

Notes

- This chapter should be read in conjunction with the contract documents. If there is any conflict or inconsistency between the contents of the contract documents and this chapter, the provisions of the contract documents will prevail.
- Take note that information contained in this technical guide is with regard to the latest versions of the applicable products/benefits. Refer to the contract documents for information about the existing products/benefits of a life insured.
- Any reference to "you" or "your" refers to the life insured. Any reference to "we", "us", "our" or "ours" refers to Sanlam Life Insurance Limited (Sanlam Life)

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Why Linked Investments?

Any reference to "you" or "your" in this section refers to the planholder. Any reference to "our" refers to Sanlam Life Insurance Limited (Sanlam Life).

Our Linked Investments offers a transparent and affordable investment, as well as the flexibility you may need to manage your investments. Some of the features of this product are as follows:

- Clients are taxed at individual marginal tax rates, and tax exemptions with regards to interest, dividends, and realised capital gains tax for individuals may be applied. From a tax perspective it could be more appropriate for clients with a marginal tax rate of less than 28% to invest in a Linked Investment instead of in an Endowment product.
- An investment in a Stratus Linked Investment: Flexible Plan can be cashed in at any time, or you may apply for a loan against or withdrawal from the plan, without any alteration charges to the plan.
- For a Stratus Linked Investment: Committed Plan a loyalty bonus is added to the plan on specified dates.
- Investment funds:
 - Our Linked Investments offer a wide range of unit trust funds, managed by some of the leading asset managers in South Africa. It also offers life funds with similar mandates as the unit trust funds, but with lower asset management charges.
 - You can protect your investment with our investment guarantees.
 - You can switch between any of the available investment funds at any time, with four free switches in a plan year.
 - You can invest in up to ten of the available investment funds at the same time.
- It is easy to establish the value of your investments, as the unit prices for all investment funds are updated daily on the Sanlam website.
- For a Stratus Linked Investment: Flexible Plan no alteration charge, other than the transaction charge of R300, will be levied if you reduce or stop paying recurring payments, or if you terminate your plan early.
- If you experience a temporary decrease in income, you can skip payments by making use of our payment holiday facility at no extra cost, provided our conditions at the time are met. You do not have to repay the payments that are skipped.

Comparison between an Endowment product and a Linked Investment

An Endowment product is an endowment policy, and should not be confused with a Linked Investment of a linked investment services provider (LISP). An Endowment product is an insurance policy, whereas a LISP plan is not, and therefore the product features and regulations applicable to both will differ. The main differences between an Endowment product and a LISP plan are indicated below.

Main differences between Endowment product and LISP plan		
Item	Endowment product	LISP plan
Tax	<ul style="list-style-type: none"> The life insurance company currently pays the tax of an endowment policy (this plan). Currently the proceeds of the plan are not taxable in the hands of the planholder. 	<ul style="list-style-type: none"> The LISP pays no tax in an investment fund. Income, dividends, and realised capital gains are currently taxable in the hands of the planholder.
Regulations that apply	<ul style="list-style-type: none"> FAIS The Long-term Insurance Act Restricted dealing with the investment within the first five years of the start date of the investment, i.e. during the restricted period (Section 54 of the Long-term Insurance Act). 	<ul style="list-style-type: none"> FAIS The Long-term Insurance Act does not apply No restricted period, and therefore no restricted dealing with the investment applies within the first five years of the start date of the investment, or thereafter.
Other features	<ul style="list-style-type: none"> One or more lives insured required Beneficiaries may be appointed At the death of the last surviving life insured linked to the benefit payable at death, for a Stratus Endowment, and the life insured linked to the benefit payable at death, for a Stratus Edufocus, the benefit payable at death is paid to <ul style="list-style-type: none"> the planholder, if he or she is still alive, or the beneficiaries, if any, who have accepted the appointment, or the planholder's estate. 	<ul style="list-style-type: none"> No lives insured applicable No beneficiaries allowed At the death of the planholder the investment forms part of the estate of the deceased planholder, unless a new planholder was nominated, and he or she has accepted the nomination.

Products, benefits and investment funds

Products and product codes

The products and their product codes are indicated below.

Product*	Product code
Stratus Linked Investment: Committed Plan	D03
Stratus Linked Investment: Flexible Plan	D04

*Any reference to "Linked Investments, excluding Stratus Linked Investment: Flexible Plan" refers to the Stratus Linked Investment: Committed Plan.

Waiver of payment benefits not available

Waiver of payment benefits (OGG and OPG) are not available.

Investment funds

Up to 10 investment funds may be selected, with or without investment guarantees, as indicated on the quotation. For more information about investment guarantees, refer to "Description of investment guarantee" in this *Linked Investments* chapter.

Information about all investment funds we offer, is available on the Sanlam website at <http://www.sanlam.co.za>.

Role players and cessions

Number of role players

The minimum and maximum number of role players are indicated below.

Number of role players		
Role player	Minimum	Maximum
Planholder	1	1
Nominee to become new planholder	0	1
Cessionary for cession as security (collateral cession)	0	1
Cessionary for change of planholder (outright cession)	0	1

Planholder

The planholder can be a natural person, trust, tax-paying institution or tax-exempt institution.

The planholder is responsible for the payments of the plan. Another party may make the payments, but the planholder remains responsible.

Nominee to become new planholder

A nominee may be nominated to become the new planholder after the death of the planholder. The nominee may only accept or reject a nomination after the death of the planholder.

If the nominee does not accept the nomination, or if nobody has been nominated, the plan will be an asset in the estate of the planholder.

Conditions for nomination

If a nominee is appointed, the following applies:

- the planholder may nominate one nominee;
- the nominee can be a natural person, trust, tax-paying institution or tax-exempt institution.

May a nomination be changed?

A nomination may be added, cancelled or changed at any time. It must be in writing and signed by the planholder, and must reach the Sanlam Life head office before the death of the planholder.

Can the nomination lapse?

Yes, it will lapse if the plan is ceded, whether outright or as collateral security.

Cession as security (collateral cession)

With a collateral cession the planholder may cede the plan as security to one other party, where this party may be a natural person, trust, tax-paying institution or tax-exempt institution.

If the planholder cedes the plan as security, he or she must notify us of the cession in writing. The notice will take effect when we receive it.

A nomination of a person, trust or institution to become the planholder at the planholder's death, will be cancelled when a plan is ceded as security.

Change of planholder (outright cession)

The planholder can cede his or her rights as planholder to another natural person, trust, tax-paying institution or tax-exempt institution, who will then replace him or her as planholder. The planholder must notify Sanlam Life of the cession in writing. The notice will take effect when we receive it.

An appointment of a beneficiary to receive the benefit amount payable at the death of the planholder, and a nomination of a person, trust or institution to become the planholder at the planholder's death, will then be cancelled.

Payments

All payments must be made in South Africa in South African currency.

Payment options

Choice between the following:

- Only one-off payment
- Only recurring payments
- Combination of one-off and recurring payments.

The payment option of a plan cannot be changed after the start date of the plan.

Payment frequency for recurring payments

Choice between the following:

- Monthly
- Yearly.

Payment method for recurring payments

Choice between the following:

- Debit order
- Stop order
- Internal funding.

A monthly or yearly payment frequency is allowed for a debit order payment method. Only a monthly payment frequency is allowed for other payment methods.

The same payment applies for all payment methods.

Payment limits

A maximum monthly payment of R10 000 applies for Stratus Linked Investment: Committed Plan. (D03)

The conditions below apply to the minimum payments for a plan:

- The minimum amount that may be allocated to an investment fund is R50.
- Higher minimum recurring payments may apply for certain investment fund choices, as indicated under "Minimum recurring payments for combinations of investment funds" in this section.

Other conditions that apply to the minimum payments are indicated below.

Minimum payments for only SIM/SMMI investment funds

The minimum payments if only Sanlam Investment Management (SIM) and/or Sanlam Multi Manager International (SMMI) investment funds are selected, are indicated below.

Minimum payment for Linked Investments, excluding Stratus Linked Investment: Flexible Plan, for only SIM/SMMI investment funds							
Payment option	Product code	One-off payment (R)	Additional one-off payment (R)	Recurring payment (R) per month, for chosen term of...			Recurring payment increase (R) per month
				less than 5 years	5 – 9 years	10 years and longer	
Only one-off payment, without regular withdrawals	D03	10 000	5 000	-	-	-	-
Only one-off payment, with regular withdrawals	D03	30 000	5 000	-	-	-	-
Only recurring payments	D03	-	5 000	-	500	500	150
Combination of one-off and recurring payments	D03	5 000	5 000	-	500	500	150

Minimum payment for Stratus Linked Investment: Flexible Plan (D04), for only SIM/SMMI investment funds				
Payment option	One-off payment (R)	Additional one-off payment (R)	Recurring payment (R) per month	Recurring payment increase (R) per month
Only one-off payment, without regular withdrawals	10 000	5 000	-	-
Only one-off payment, with regular withdrawals	30 000	5 000	-	-
Only recurring payments	-	5 000	500	150
Combination of one-off and recurring payments	5 000	5 000	500	150

Minimum recurring payments for combinations of investment funds

Higher minimum payments apply for plans with only recurring payments if investment funds other than Sanlam Investment Management (SIM) or Sanlam Multi Manager International (SMMI) investment funds are selected, either on their own, or in combination with SIM/SMMI investment funds. However, higher minimums do not apply for:

- plans with only one-off payments
- additional one-off payments
- plans with a combination of one-off and recurring payments
- recurring payment increases.

The minimum recurring payments, for plans with only recurring payments, for all investment fund combinations are indicated below.

Minimum recurring payment (R) per month for Linked Investments, excluding Stratus Linked Investment: Flexible Plan, for combination of investment funds, for chosen term of...						
Product code	less than 5 years		5 – 9 years		10 years and longer	
	Only SIM/SMMI	Other combinations	Only SIM/SMMI	Other combinations	Only SIM/SMMI	Other combinations
D03	-	-	500	600	500	500

Minimum recurring payment (R) per month for Stratus Linked Investment: Flexible Plan (D04), for combination of investment funds	
Only SIM/SMMI	Other combinations
500	600

One-off payments

One-off payments may be made, provided that they are not less than our minimum allowed. If the transaction date for a payment, as indicated in the statement, is more than one day later than the payment date, we will add interest to the payment to allow for the delay from the day following the payment date to the transaction date.

Recurring payments

Recurring payments are allowed, but then they should apply from the start of the plan. They cannot be added later. A recurring payment, if applicable, is due on the same day of each month or year, as indicated in the statement.

If recurring payments are made by debit order, and the requested day on which we have to collect the payment does not fall on a working day, or a month does not have the particular day, we will collect it on the following working day.

The transaction date for a recurring payment is the later of the payment due date and the actual payment date. If this is not a working day, the transaction date will be the first working day thereafter. We will not add interest if a recurring payment is made before the transaction date.

All products in this *Linked Investments* chapter, excluding Stratus Linked Investment: Flexible Plan

If a payment is not made in full within a 30 day period of grace, we may consider the recurring payment stopped, and will then levy the alteration charge for stopping recurring payments, if applicable.

Payment growth

Payment growth is compulsory if the plan has only recurring payments, and the recurring payment is less than R500 per month, or less than R6 000 per year. Payment growth is not compulsory in other instances.

If the plan has payment growth, the recurring payment will be increased according to the conditions of the type of payment growth, as chosen.

We offer the following types of payment growth:

- Fixed growth
- Sanlam inflation.

The payment growth type that applies for a plan is indicated in the statement.

Fixed growth

The recurring payment will be increased each year by the chosen fixed percentage. A percentage from 5% per year up to 20% per year can currently be selected.

Sanlam inflation

The recurring payment will be increased each year by the inflation rate, as determined by us. In setting the rate, we will take into account the change in the consumer price index, or any other commonly accepted method of measuring inflation that may apply at the time. The Sanlam inflation rate may differ from official rates, due to differences in calculation methods. A minimum and maximum increase apply, which may change from time to time.

General information

One-off fund

Any reference to "one-off fund" in this *Linked Investments* chapter refers to the part of the fund value built up by one-off payments.

Recurring fund

Any reference to "recurring fund" in this *Linked Investments* chapter refers to the part of the fund value built up by recurring payments.

Start date of plan

The start date of a plan will be determined by the payment option, the date all applicable payments are received by us, and the date all information regarding the plan is captured in our system.

Start date for only one-off payment

The start date of a plan can be any day of the month.

The start date of a plan will be the later of the payment date of the one-off payment and the date all the applicable information, including any additional information requested by us, is captured in our system.

Start date for only recurring payments

The date of a payment and the start date of a plan may differ, e.g. a stop order may be paid on 15 May, while the start date of the plan may then be 1 June of the same year. The start date will be determined as follows:

- If a recurring payment is made by stop order, the start date of the plan will be the 1st of the month following the first payment.
- For all other payment methods, the start date of the plan will be
 - the same as the payment date, if the payment date is from the 1st of a month, up to and including the 28th of the same month.
 - the 1st of the month following the first payment, if the payment date is from the 29th up to and including the 31st of the month.

Start date for combination of one-off and recurring payments

The start date of a plan depends on the payment date of the recurring payment of the combination, while the payment date of the one-off payment has no influence on the start date.

To determine the start date of a plan, refer to "Start date for only recurring payments" above.

Backdating

No backdating allowed.

Limits for inception age

No minimum and maximum inception ages apply for a Linked investment as a Linked investment does not have a life insured.

Chosen term

No chosen term applies for a Stratus Linked Investment: Flexible Plan, as the term of the plan is considered as open-ended from the start date of the plan.

The minimum and maximum chosen terms for other products in this *Linked Investments* chapter are indicated below.

Minimum

5 years.

Maximum

20 years.

Option date

No option date applies for a Stratus Linked Investment: Flexible Plan, as the term of the plan is considered as open-ended from the start date of the plan.

For other products in this *Linked Investments* chapter, the option date is the date which indicates the end of the term and is indicated in the statement.

Amount on option date

Not applicable to Stratus Linked Investment: Flexible Plan.

The fund value is available on the option date. If the planholder decides to take this available amount on the option date, he or she must provide us with a completed claims form at least two days before the option date.

After the available amount has been paid to the planholder, the plan will be terminated. Otherwise the plan will continue to be invested in the chosen investment funds until it is terminated, as indicated under "Open-ended term" below. The plan can be continued with or without future payments, according to the choice of the planholder.

Open-ended term

For a Stratus Linked Investment: Flexible Plan the term of the plan is considered as open-ended from the start date of the plan. For other products in this *Linked Investments* chapter the term of the plan is considered as open-ended after the chosen term has expired. This means that the fund value will not be paid out automatically after the chosen term has expired, but that the plan will continue, with or without future payments, until the planholder terminates the plan.

Working day

Any reference to "working day" in this *Linked Investments* chapter refers to any day of the week from Monday to Friday, excluding public holidays.

Payment holiday

A period during which the recurring payments are temporarily stopped on request.

Tax on proceeds of plan

Income, dividends, and realised capital gains are currently taxable in the hands of the planholder.

The planholder will be responsible for the tax liability arising from the plan. We will supply a tax certificate each year, setting out the income of the plan as well as any local or foreign withholding tax applicable to it, and the capital gains on the plan. Any selling of units, including those that are sold to pay for charges and local withholding tax, and where applicable the investment guarantee, will result in a capital gain or loss which may have a tax impact.

A tax liability may also arise when the planholder changes, for example if the plan is ceded outright.

Cooling-off period

No cooling-off period applies.

Changes to a plan

The following changes to a plan are allowed, provided that our conditions at the time are met:

- Make additional one-off payments
- Increase, decrease or stop recurring payments
- Add, cancel or change payment growth
- Add, cancel or change nominee to become the new planholder
- Add, cancel or change collateral cessions, subject to approval of cessionary
- Add, cancel or change outright cessions, subject to approval of cessionary
- Terminate a plan
- Transfer units out of a plan
- Make ad hoc withdrawals from a plan
- Make regular withdrawals from a plan.

Continuations and conversions not allowed

- Continuations and conversions to Linked Investments are not allowed.

Loans not allowed

Loans are not allowed against a plan.

Description of Linked Investment, excluding Stratus

Linked Investment: Flexible Plan

The plan invests in investment funds that are managed by collective investment companies, and is a contract between the planholder and Sanlam Linked Investments (Pty) Ltd (SanLink). SanLink is an administrative financial services provider licensed by the Financial Services Board in terms of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). SanLink contracted us, Sanlam Life Insurance Limited (Sanlam Life), to deal with all administrative matters, including all communication, on their behalf.

If an investment guarantee is chosen, the guarantee is provided by Sanlam Life. Therefore the contract for the guarantee is between the planholder and Sanlam Life, and not between the planholder and SanLink. The contract for the guarantee is an insurance policy as described under, and regulated by the Long-term Insurance Act, 1998 and the Insurance Act, 2017. It forms part of the plan documents mentioned in this *Linked Investments* chapter.

The contracts consist of the following:

- the quotation;
- the application for the plan;
- the plan description, as updated from time to time, and available on the Sanlam website at <http://www.sanlam.co.za>;
- additions to the plan description, if applicable;
- the statement, as updated from time to time;
- other documents, correspondence and information, if any, that by implication form part of the contract.

This *Linked Investments* chapter should be read in conjunction with the plan description and statement that the planholder receives. All information applicable to a specific plan is set out in the statement for that plan. If there is any conflict or inconsistency between the contents of this *Linked Investments* chapter, a plan description and a statement for a plan, the provisions of the statement will prevail.

Roles

Sanlam Life

Our role on behalf of SanLink is to

- receive payments into a bank account;
- invest payments timeously in accordance with valid instructions;
- provide the guarantee if an investment guarantee was chosen;
- carry out any further reasonable and valid instructions;
- report on the plan as required by legislation;
- levy charges;
- exercise a vote on behalf of the planholder in a ballot conducted by an asset manager;
- pay the plan benefits on request, subject to any legal limits.

Intermediary

The role of the intermediary is to

- comply with the terms of FAIS;
- supply the planholder with information about the nature of the plan, the underlying investment funds and the charges involved;
- advise the planholder about the plan and the underlying investment funds.

Investment

We invest a payment plus an additional allocation, if applicable, less charges, in the respective investment funds as chosen by the planholder. The additional allocation depends on the level of intermediary fees negotiated at the start. Investments are administered subject to the terms and conditions stipulated by the asset managers.

How is the amount allocated to a specific investment fund, invested?

We use the amount allocated to a specific investment fund to buy units in that investment fund. The units are held in the name of an independent nominee, Afflulink Nominees (Pty) Ltd, on behalf of the planholder.

When is the amount allocated to a specific investment fund, invested?

The investment date for an amount allocated to a specific investment fund is usually the first working day after the transaction date. The investment takes place at the unit price applicable on the investment date. If more than one working day elapses between the transaction date and the investment date because of circumstances not within our control, we will add interest, as determined by Sanlam Life, to the amount allocated to a specific investment fund. This interest will be calculated from the date the investment should have taken place to the actual investment date.

Clearance period

Payments are subject to a clearance period of 30 days, and no selling of units that resulted from an uncleared payment will be allowed during this period.

Unit price

The unit price of a specific investment fund is determined by the asset manager. A price is usually only available one or two days after the day to which it applies. Therefore it will take a few days before a transaction reflects on the statement. Details of the calculation of unit prices are available on request from the asset managers.

What happens when income is declared for an investment fund?

The income, which may include interest and dividends, is automatically reinvested in the investment fund for which the income has been declared. This takes place on the date that the income is paid, which may be later than the date on which the income was declared.

May an investment fund be closed?

Yes. This may occur if, for example, legislation changes or certain classes of assets become unavailable or it is in our opinion no longer prudent to invest in the specific investment fund. If the plan is affected, we will request the planholder to choose another investment fund allowed at that stage for this type of plan, and to inform us of the choice made. If we receive no response to such a request, we will decide in which investment fund to invest the affected part of the plan.

Switching of investment funds

Switching of investment funds allowed at the time for this type of plan may be done on request.

Future payments may be allocated to any investment fund allowed for this type of plan. The payments already allocated to the current investment funds, will then remain in these investment funds.

Cost to switch investment funds

Currently there is no transaction charge for the first four switches in a plan year. For each subsequent switch in a plan year, we will levy a transaction charge, which will be determined at the time. The current transaction charge is indicated in the statement. We may change the number of free switches from time to time.

When will selling and buying of units for switching take place?

To perform a switch, we sell the required number of units of the investment funds out of which a switch is done. With the proceeds of the selling transaction, less the transaction charge, we buy units of the investment funds into which a switch is done. We usually sell and buy on the first working day after receiving the switch request. If we cannot sell the units on that day, the buying of units is delayed until we can sell the units. However, if the selling takes place, but the buying is delayed because of circumstances not within our control, we will add interest to the proceeds of the selling transaction, after deducting the transaction charge. This interest will be calculated from the date the buying should have taken place to the date we actually buy the units.

Fund value

The fund value of a specific investment fund is the number of units multiplied by the unit price for that investment fund. The fund value of the plan is the total fund value of all the investment funds for that plan.

Loyalty bonus

Rebates on certain charges are added to the fund value in the form of a loyalty bonus on the plan anniversaries indicated below. The amount of the loyalty bonus is calculated as a percentage of some of the charges deducted from the plan since the date on which the previous loyalty bonus was added or since the start date for the first loyalty bonus.

The rebate percentage for each relevant plan anniversary is as follows:

Plan anniversary from start date	Rebate on charges %		
	Chosen term = 5 years	5 < chosen term ≤ 10 years	Chosen term > 10 years
5	35	10	10
10	52.5	57.5	50
15	57.5	60	62.5
20, and every 5 years thereafter	62.5	62.5	62.5

The charges included in the calculation of the loyalty bonus are the fixed and variable marketing and administration charges. For the purpose of this calculation these charges are adjusted at the same rate at which the unit price of each investment fund changes.

We will also add a loyalty bonus to the benefit amount at any of the following events, provided that the event happens on or after the option date and not within two years of the start date.

- the plan is terminated on request, or
- units are transferred out of the plan, or
- an ad hoc withdrawal from the plan is done.

If the date of any of the above events falls between any of the plan anniversaries in the table above, the next plan anniversary in the table is used to determine the percentage of the rebate. The calculation of the loyalty bonus may be negatively affected when an alteration is done before the option date, except if the alteration is to reduce or stop the recurring payment.

We will add the loyalty bonus to the fund value or benefit amount by adding units to the plan. If the plan anniversary or termination date on which the loyalty bonus is payable is not on a working day, we will add the units on the first working day thereafter.

Charges

VAT

VAT will be levied on all the charges below. VAT will not be levied on the payment for the investment guarantee.

Charges for the plan

The current charges are indicated in the statement and can be one or more of the following:

- An **initial marketing charge**, deducted from each payment.
- A **payment charge**, deducted from recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the recurring payment.
- A monthly **plan charge**, which will be increased from time to time to allow for inflation, as determined by us. The charge is deducted monthly from the fund value by selling units to the value of the charge.
- A yearly **marketing and administration charge**, which consists of two parts:
 - A **fixed marketing and administration charge***, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.
 - A **variable marketing and administration charge***, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.

The variable marketing and administration charge changes as the fund value increases to higher fund value bands, as indicated in the statement.

*Some asset managers give a rebate on the asset management charge, or pay us a platform management fee, for their investment funds. Such a rebate or fee is taken into account when the fixed and variable marketing and administration charges are calculated. The impact of this is that the fixed and variable marketing and administration charges are lower than what they would have been without a rebate or platform management fee. The size of the rebate or platform management fee as a percentage of the market value for each investment fund is indicated in the statement.

Payment for the investment guarantee

A yearly payment for the investment guarantee is made to Sanlam Life, to pay for the cost of the investment guarantee of every investment fund that offers an investment guarantee. This payment is calculated as a percentage of the fund value. The yearly payment is calculated on a monthly basis, which means it is divided by 12. An amount equal to the payment is deducted monthly from the fund value by selling units to the value of the payment.

Deductions made by the asset managers

An asset manager charges fees for investment research and for selecting the underlying assets of an investment fund. These fees are taken into account in the calculation of the daily unit price of an investment fund. The published performance figures of an investment fund are therefore net of these fees. More information on these fees and their current values are available in the statement part of the contract.

Alteration charge

A plan may be changed at any stage, provided we agree to the alteration. We will levy an alteration charge if the alteration is done before an alteration charge date. The alteration charge date is the date until which we will levy an alteration charge for certain alterations. The alteration charge date is determined at the start, and does not change at subsequent alterations. Separate alteration charge dates apply to the one-off and recurring funds.

The alteration charge will be taken from the fund value by selling the required number of units.

The alteration charge date and the current alteration charge for the most common alterations are indicated in the statement.

Transaction charge

In addition to the abovementioned alteration charge we will levy a transaction charge for each of the following alterations:

- Reduction or stopping of the recurring payment;
- Termination of the plan;
- Transfer of units out of the plan;
- An ad hoc withdrawal from the plan.

This transaction charge will increase in future to allow for inflation.

We will not levy this transaction charge on or after the option date.

We will also levy a transaction charge for other transactions, as mentioned in this *Linked Investments* chapter, and as indicated in the statement. This transaction charge will be increased from time to time to allow for inflation, as determined by us.

We will continue to levy a transaction charge after the alteration charge date.

Plan specific rules are applied to determine the maximum payment holiday period over the term of the plan. The payment holiday period can be used in full or partially at different times during the term of the plan. Some of these periods will be free of charge. Once all these free periods have been used, the plan may qualify for an additional number of payment holiday periods for which we will levy a transaction charge. This transaction charge will be increased from time to time to allow for inflation, as determined by us. The current transaction charge is indicated in the statement.

Every transaction charge will be taken from the fund value by selling the required number of units.

Reduction or stopping of the recurring payment

The recurring payment may be reduced or stopped on request, provided that our conditions at the time are met. We will levy a transaction charge when the recurring payment is reduced or stopped before the option date. We will also levy an alteration charge if this happens before the recurring fund's alteration charge date.

One of the conditions for stopping the recurring payment is a minimum fund value after the alteration and transaction charges, if applicable, have been deducted. If recurring payments are stopped despite this condition not being met, the plan will be terminated. If no termination value is available, the plan will lapse. The minimum fund value is indicated in the statement.

Investment advice agreement between the planholder and the intermediary

The planholder may request us to pay a fund-based fee for ongoing investment advice for his or her investment. VAT will be levied on this fee. We will pay this fee monthly to the intermediary who provides this advice.

This investment advice is a discretionary service that is provided by an intermediary nominated by the planholder. It is not part of the intermediary services for which we pay fees.

The fund-based fee for the investment advice is specified as a percentage per year of the fund value. The planholder must specify the percentage. The fund-based fee is calculated on a monthly basis, which means that the specified percentage is divided by 12. It is deducted monthly from the fund value by means of a withdrawal. Because the fund-based fee is based on the fund value, the rand value of the fee will fluctuate. For example, a fund-based fee of 0.50% implies R41.67 per month if the fund value equals R100 000.00.

The current fund-based fee, if applicable, is indicated in the statement.

Realising the plan benefits

The plan benefits may be realised in one of the ways described below. To realise a benefit, we will sell units on the first working day after the day on which we receive the request. Transfer of units will take longer to finalise.

Termination of the plan

A plan may be terminated on request. The fund value less the alteration and transaction charges, if applicable, will be paid to the planholder when the plan is terminated.

On the termination date the plan may be entitled to income already declared, but not yet invested. Once all declared income has been invested, the units will be sold. The proceeds will be paid to the planholder, after the deduction of a transaction charge, which will be determined at the time. Its current level is indicated in the statement.

Transfer of units out of the plan

Units may be transferred to another financial services provider or to the planholder. The fund value will reduce by the alteration and transaction charges, if applicable, and the value of the units that are transferred.

An ad hoc withdrawal from the plan

The planholder may make an ad hoc withdrawal from the plan, provided that our conditions at the time are met. As these conditions will change from time to time, they will be communicated when the planholder applies for an ad hoc withdrawal. We will sell the required number of units to pay the alteration and transaction charges, if applicable, and the withdrawal amount. The fund value will reduce by the value of the units sold.

Regular withdrawals from the plan

The planholder may apply to make regular withdrawals from the plan, provided that our conditions at the time are met. One of these conditions is that regular withdrawals may not be made while recurring payments are being made. However, as conditions will change from time to time, they will be communicated when the planholder applies for regular withdrawals.

Regular withdrawals may be made monthly or yearly, whereby a fixed amount of the planholder's choice will be paid each month or year.

The details of the regular withdrawals will be indicated in the statement after we have accepted the application for making regular withdrawals.

We levy a transaction charge for each withdrawal payment made. The charge will vary over time. Its current level is indicated in the statement.

We will sell the required number of units from the applicable investment funds in proportion to their fund values to pay the transaction charge and the requested withdrawal amount. The fund value will reduce by the value of the units sold.

If a month does not have the requested withdrawal day, or if it does not fall on a working day, we will consider the following working day to be the requested withdrawal day. We will sell the units on the first working day after the requested withdrawal day each month or year. We will pay the withdrawal amount as soon as possible after the units have been sold.

We will stop the regular withdrawals when they fail to satisfy our conditions.

What happens to the plan at the death of the planholder?

A person or an entity may be nominated to become the new planholder after the death of the planholder. The nominee may only accept or reject a nomination after the death of the planholder.

If the nominee does not accept the nomination, or if nobody has been nominated, the plan will be an asset in the estate of the planholder. Refer to "Role players and cessions" in this *Linked Investments* chapter for more information.

Can there be a delay in carrying out requests?

In some circumstances we may not be able to carry out requests within the normal time standards. An example would be where an extraordinary event occurs that causes extensive market activity, such as the outflows experienced on 11 September 2001. An asset manager may also temporarily suspend the selling of units. We will then carry out requests at the earliest possible opportunity.

Exclusion of liability

We, in our own capacity and as agent of SanLink, and SanLink will not be held responsible, and will not accept liability, for any damages or losses, including consequential losses, sustained by the planholder arising from or caused by

- errors, actions or omissions by third parties providing the investment underlying the plan;
- any time calculation standards, practices and procedures of these parties, or their delay of selling or refusal to allow selling on a specific date or at a specific price;
- any tax or levy of whatever nature imposed by any local, provincial, national or other authority;
- the acting by us on any instructions that were transferred by telephone, fax, electronic mail or the Internet, provided that we exercised reasonable care to establish the validity of the instruction.

Description of Stratus Linked Investment: Flexible Plan

The plan invests in investment funds that are managed by collective investment companies, and is a contract between the planholder and Sanlam Linked Investments (Pty) Ltd (SanLink). SanLink is an administrative financial services provider licensed by the Financial Services Board in terms of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). SanLink contracted us, Sanlam Life Insurance Limited (Sanlam Life), to deal with all administrative matters, including all communication, on their behalf.

If an investment guarantee is chosen, the guarantee is provided by Sanlam Life. Therefore the contract for the guarantee is between the planholder and Sanlam Life, and not between the planholder and SanLink. The contract for the guarantee is an insurance policy as described under, and regulated by the Long-term Insurance Act, 1998 and the Insurance Act, 2017. It forms part of the plan documents mentioned in this *Linked Investments* chapter.

The contracts consist of the following:

- the quotation;
- the application for the plan;
- the plan description, as updated from time to time, and available on the Sanlam website at <http://www.sanlam.co.za>;
- additions to the plan description, if applicable;
- the statement, as updated from time to time;
- other documents, correspondence and information, if any, that by implication form part of the contract.

This *Linked Investments* chapter should be read in conjunction with the plan description and statement that the planholder receives. All information applicable to a specific plan is set out in the statement for that plan. If there is any conflict or inconsistency between the contents of this *Linked Investments* chapter, a plan description and a statement for a plan, the provisions of the statement will prevail.

Roles

Sanlam Life

Our role on behalf of SanLink is to

- receive payments into a bank account;
- invest payments timeously in accordance with valid instructions;
- provide the guarantee if an investment guarantee was chosen;
- carry out any further reasonable and valid instructions;
- report on the plan as required by legislation;
- levy charges;
- exercise a vote on behalf of the planholder in a ballot conducted by an asset manager;
- pay the plan benefits on request, subject to any legal limits.

Intermediary

The role of the intermediary is to

- comply with the terms of FAIS;
- supply the planholder with information about the nature of the plan, the underlying investment funds and the charges involved;
- advise the planholder about the plan and the underlying investment funds.

Investment

We invest a payment less charges, in the respective investment funds as chosen by the planholder. Investments are administered subject to the terms and conditions stipulated by the asset managers.

How is the amount allocated to a specific investment fund, invested?

We use the amount allocated to a specific investment fund to buy units in that investment fund. The units are held in the name of an independent nominee, Afflulink Nominees (Pty) Ltd, on behalf of the planholder.

When is the amount allocated to a specific investment fund, invested?

The investment date for an amount allocated to a specific investment fund is usually the first working day after the transaction date. The investment takes place at the unit price applicable on the investment date. If more than one working day elapses between the transaction date and the investment date because of circumstances not within our control, we will add interest, as determined by Sanlam Life, to the amount allocated to a specific investment fund. This interest will be calculated from the date the investment should have taken place to the actual investment date.

Clearance period

Payments are subject to a clearance period of 30 days, and no selling of units that resulted from an uncleared payment will be allowed during this period.

Unit price

The unit price of a specific investment fund is determined by the asset manager. A price is usually only available one or two days after the day to which it applies. Therefore it will take a few days before a transaction reflects on the statement. Details of the calculation of unit prices are available on request from the asset managers.

What happens when income is declared for an investment fund?

The income, which may include interest and dividends, is automatically reinvested in the investment fund for which the income has been declared. This takes place on the date that the income is paid, which may be later than the date on which the income was declared.

May an investment fund be closed?

Yes. This may occur if, for example, legislation changes or certain classes of assets become unavailable or it is in our opinion no longer prudent to invest in the specific investment fund. If the plan is affected, we will request the planholder to choose another investment fund allowed at that stage for this type of plan, and to inform us of the choice made. If we receive no response to such a request, we will decide in which investment fund to invest the affected part of the plan.

Switching of investment funds

Switching of investment funds allowed at the time for this type of plan may be done on request.

Future payments may be allocated to any investment fund allowed for this type of plan. The payments already allocated to the current investment funds, will then remain in these investment funds.

Cost to switch investment funds

Currently there is no transaction charge for the first four switches in a plan year. For each subsequent switch in a plan year, we will levy a transaction charge, which will be determined at the time. The current transaction charge is indicated in the statement. We may change the number of free switches from time to time.

When will selling and buying of units for switching take place?

To perform a switch, we sell the required number of units of the investment funds out of which a switch is done. With the proceeds of the selling transaction, less the transaction charge, we buy units of the investment funds into which a switch is done. We usually sell and buy on the first working day after receiving the switch request. If we cannot sell the units on that day, the buying of units is delayed until we can sell the units. However, if the selling takes place, but the buying is delayed because of circumstances not within our control, we will add interest to the proceeds of the selling transaction, after deducting the transaction charge. This interest will be calculated from the date the buying should have taken place to the date we actually buy the units.

Fund value

The fund value of a specific investment fund is the number of units multiplied by the unit price for that investment fund. The fund value of the plan is the total fund value of all the investment funds for that plan.

Charges

VAT

VAT will be levied on all the charges below. VAT will not be levied on the payment for the investment guarantee.

Charges for the plan

The current charges are indicated in the statement and can be one or more of the following:

- An **initial marketing charge**, deducted from each payment.
- A **payment charge**, deducted from recurring payments, if payments are made by stop order. The charge is calculated as a percentage of the recurring payment.
- A monthly **plan charge**, which will be increased from time to time to allow for inflation, as determined by us. The charge is deducted monthly from the fund value by selling units to the value of the charge.
- A yearly **variable marketing and administration charge**, which is a percentage of the fund value. Separate percentages apply to the one-off and recurring funds. This charge is calculated on a monthly basis, which means it is divided by 12. The charge is deducted monthly from the fund value by selling units to the value of the charge.
The variable marketing and administration charge changes as the fund value increases to higher fund value bands, as indicated in the statement.

Payment for the investment guarantee

A yearly payment for the investment guarantee is made to Sanlam Life, to pay for the cost of the investment guarantee of every investment fund that offers an investment guarantee. This payment is calculated as a percentage of the fund value. The yearly payment is calculated on a monthly basis, which means it is divided by 12. An amount equal to the payment is deducted monthly from the fund value by selling units to the value of the payment.

Deductions made by the asset managers

An asset manager charges fees for investment research and for selecting the underlying assets of an investment fund. These fees are taken into account in the calculation of the daily unit price of an investment fund. The published performance figures of an investment fund are therefore net of these fees. More information on these fees and their current values are available in the statement part of the contract.

Alteration charge

A plan may be changed at any stage, provided we agree to the alteration. We will not levy an alteration charge.

Transaction charge

We will levy a transaction charge for transactions, as mentioned in this *Linked Investments* chapter, and as indicated in the statement. This transaction charge will be increased from time to time to allow for inflation, as determined by us. Every transaction charge will be taken from the fund value by selling the required number of units.

Reduction or stopping of the recurring payment

The recurring payment may be reduced or stopped on request, provided that our conditions at the time are met.

One of the conditions for stopping the recurring payment is a minimum fund value. If recurring payments are stopped despite this condition not being met, the plan will be terminated. If no termination value is available, the plan will lapse. The minimum fund value is indicated in the statement.

Investment advice agreement between the planholder and the intermediary

The planholder may request us to pay a fund-based fee for ongoing investment advice for his or her investment. VAT will be levied on this fee. We will pay this fee monthly to the intermediary who provides this advice.

This investment advice is a discretionary service that is provided by an intermediary nominated by the planholder. It is not part of the intermediary services for which we pay fees.

The fund-based fee for the investment advice is specified as a percentage per year of the fund value. The planholder must specify the percentage. The fund-based fee is calculated on a monthly basis, which means that the specified percentage is divided by 12. It is deducted monthly from the fund value by means of a withdrawal. Because the fund-based fee is based on the fund value, the fund value of the fee will fluctuate. For example, a fund-based fee of 0.50% implies R41.67 per month if the fund value equals R100 000.00.

The current fund-based fee, if applicable, is indicated in the statement.

Realising the plan benefits

The plan benefits may be realised in one of the ways described below. To realise a benefit, we will sell units on the first working day after the day on which we receive the request. Transfer of units will take longer to finalise.

Termination of the plan

A plan may be terminated on request. The fund value will be paid to the planholder when the plan is terminated.

On the termination date the plan may be entitled to income already declared, but not yet invested. Once all declared income has been invested, the units will be sold. The proceeds will be paid to the planholder, after the deduction of a transaction charge, which will be determined at the time. Its current level is indicated in the statement.

Transfer of units out of the plan

Units may be transferred to another financial services provider or to the planholder. The fund value will reduce by the value of the units that are transferred.

An ad hoc withdrawal from the plan

The planholder may make an ad hoc withdrawal from the plan, provided that our conditions at the time are met. As these conditions will change from time to time, they will be communicated when the planholder applies for an ad hoc withdrawal. We will sell the required number of units to pay the withdrawal amount. The fund value will reduce by the value of the units sold.

Regular withdrawals from the plan

The planholder may apply to make regular withdrawals from the plan, provided that our conditions at the time are met. One of these conditions is that regular withdrawals may not be made while recurring payments are being made. However, as conditions will change from time to time, they will be communicated when the planholder applies for regular withdrawals.

Regular withdrawals may be made monthly or yearly, whereby a fixed amount of the planholder's choice will be paid each month or year.

The details of the regular withdrawals will be indicated in the statement after we have accepted the application for making regular withdrawals.

We levy a transaction charge for each withdrawal payment made. The charge will vary over time. Its current level is indicated in the statement.

We will sell the required number of units from the applicable investment funds in proportion to their fund values to pay the transaction charge and the requested withdrawal amount. The fund value will reduce by the value of the units sold.

If a month does not have the requested withdrawal day, or if it does not fall on a working day, we will consider the following working day to be the requested withdrawal day. We will sell the units on the first working day after the requested withdrawal day each month or year. We will pay the withdrawal amount as soon as possible after the units have been sold.

We will stop the regular withdrawals when they fail to satisfy our conditions.

What happens to the plan at the death of the planholder?

A person or an entity may be nominated to become the new planholder after the death of the planholder. The nominee may only accept or reject a nomination after the death of the planholder.

If the nominee does not accept the nomination, or if nobody has been nominated, the plan will be an asset in the estate of the planholder. Refer to "Role players and cessions" in this *Linked Investments* chapter for more information.

Can there be a delay in carrying out requests?

In some circumstances we may not be able to carry out requests within the normal time standards. An example would be where an extraordinary event occurs that causes extensive market activity, such as the outflows experienced on 11 September 2001. An asset manager may also temporarily suspend the selling of units. We will then carry out requests at the earliest possible opportunity.

Exclusion of liability

We, in our own capacity and as agent of SanLink, and SanLink will not be held responsible, and will not accept liability, for any damages or losses, including consequential losses, sustained by the planholder arising from or caused by

- errors, actions or omissions by third parties providing the investment underlying the plan;
- any time calculation standards, practices and procedures of these parties, or their delay of selling or refusal to allow selling on a specific date or at a specific price;
- any tax or levy of whatever nature imposed by any local, provincial, national or other authority;
- the acting by us on any instructions that were transferred by telephone, fax, electronic mail or the Internet, provided that we exercised reasonable care to establish the validity of the instruction.

Description of investment guarantee

We do not guarantee the performance of the chosen investment funds, apart from investment funds where we specifically provide the option of an investment guarantee. Income or the value of units may increase or decrease, and past performance is no guarantee of future performance. For example the value of assets in foreign currencies may increase or decrease materially due to changes in exchange rates.

Linked Investments, excluding Stratus Linked Investment: Flexible Plan

How does the investment guarantee work?

For an investment fund that offers an investment guarantee, the fund value is guaranteed not to be less than the guaranteed amount of that investment fund, as calculated for a specific plan. The guaranteed amount of an investment fund is equal to the payments less payment charges, if applicable, allocated to that investment fund, accumulated each year by the guaranteed rate for the investment fund.

The investment guarantee only applies on the investment guarantee date as indicated in the statement. If the fund value of an investment fund is then less than the guaranteed amount of that investment fund, we will add more units to that investment fund, to give the value required.

If the fund value is reduced because of an alteration, the guaranteed amount of an investment fund will be reduced accordingly. However, for withdrawals made to pay an intermediary for ongoing investment advice, if applicable, the guaranteed amount will not be reduced.

Will there be further investment guarantees beyond the investment guarantee date?

If the investment guarantee date is before the option date and we still offer this investment guarantee for new policies at that time, the investment guarantee will continue beyond the investment guarantee date. We will then determine the new investment guarantee date. Currently, if the option date is less than 15 years after the investment guarantee date, the new investment guarantee date will be equal to the option date. However, if the option date is 15 years or more after the investment guarantee date, the new investment guarantee date will be 10 years after the current investment guarantee date.

We indicate in the statement what the guarantee dates could be.

When will the investment guarantee be cancelled?

If ever the fund value of an investment fund for which an investment guarantee was chosen is switched or withdrawn, the guaranteed amount of that investment fund will be reduced to zero, and the investment guarantee of that investment fund will be cancelled. This cancellation will not take place if the recurring payment, less charges, continues to be allocated to that investment fund at that stage.

What happens if an investment fund is closed for further investments or is disbanded? Or, if the percentage of equities and foreign assets in an investment fund managed by an external asset manager exceeds 50%?

In order to retain the investment guarantee, we have the right to allocate all future payments directed to the investment fund that offers an investment guarantee to an alternative investment fund of our choice. In addition, the fund value of the investment fund that offers an investment guarantee will be moved to this alternative investment fund. The investment guarantee will then apply to this alternative investment fund.

Stratus Linked Investment: Flexible Plan

How does the investment guarantee work?

For an investment fund that offers an investment guarantee, the fund value is guaranteed not to be less than the guaranteed amount of that investment fund, as calculated for a specific plan. The guaranteed amount of an investment fund is equal to the payments less payment charges, if applicable, allocated to that investment fund, accumulated each year by the guaranteed rate for the investment fund.

The investment guarantee only applies on the investment guarantee date as indicated in the statement. If the fund value of an investment fund is then less than the guaranteed amount of that investment fund, we will add more units to that investment fund, to give the value required.

If the fund value is reduced because of an alteration, the guaranteed amount of an investment fund will be reduced accordingly. However, for withdrawals made to pay an intermediary for ongoing investment advice, if applicable, the guaranteed amount will not be reduced.

When will the investment guarantee be cancelled?

If ever the fund value of an investment fund for which an investment guarantee was chosen is switched or withdrawn, the guaranteed amount of that investment fund will be reduced to zero, and the investment guarantee of that investment fund will be cancelled. This cancellation will not take place if the recurring payment, less charges, continues to be allocated to that investment fund at that stage.

What happens if an investment fund is closed for further investments or is disbanded? Or, if the percentage of equities and foreign assets in an investment fund managed by an external asset manager exceeds 50%?

In order to retain the investment guarantee, we have the right to allocate all future payments directed to the investment fund that offers an investment guarantee to an alternative investment fund of our choice. In addition, the fund value of the investment fund that offers an investment guarantee will be moved to this alternative investment fund. The investment guarantee will then apply to this alternative investment fund.