such person into the Fund's bank account.
<b>Opt-in Member</b>	A Member of the Fund who was age 55 or older on 1 March 2021 and who elects to apply a Savings Component and a Retirement Component to his interest in the Fund within a period as prescribed in the Income Tax Act.
<b>Opt-out Member</b>	A Member of the Fund who was age 55 or older on 1 March 2021 and who does not become an Opt-In Member within a period as prescribed in the Income Tax Act and whose retirement interest in the Fund is regarded as a Vested Benefit.
<b>Retirement Benefits Counselling</b>	The disclosure and explanation, including risks, costs and charges, of the available investment portfolios, the terms of the Fund's Annuity strategy and any other options made available to Members.
<b>Retirement Component</b>	The portion of a Member's Investment Account that is comprised of transfers from the Member's Savings Component (or any portion thereof), and transfers from the Member's Vested Component (or any portion thereof) in the Fund and transfers of the retirement component from another approved fund, on or after 1 September 2024, together with fund return; and provided that this component shall not be applicable to Opt-Out Members.

<b>Savings Component</b>	The portion of a Member's Investment Account that is comprised of the Seed Capital Amount plus transfers of a savings component from another approved fund (provided the Member's remaining total interest in that fund is transferred in terms of the rules of that fund) on or after 1 September 2024, together with fund return, less any Savings Withdrawal Benefit; provided that this component shall not be applicable to Opt-Out Members.
<b>Savings Withdrawal Benefit</b>	The portion of the Member's Savings Component that the Member elects to withdraw, subject to the Rules and the Income Tax Act, without terminating membership of the Fund.
<b>Seed Capital Amount</b>	A once-off amount of ten percent (10%) of the total value of the Vested Component, limited to thirty thousand rand (R30 000) per Investment Account, that is to be allocated to the Savings Component on or with effect from 1 September 2024; provided that in respect of an Opt-In Member, the amount shall be calculated on the date in accordance with the Income Tax Act.
<b>Sponsor</b>	Prescient Fund Services (Pty) Limited (Registration number: 1998/023727/07), the company responsible for the marketing the Fund to potential Members.
<b>Transfer Benefit</b>	The lump sum amount paid to the Fund from other retirement funds in respect of the Member.
<b>Trustees</b>	The persons who manage the Fund according to the Fund Rules and relevant legislation.
<b>Vested Benefit</b>	The value of the Member's Investment Account determined with reference to Transfer Benefits to the Fund from an approved provident fund or approved provident preservation fund before, on or after 1 March 2021 where a Member's age was 55 or over, and on or before 1 March 2021 where a Member's age was under age 55, that is excluded for the purpose of annuitisation and which may be taken as a lump sum on retirement as provided for by the Income Tax Act; or the total retirement interest in the Fund of an Opt-Out Member.
<b>Vested Component</b>	The portion of the Member's Investment Account that is comprised of the value of the Member's retirement interest in the Fund up to and including 31 August 2024, after taking into account the deduction and allocation of the Seed Capital Amount to the Savings Component (unless the Member is an Opt-Out Member in which instance no Seed Capital Amount or Savings Component is applicable), plus transfer of a vested component from another approved fund on or after 1 September 2024 (if the member's total interest in that fund is transferred in terms of the rules of that fund), together with fund return. Any Vested Benefit forms part of this component.

# Terms and Conditions

## 1. Introduction

- 1.1 This document contains a summary of the terms and conditions applicable to Members of the Fund and should be read with the application form and any other supporting documentation. Together with the Fund Rules, these documents form the basis of membership of the Fund.
- 1.2 Membership of the Fund commences when the application form and supporting documents have been received and accepted by the Administrator on behalf of the Fund, and a Transfer Benefit is received in the relevant bank account together with a proof of payment. The application may be accepted or rejected at the discretion of the Administrator.
- 1.3 Membership of the Fund shall last for as long as the Member has an interest in the Fund. Membership ends when the total value, less fees and charges, of all the Investment Accounts related to a Member are paid out, for example on withdrawal, retirement, death or transfer to another approved fund.

## 2. Management of the fund

- 2.1 All the activities of the Fund are subject to the Fund Rules and the requirements of the Act. The Fund is a legal entity which is managed by a board of Trustees, at least one of whom must be independent from the Sponsor and the Administrator.
- 2.2 The Trustees owe Members a fiduciary duty, i.e. they must act in the interests of Members at all times, with impartiality, due care, diligence and in good faith.
- 2.3 The Trustees have appointed the Administrator to communicate with Members and to ensure proper administration of the Fund and the benefits of Members, on their behalf.

## 3. Payment and investment of transfer benefits

- 3.1 The Member must make at least one contribution. All contributions to the Fund are made by way of a Transfer Benefit transferred on behalf of a Member from another retirement fund, including an amount due as a result of a divorce. Members cannot contribute to the Fund in any other way. Transfer Benefits are subject to a minimum lump sum amount determined by the Administrator from time to time.
- 3.2 Any amount transferred to the Fund on or after 1 September 2024, is subject to the following provisions:
  - Any savings component from a transferring fund may be allocated to the Savings Component if the Member's total interest in the transferring fund is transferred in terms of the rules of that fund or may be allocated to the Retirement Component.
  - Any vested component from a transferring fund must be allocated to the Vested Component if the Member's total interest in the transferring fund is transferred in terms of the rules of that fund or may be allocated to the Retirement Component.
  - Any retirement component from a transferring fund must be allocated to the Retirement Component.
- 3.3 All Transfer Benefits must be transmitted directly into the bank account of the Fund by means of electronic funds transfer or in such other manner and on such terms as the Trustees determine. Transfer Benefits may be made via direct deposit.
- 3.4 The initial Transfer Benefit is invested by the Fund in the Investment Option/s selected by the Member and indicated on the initial application form. The Fund manages such investments via an Investment Account for the benefit of each Member. Any subsequent Transfer Benefit will be invested as per the Member's initial instruction to the Fund, or if relevant, any subsequent investment instructions in a separate Investment Account.
- 3.5 Membership is voluntary in that you may become a Member at any time. Members may not cancel Transfer Benefits already made to the Fund (i.e. ask for a refund) or cancel membership once it has commenced.

Members can however at any time request that their benefits under the Fund be transferred to another approved fund.

## 4. The investment account and investment options

- 4.1 The Investment Account of each Member is comprised of those portfolios in which assets are held for the benefit of the Member. These investments are owned by the Fund. Members have the right to receive a benefit from the Fund but have no right to the underlying investments held by the Fund.
- 4.2 The value of the Investment Account is derived from the market value of the underlying investments of each selected portfolio which fluctuates and is not guaranteed. The value of the Investment Account is increased by Transfer Benefits and positive investment returns. The value of the Investment Account is reduced by negative investment returns, taxes, withdrawal benefits, deductions in terms of the Act, and fees and charges. The Fund re-invests all income distributions received.
- 4.3 The Trustees makes a range of Investment Options available to Members on the basis that they have a FSP who can provide them with financial planning, legal, tax and investment advice prior to making any investment decisions. The Fund, the Trustees and the Administrator do not provide advice, nor do they take responsibility for the selection of the Investment Options. Members are responsible for determining their investment strategy and for the selection of the appropriate Investment Option/s held in the Investment Account to implement such investment strategy. Members are also responsible for the ongoing review of the appropriateness or suitability of the selection.
- 4.4 Members may switch between the available Investment Options at any time, subject to the Fund and/or the Administrator's requirements and such conditions as the product provider of any selected Investment Option may apply. A switch instruction comprises two components: a switch out of one Investment Option and a switch into another Investment Option. These transactions may not take place on the same day and there is no guarantee at which price the transactions will take place.
- 4.5 The Fund may also have to switch a Member's investment out of a chosen Investment Option(s) to a Default Investment Option(s) if the Fund or the Member's Investment Account breaches the prudential investment limits set out in the Act. An example of these limits is that only a certain percentage of the Fund's total assets (held on behalf of all Members), and similarly only a certain percentage of each Investment Account, may be invested in equities and offshore assets.
- 4.6 The Investment Options have different fee structures and may be subject to availability due to Exchange Control Regulations, and the discretion of the relevant product provider. If, for any reason, an Investment Option is no longer available, the Administrator will give the Member written notice, and the Member 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 portfolio to a Default Investment Option.

## 5. Benefits

Members are entitled to certain benefits from the Fund. These benefits, especially any amount taken in cash, are subject to provisions of the Income Tax Act and you are advised to obtain professional advice in this regard.

### 5.1 Retirement Benefit

You may retire at any time after the age of 55 by giving the Fund written notice of your retirement. You must notify the Fund of your intended retirement date 4 (four) months prior to such date, for the Fund to provide you with Retirement Benefits Counselling. You are entitled to elect to receive your retirement benefit (less applicable tax) as (a) one or more Annuities only or (b) as one or more Annuities and a lump sum. You may elect to retire in respect of your total retirement interest in the Fund, or in respect of one or more Investment Accounts only.

- You have the option to receive the value of your Savings Component, and a maximum of one-third (1/3) of your Vested Component as a cash lump sum. Any amount not taken in cash will be used to purchase an Annuity or more than one Annuities.
- For any Transfer Benefits made prior to 1 March 2021, or if you are an Opt-out Member, you may elect to receive the value of the Investment Account (in respect of which you have elected to retire) attributable to your Vested Benefit, as a lump sum. For any Transfer Benefits made after 1 March 2021, your Transfer Benefit into the Fund could potentially consist of two portions – one being fully commutable for cash (“vested portion” or Vested Benefit) and the other subject to a maximum one-third (1/3) cash limit (“unvested portion”). Any part of the benefit which may not be taken in cash, must be used to purchase an Annuity.
- The total value of your Retirement Component must be used to purchase an Annuity.
- The Annuity (or Annuities) must be purchased from an Insurer (or such other provider as may be allowed by legislation) of your choice.
- An Annuity will provide you with income on a periodic basis, at a frequency selected by you or determined by the Insurer.
- You may choose to purchase a Default Annuity which will be purchased from a service provider selected by the Trustees.
- If the value of your Retirement Component, together with two-thirds of the Vested Component (excluding the value of any Vested Benefit) is less than or equal to R165 000, you are allowed to withdraw the entire amount as a cash lump sum without the obligation to purchase an Annuity..
- Your retirement benefit amount is derived in accordance with the Fund Rules by realising the investments underlying your Investment Account to cash, after taking all expenses into account.
- After receiving your retirement notification the Administrator will:
  - Provide you with Retirement Benefits Counselling;
  - Request a disinvestment of your relevant Investment Account(s) to cash on the selected retirement date
  - Apply for a tax directive from SARS where required;
  - Follow the instructions of the SARS tax directive;
  - Pay you and/or the provider of the Annuity.

This process is subject to the processing requirements of the Administrator and the product providers of the Investment Option(s). It will take a minimum of 15 business days to finalise, provided all requirements are met.

## 5.2 Early Retirement or Disability Benefit

- You can apply to the Trustees to retire earlier than age 55 as a result of disability. If, based on medical evidence obtained at your cost, the Trustees are satisfied that you have become permanently incapable of carrying on your own occupation due to sickness, accidental injury or incapacity through infirmity of body or mind, they may determine that you retire early.
- If this happens, the same provisions regarding the Annuity as under clause 5.1 above applies.
- Following approval by the Trustees of your application for early retirement, the Administrator will:
  - Provide you with Retirement Benefits Counselling;
  - Request a disinvestment of your investment account to cash
  - Apply for a tax directive from SARS where required;
  - Follow the instructions of the SARS tax directive;
  - Pay you and/or the provider of the Annuity.

This process is subject to the processing requirements of the Administrator and the product providers of the Investment Option(s). It will take a minimum of 15 business days to finalise, provided all requirements are met and all supporting documentation has been received by the Administrator.

### 5.3 Death Benefit

If you die before retirement, a death benefit becomes payable. The Administrator should be notified of your death in writing, and the following details should be included:

- Contact details of person submitting the information;
- A certified copy of the Member's identity document;
- A certified copy of the death certificate.

After receiving notification of your death, the Administrator will switch the holdings in the Investment Option/s underlying your Investment Account into an interest-bearing benefit clearing account. This is done to protect the available capital against negative market fluctuations.

You may indicate who you would like to receive the benefit upon your death. Please refer to section 6 below.

- Your nomination does not guarantee that your Beneficiaries will receive any death benefits. Section 37C of the Act requires the Trustees to use their discretion and apportion the death benefit between your Dependants and/or Beneficiaries as they deem equitable. This means that the Trustees determine who receives the benefit, the proportion in which the benefit is paid and how the benefit is paid.
- Dependants are defined in legislation and are by law given preference to the extent of their dependency when allocating benefits. The Trustees must conduct an investigation to trace your Dependants.
- If you have no Dependants, the Trustees must establish if your estate has enough money to pay your debts. If not, the Trustees must first use the benefit to pay such debts. Once all your estate's debts have been settled, a payment can be made to your Beneficiaries. If you have no Dependants and have not nominated Beneficiaries, a lump sum payment will be made to your estate.
- Subject to the determination of the Trustees, your Dependants and/or Beneficiaries have the option to receive a portion or all of the benefit allocated to them as a cash lump sum. Any portion not taken in cash will be used to purchase an Annuity.
- The Annuity will provide income on a periodic basis, at a frequency selected by your Dependants and/or Beneficiaries.
- The Annuity must be purchased from an Insurer (or such other annuity provider as may be allowed by legislation) of their choice.
- Your Dependants and/or Beneficiaries may select a Default Annuity which will be purchased from a service provider selected by the Trustees.
- The capital value of the Annuity purchased must at all times meet the minimum requirements of the Administrator or any relevant regulatory requirements, failing which your Dependants and/or Beneficiaries may be required to commute the entire Annuity to cash.
- The Administrator will:
  - Apply for a tax directive from SARS if the Dependant(s) or Beneficiary(s) receive a cash benefit;
  - Follow the instructions of the SARS tax directive;
  - Pay your Dependant(s) and/or Beneficiary(s) and/or the provider of the Annuity.

The payment of the benefit allocated to the Dependant and/or Beneficiary is subject to the processing requirements of the Administrator and the product providers of the Investment Option(s). It will take a minimum of 15 business days to finalise, provided all requirements are met, and all supporting documentation has been received by the Administrator.

### 5.4 Withdrawal Benefit

You may request to receive a withdrawal benefit from the Fund prior to retirement. You will be allowed one full or partial withdrawal from your Vested Component in respect of each Transfer Benefit and only if you did not make a withdrawal at the time of your transfer into the Fund, subject to the requirements, rulings and restrictions



imposed by the relevant legislation. The rules of the fund from which the benefit was transferred will also determine whether this withdrawal is permitted and, if so, to what extent.

You may also request to receive a withdrawal benefit from the Fund prior to retirement if:

- you have emigrated from South Africa and your emigration application was submitted to SARS on or before 28 February 2021 and approved on or before 28 February 2022;
- you have been non-resident for tax purposes for an uninterrupted period of three years after 1 March 2021; or
- you leave South Africa when your work or visit visa expires (immigrants or expatriates).

You are also entitled to one Savings Withdrawal Benefit per Investment Account during a tax year, the value of which may not be less than two thousand rand (R2000) (before any fees or charges); provided that where you terminate your membership in the Fund within any tax year and you have already taken a Savings Withdrawal Benefit in that tax year, and the remaining value of your Savings Component is less than two thousand rand (R2000), you may make a second withdrawal of the total balance in your Savings Component.

The Fund may suspend or withhold the payment of a Savings Withdrawal Benefit in accordance with the provisions of the Act and the Income Tax Act, where:

- The Fund receives notification and proof of divorce proceedings or application for a division of assets, unless the non-member spouse consents to such withdrawal in writing; or
- The Fund is made aware of maintenance proceedings or a pending maintenance order and it is satisfied that the withdrawal will result in there being insufficient remaining value to comply with a maintenance order.
- The benefit on withdrawal is a cash lump sum.
- Each withdrawal will proportionately reduce the vested and unvested portions (refer 5.1 above) of your benefit related to the Transfer Benefit transferred to the Fund. This could impact how much you will be allowed to take in cash at retirement.
- After receiving your withdrawal notification the Administrator will:
  - Request a disinvestment of your relevant Investment Account(s) to cash;
  - Apply for a tax directive from SARS where required;
  - Follow the instructions of the SARS tax directive;
  - Pay the amount to you.

This process is subject to the processing requirements of the Administrator and the product providers of the Investment Option/s. It will take a minimum of 15 business days to finalise, provided all requirements are met and all supporting documentation has been received by the Administrator.

## 6. Nominating beneficiaries

- 6.1 You may nominate Beneficiaries to receive the benefit upon your death. Please note that your nomination does not guarantee that your nominated Beneficiaries will receive any death benefits. Please refer to section 5.1 above.
- 6.2 To distribute your benefits as fairly as possible, it may be useful for the Trustees to understand why you have made certain nominations and allocations. Therefore, please provide details of any special circumstances you would like the Trustees to be aware of.
- 6.3 It is important that you update your nominations regularly. To change your nomination, you must complete and sign a Beneficiary nomination form. This form should be delivered to the Fund while you are still alive, as the Fund is not obliged to accept a Beneficiary nomination form after your death.
- 6.4 If you wish to nominate a trust and you have Dependants, you should discuss with the Fund how your nomination can be accommodated within the requirement that the Fund must first meet the dependency needs of your Dependants from the benefit.

## 7. Transfers

### 7.1 Transfers out of the Fund

You may at any time prior to retirement or death request to transfer your investment to another approved fund, subject to prevailing legislation and the Fund Rules. If you request a transfer, you must transfer the total market value of the holdings in the Investment Option/s underlying the Investment Account, after fees and charges have been deducted, and all components in the Fund related to an Investment Account must transfer to the same receiving fund.

### 7.2 Transfers into the Fund

You may transfer a benefit due to you from another approved retirement fund to the Fund, subject to prevailing legislation and the rules of the transferring fund. The Transfer Benefit will be invested in the same components in the Fund as you held in the transferring fund.

### 7.3 Transfers between components

Subject to the requirements of the Act and the Income Tax Act, the Member may at any time transfer his Savings Component (or a portion thereof) or his Vested Component (or a portion thereof) in the Fund, to his Retirement Component and once so transferred such transfer cannot be reversed.

## 8. Instruction and processing requirements

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

Business Process	
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

8.2 All instructions will be processed by the Administrator on behalf of the Fund. Only signed written instructions from the Member or the appointed FSP, will be acted upon. All instructions are subject to:

- The operational requirements of the Fund, 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.

8.3 Membership applications will be considered for processing on receipt of:

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

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

8.4 The Administrator will carry out instructions at the earliest possible opportunity, subject to its own administration procedures and any portfolio limitations. Where Transfer Benefits are made via debit order or cheque deposit, the Administrator will wait for the funds to clear before processing the instruction.

8.5 Neither the Administrator, nor the Fund accepts responsibility for delays in processing instructions as a result of extraordinary events that cause extensive disruptions. Bank interest (at the rate earned in the Fund bank account) will be applied to the amount deposited if it takes longer than 48 hours to start processing the Transfer

Benefit. Interest earned for the first 24 hours accrues to the Fund in terms of the Fund Rules.

- 8.6 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.
- 8.7 Any processing errors must be reported to the Administrator within 14 days after receipt of the investment confirmation or any statement.
- 8.8 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.

## 9. Internet access

Internet access is provided to view your benefit statement online. Visit [www.prescientonline.co.za](http://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.

## 10. Financial Services Provider (FSP)

- 10.1 The Fund does not provide financial advice. It is the responsibility of the Member to appoint a FSP and to negotiate appropriate fees.
- 10.2 The Member may appoint, change, or remove a FSP at any stage by written instruction to the Fund.
- 10.3 The FSP is responsible for ensuring that the Member receives and understands all appropriate advice, product and fee information including changes in the working practices and procedures of the Administrator or the Fund.
- 10.4 The Administrator will only accept applications / instructions submitted on behalf of Members from FSP's who have been granted a licence by the Financial Services Board.
- 10.5 The Fund and the Administrator cannot be held responsible or liable for loss or damage suffered by the Member because 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.

## 11. Fees

If a fee or a charge is levied against the Fund, the Fund will reduce the underlying investments of the Investment Account by the same amount. Your selection of Investment Options will determine certain aspects of the fee structure. Where applicable, these charges are levied proportionately across all portfolios underlying the Investment Account.

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

- Administration fees;
- Investment Option fees and;
- FSP fees;

Unless otherwise stated, all fees will reflect on your account statement as and when they are paid.

### 11.1 Initial Fees

Initial fees are deducted from each Transfer Benefit before the investment is made into the selected Investment Option(s).

#### *Administration Fee*

The Administrator does not charge an initial administration fee.

### *Investment Option Fee*

Depending on the Investment Option selected, the product provider may charge the Fund an initial fee to invest in the Investment Option. This will reduce the amount available for investment. The fee will be based on each Transfer Benefit less the initial FSP fee (if applicable). Please refer to the Prescient Retirement Funds Investment Option Brochure for the fee percentage applicable to each Portfolio.

### *FSP Fee*

If you agree to pay your FSP an initial fee by completing the relevant section on the application form, or otherwise communicating this to the Administrator, the Administrator will deduct the agreed upon fee from each Transfer Benefit and pay it to the FSP.

## 11.2 Annual Fees

All annual fees are calculated and accrued daily at the end of each day.

### *Administration Fee*

The Administrator charges the Fund an annual administration fee based on a sliding scale, calculated on the daily market value of your Investment Account, and levied monthly in arrears. The annual administration fees are deducted by selling units proportionately from the Investment Options underlying the Investment Accounts.

### *Investment Option Service/Management Fee*

The Investment Option service (or management) fee is determined by and accrues to the product provider of each Investment Option. The fee may be fixed or performance-related and is based on the market value of the underlying securities held in the Investment Option at the end of each day. The fee is not deducted from the Investment Account but is included in the unit price of the Investment Option, and as such will not reflect on your statement. Please refer to the Prescient Retirement Funds Investment Option Brochure for more detail.

### *FSP Fee*

If you agree to pay your FSP an annual fee by completing the relevant section of the application form, or otherwise notifying the Administrator in writing, the Administrator will deduct the agreed upon fee by selling units from the Investment Options underlying the Investment Account and will pay the fee to the FSP.

## 11.3 Value Added Tax (VAT)

VAT may be levied on administration fees and certain other fees charged to the Fund. Where appropriate, an amount to compensate for VAT will be added to the fees or charges recovered from the Investment Account and / or Investment Option.

## 11.4 Changes to Fees and Charges

The Fees and charges as specified above may change. The Fund will also recover any additional fees and charges from the Investment Account if they are charged to the Fund. The Administrator will give you three months' written notice of any change to the following:

- Annual administration fees;
- Investment Option fees.

The Fund and/or Administrator is not obliged to notify you when any of the other fees are changed, and may give less than three months' written notice if the circumstances of the change require it (e.g. a change in legislation).

## 11.5 Other Charges

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

- Legislation;
- Interpretation by any court, legislative or regulatory authority;
- Taxation basis or rate (including the introduction of a new tax).

## 11.6 Fund Expense Recoupment

The administration fee is an all-inclusive fee that includes provision for the payment of all Fund expenses, including Fund expenses such as audit, trustee or valuation fees. In terms of the Fund Rules, these expenses may also be settled by monies recovered from the underlying investments of the Investment Account. This will however only be done in situations where the Fund experiences an unexpected shortfall, and the Sponsor is not willing or able to cover such shortfall.

## 12. General

### Currency

All Transfer Benefits and Benefit payments shall be made in the Republic of South Africa in South African Rand.

### Payment of Benefits

All monetary payments will be made via electronic funds transfer (EFT) only to a current, savings or transmission account in South Africa. No third party payments will be made.

### Section 37D deductions

Deductions in terms of section 37D of the Act will be effected proportionately across the Retirement, Savings and Vested Components, subject to the provisions of the Act, the Income Tax Act, or any other applicable legislation.

### Tax Deductions

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

### Provision of Statements

The Administrator will provide you with quarterly statements, as well as an annual benefit statement, reflecting the value of the Investment Account.

### Compliance with Prudential Investment Guidelines

The Fund's total assets and each Member's Investment Account must comply with Prudential Investment Guidelines as prescribed by the Act.

### Fund Rules and other Documents

Members are entitled to view the Fund Rules, the Fund's financial statements and actuarial valuation reports at the Fund's registered office, during office hours. Copies are available at a fee determined by the Trustees. The Fund

may change the Fund Rules for various reasons, including changes in legislation and will notify Members that this has happened.

## Communication and Personal Information

The Administrator communicates with Members on behalf of the Fund. All communications will be sent via the method and to the person indicated as in the application form.

Personal information as defined in the Protection of Personal Information Act of 2013 (“POPIA”) may be used by the Fund or the appointed Administrator or requisite service providers or agents in the normal course of business to deliver the elected products and services to members of the Fund, their beneficiaries and or dependants. They may retain any information for purposes of investment transactions, processing and administration and to communicate directly with Members or their Dependants and/or Beneficiaries. Personal information will not be given to any third party not contracted specifically with the Fund or the Administrator to deliver the requisite services. Personal information will never be sold to any third parties. The Fund 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.

On becoming a member of the Fund, you explicitly consent to the Fund, the Administrator and their appointed service providers and agents processing your personal information for the above purposes.

## Investment Options

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. The Fund and the Administrator does not guarantee any future performance of the Investment Option/s, nor does the Fund guarantee that any Investment Option will hold its value or behave in any particular manner.

## Insurance

For your protection, the Administrator holds adequate insurance cover.

## 13. Risk warnings and exclusions

13.1 The Fund does not provide loans to Members.

13.2 The benefits due to Members may not be surrendered, commuted for cash payment, used as security for any obligation or ceded, assigned or in any manner whatsoever alienated.

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

13.4 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.

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

- Errors made by the product provider of an Investment Option;
- Errors in personal information provided to the Fund or Administrator by the Participating Employer or Member;
- Delays in payment of Transfer Benefits by the Participating Employer;
- The investment or market risk of the underlying investments;
- Changes in tax or other legislation;
- Delays in the processing or the rejection of an application because the FSP is either not an authorised financial services provider or does not have a contract with the Administrator;
- FSPs carrying out duties which their category of license does not allow;

- Unauthorised instructions given by the FSP;
- The failure of any networks or electronic or mechanical devices;
- The Administrator or the Fund and its Trustees providing your appointed FSP with details about your investment either via telephone, email, fax or a secure website;
- The Administrator or the Fund acting on information sent electronically;
- The delayed sale of units in a portfolio due to the suspension of repurchases by the product provider.

## 14. Fund registration and contact details

The full registration name, postal and street addresses are:

The Principal Officer

Prescient Retirement Funds

Fund Registration Number: 12/8/37746/1 SARS Approval Number: 18/20/4/41991

Street Address	Postal Address	Contact Details
Prescient House Westlake Business Park Otto Close Westlake 7945	P O Box 31142 Tokai 7966	Telephone: +27 21 700 3600 Fax: +27 21 700 5425 Email: <a href="mailto:retirement@prescient.co.za">retirement@prescient.co.za</a> Website: <a href="http://www.prescient.co.za">www.prescient.co.za</a>

## 15. Complaints

15.1 You must first lodge a written complaint about any aspect of your membership of the Fund or your benefits there under, together with supporting documents to the Principal Officer or the Board of Trustees of the Fund at the Fund's registered or postal address. The Fund shall investigate your complaint and shall respond to you within 30 days of receipt thereof.

15.2 If you are not satisfied with the response received from the Fund or you do not receive a response within the time limit, you may submit the complaint to the Pension Fund Adjudicator whose particulars are as follows:

Street Address	Contact Details
The Pension Fund Adjudicator Ground and 1 <sup>st</sup> Floors Corporate Place Cnr Fredman and Sandown Valley Crescent Sandton 2163	Tel: 087 942 2700 Fax: 087 942 2644 Email: <a href="mailto:enquiries@pfa.org.za">enquiries@pfa.org.za</a>

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

15.4 If you have a dispute about the advice provided to you by your financial adviser, or about the Administrator, you may contact the FAIS Ombud, whose particulars are as follows:

Street Address	Contact Details
The FAIS Ombud PO Box 74571 Lynnwood Ridge 0040	Email: <a href="mailto:info@faisombud.co.za">info@faisombud.co.za</a>



#### **Disclaimer**

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information. There are risks involved in buying or selling any financial product.