



etfSA RETIREMENT ANNUITY FUND – TERMS AND CONDITIONS OF MEMBERSHIP

1. BACKGROUND

The etfSA Retirement Annuity Fund (“The Fund”) is registered by the Financial Services Board (Registration Certificate No 12/8/38021) and approved by the South African Revenue Services (Reference No 18/20/4/41147).

The Fund is administered by the Board of Trustees, of which the majority of Trustees are non-executive and are independent of etfSA.co.za and the Administrators. The Trustees are required in terms of the Pension Fund Act (1956) to exercise their fiduciary duties in the best interests of the Fund and its members and to manage the Fund according to the Fund rules and applicable legislation.

The Trustees have appointed D and D The Cycle (Pty) Ltd as the Administrators of the Fund (“The Administrators”). D and D The Cycle is a registered Pension Fund Administrator in terms of Section 13(b) of the Pension Funds Act 1956.

The Rules of the etfSA Retirement Annuity fund have been approved by the Financial Services Board and can be viewed in full on the etfSA website (www.etfsara.co.za). This document provides a summary of the Rules applicable to members of the Fund.

The Fund and the Administrator warrant that they hold professional indemnity and fidelity insurance cover, as required by legislation.

2. MEMBERSHIP OF THE etfSA RETIREMENT ANNUITY FUND

2.1. If not already a member and where appropriate, I hereby apply for membership of the Fund. I understand and agree that the Application Form, the Terms and Conditions of Membership and the Rules of the Fund (as amended from time to time) and any other related documents provided by me and accepted by the Fund, constitute all the documents that will regulate the relationship between the Fund and myself. I understand that in terms of the Fund rules:

2.1.1 I cannot apply for a loan or use my interest in the Fund as collateral security for a loan;

2.1.2 I understand that I will not have access to any benefits in the Fund before age 55, unless due to proven medical grounds of disability of ill-health, or if the once-off withdrawal benefits apply to me.

2.2. Membership of the Fund will commence when the Administrator has accepted the application form and a contribution has been received in the bank account of the Fund.

2.3. The Administrator will send the member a document summarising the membership number, account details, investment choice and the Terms and Conditions of Membership. You have 10 days from receipt of this document, to advise the Administrator that all personal and investment information is correct.

2.4. I understand that my membership of the etfSA Retirement Annuity Fund is subject to the Rules of the Fund. A full copy of the Rules, which have been approved and registered with the Financial Services Board, can be viewed at www.etfsara.co.za.

2.5. I understand the structure of the administration, the investment options and management fees applicable to my investments in the Fund as detailed in the application form.

2.6. A Board of Trustees manages the Fund. The Trustees are required in terms of the Pension Funds Act to exercise their fiduciary duties in the best interest of the Fund.

2.7. The application is subject to the requirements of the Financial Intelligence Centre Act of 2001, and any information provided is subject to this legislation.

2.8. All information in instructions and supporting documentation that the Fund and Administrator receives from you must be true and accurate.

2.9. If you require financial advice, it is your responsibility to appoint a financial adviser. It is also your responsibility to negotiate financial adviser fees with your financial adviser. You may appoint, change or remove your appointed financial adviser at any stage by writing to the Administrator. The Administrator will inform your financial adviser of the change. If you remove your appointed financial adviser, this will take effect after five business days.

3. MAKING CONTRIBUTIONS TO THE FUND

3.1. The following contributions can be made to the Fund:

- Initial lump sum (minimum contribution R5 000);
- Additional lump sum (minimum R1000 per lump sum);
- Regular contributions via debit order (minimum R300 per debit order);
- Transfers from other Retirement Funds.

Membership of the Fund is voluntary in the sense that you may become a Member or stop contributing to the Fund at any time. All monetary payments to and by the Fund are payable in South Africa, in South African Rand.

If contributions are deducted from your salary and paid by your employer on your behalf, your investment is still your responsibility. There is no obligation on the Fund or Administrator to ensure contributions are made by you, or on your behalf. You may change your contribution levels with your employer. You may also make additional contributions in your own capacity.

If you leave your employer, you may not access your benefit, except under certain withdrawal benefit conditions (Section 7). However, you may:

- Stop contributing without any penalties;
- Continue to contribute to your investment in the Fund in your own capacity, provided you meet the minimum requirement at the time.

3.2. Transfer your benefit from another Retirement Fund into the Fund. Benefits may be transferred from another registered Retirement, Pension or Provident fund to the Fund, subject to:

- Rules of the transferring Retirement Fund;
- Fund Rules and requirements of the etfSA RA Fund; and
- Requirements of the regulatory authorities and legislation.

In addition to all the requirements already listed, such a transfer is also subject to the requirements and agreement of the Administrator, the transferring Fund as well as the Trustees.

4. INVESTMENT OPTIONS

4.1. The etfSA Retirement Annuity Fund offers a range of portfolios, designed to meet certain investment criteria in terms of retirement age, risk profiles and investment objectives.

The details of the investment portfolios available to members are contained in the application form and through the fact sheets available on the etfSA RA Funds website.

There are no “default” options, and you will not become a member of the fund unless you choose one or more of the portfolio options. All portfolios have the same cost and fee structures.

4.2. The Trustees have carefully considered the investment requirements of its members and selected a choice of portfolios, solely using Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs) as the underlying investments. Such ETFs and ETNs are listed on the JSE (Stock Exchange) and have the benefit of transparency, liquidity and low cost, which translate to the benefit of the portfolios. The portfolio funds available to members are managed and created independently of the Trustees by a licensed asset manager.

4.3. The choice of the investment portfolio options is solely that of the members, who will not hold the Trustees liable for their choice. The member retains the risk and remains responsible for the selection between the various portfolios at all times. Advice can be taken from a financial advisor, where the members require such advice.

4.4. The Fund is authorised by the member to invest contributions into the portfolio/s chosen by the members from time to time. All income and accruals arising from the investment in the portfolio will be reinvested and will form part of the investments in the Fund.

4.5. Switches between the different portfolio options will be allowed. Such switches will be facilitated without cost. Members are required to complete the Switch transaction form and the Administrators will initiate switches within 24 hours of receipt of the valid instruction on the Fund’s Switch form. The Trustees retain the right to restrict the number of switches per member of a period of time.

- 4.6. The Fund does not provide any guarantees in respect to investment performance. The value of investments in ETFs and ETNs within the portfolios fluctuates relative to the market value of the underlying securities comprising the portfolios. The member carries the investment risk inherent in the investment option chosen.
- 4.7. All investments are held by the Fund in the listed ETF or ETN securities and registered in the name of the Fund in the JSE/STRATE custodian registers. The member has no right to the specific securities held for their benefit by the Fund.
- 4.8. The portfolio manager will publish a daily Net Asset Value (NAV) price of each of the portfolio options available to members and these prices will be available on the Fund's website.
- 4.9. The Administrator will send an annual statement to members of their fund contributions. Fund credits can be viewed online if arrangements are made with the Administrator.

5. FEES AND CHARGES

- 5.1. The Fund charges a composite annual management fee which comprises the following services:
 - A fixed fee paid to the Administrators for administering individual member accounts, processing application and other investor forms, collecting member contributions, reporting to members and administering any benefits due to members.
 - A fee to the etfSA Retirement Fund for managing the Fund and picking up all variable costs on behalf of members of the fund, including payment of benefits to members, complying with the rules and requirements of the Fund providing advisory services and for managing and paying for the functions provided by various service providers.

The total fee is charged monthly in arrears and levied on the market value of the member's investment account.

- 5.2. There is no charge for switching between the available investment options.
- 5.3. Statutory charges such as income tax, if applicable, will be recovered by the Fund from your investment.
- 5.4. Financial Advisor Commissions will be paid only where the member has agreed to such commissions in the application form. No initial or upfront commissions are payable.

An annual advice fee, of between 0% to 1,0% of the market value of the member's portfolio will be calculated daily and paid monthly in arrears to financial advisors, where applicable.

Where no financial advisor is approved by the member, such advice fees will not be applicable.

6. NOMINATION OF BENEFICIARIES

The Trustees of the Fund have a duty in terms of the Pension Funds Act to distribute the benefit arising upon your death to your dependants and nominees. The Act requires the Trustees to trace these dependants and beneficiaries and to distribute the benefit to them after consideration of their level of dependence on you at the time of your death. Therefore, a fully completed form which lists all your dependants will ensure that the Trustees are able to identify your dependants and beneficiary nominees without delay and to have knowledge of your personal wishes with regards to the allocation of the benefit. This will enable the Trustees to finalise the distribution and effect payment to beneficiaries promptly.

What happens if you don't complete the Form fully with the latest information?

The Trustees will then have to trace your dependants which could become a lengthy and costly exercise and possibly reduce the benefit payable to your dependants due to the costs involved in tracing and verifying your dependants. It is possible that this delay could leave your dependants destitute.

Who are your dependants?

Your spouse, children (including an adopted child and a child born out of wedlock) and any other person who was financially dependent on you at the date of your death or who would have become financially dependent on you. You may nominate such dependants as your beneficiaries. Your nomination does not guarantee that your beneficiaries will receive any death benefits from the Fund

The beneficiaries can be nominated in the application form, or members can write to the Trustees at any time to change their nomination of beneficiaries. The beneficiary nomination needs to be delivered to the Fund Trustees while the members is still alive and the Fund is not obliged to accept a beneficiary nomination if it is delivered to the Fund after your death.

Continued/...

If you are married in Community of Property, written consent is needed from your spouse to nominate a beneficiary other than your spouse. If you do not obtain your spouse's written consent, they may be entitled to claim a share from your joint estate if divided.

The Trustees are required by legislation to exercise their discretion in allocating any benefits to dependants and beneficiaries after the death of a member.

7. WITHDRAWAL OF BENEFITS

7.1. Withdrawal Before Retirement

You may make a withdrawal benefit from the Fund if you are no longer making contributions, only under the following circumstances:

- The member emigrates from South Africa with the approval and recognition of the South African Reserve Bank

7.2. The Administrative Process

If your withdrawal is approved, the Fund will:

- Switch the investment portfolio into cash.
- Apply for a tax directive from South African Revenue Services, if applicable.
- Implement the instructions of the tax directive
- Pay the remaining proceeds to you.

8. RETIREMENT BENEFITS

8.1. Retirement Age

You may retire from any date after you reach the age of 55. You will need to advise the Fund by completing a Retirement Notification form.

Early retirement (before the age of 55) can only be taken in the case of your permanent disability, due to injury or illness. The Trustees are required to approve your application for early retirement based on medical evidence obtained at your cost.

8.2. Retirement Benefit Options

The benefit is determined by the market value of the investment portfolios held by the member, less fees and charges, on the date of retirement.

Retirement benefit options are:

- **The etfSA Retirement Fund Trustees will provide an annuity to members on retirement.** Alternatively, the member can request the Administrator to transfer the benefits on retirement to another annuity provider.
- The full benefit may be used to purchase an Annuity in your name.
- A maximum of one-third of the benefit can be taken in cash. The cash portion may be reduced by any tax that is payable as determined by South African Revenue Services.
- The remaining two-thirds will be used to provide an Annuity in your name.
- The full benefit may only be taken as a cash sum if equal to or not more than R247 500 on the date of retirement. This amount can change as determined by legislation or the regulatory authorities from time to time.

8.3. The Administration Process

After receiving notification of your retirement, the Trustees will:

- Switch your portfolios into cash
- Apply for a tax directive with South African Revenue Services, if applicable.
- Implement the tax directive.
- Pay you and/or the provider of the Annuity.

9. HANDLING OF DEATH BENEFITS

9.1. Notification of Death

The Administrator must be advised of your death in writing. The notification should include:

- The name and identity number of the deceased.
- A certified copy of the death certificate.
- The etfSA Retirement Fund member account number.

9.2. Determination of Death Benefits

In the event of a member's death, the Trustees will apply Section 37(c) of the Pension Fund Act. This gives the Trustees full discretion concerning who would receive the death benefits.

The nominated Beneficiaries would not automatically receive the benefits, as the Act gives dependants preference. If you have dependants and you have nominated beneficiaries who are not dependents, the Trustees will use their discretion to decide who will receive the benefits.

If the member does not have any dependants, and has not nominated any beneficiaries, the death benefit will be paid to the member's estate.

9.3. Payment of Death Benefits

Once the Trustees have determined who receives the death benefit and the proportion to be paid, the beneficiaries can exercise the following options:

- Purchase a compulsory annuity.
- Receive a cash sum.
- Elect a combination of cash and an annuity.

9.4. The Administration Process

Following the Trustees' decision on the distribution of death benefits, the Fund will:

- Apply for a tax directive from South Africa Revenue Services, if any dependants or beneficiaries receive cash benefits.
- Follow the instructions of the tax directive.
- Pay the dependant/s and/or beneficiaries and/or the provider of the annuity.
- The Administrator and/or the Trustees can levy a fee, should the establishment of death benefits generate substantial costs.

10. CONDITIONS

10.1. By acceptance of these Terms and Conditions of Membership of the etfSA Retirement Annuity Fund, the member acknowledges to have read, understood and accepted these Terms and Conditions. The Terms and Conditions of Membership may be amended from time to time and the current Terms and Conditions of Membership will be always available on the www.etfsara.co.za website. The full Rules of the etfSA Retirement Annuity Fund, as approved by the Financial Services Board, are available on the website (www.etfsara.co.za).

10.2. Members contributions to the Fund are subject to the following processing times:

- Lump sum contributions, including additional lump sum payments, will typically be processed within 2 business days (excluding Saturdays, Sundays and Public Holidays), after the receipt of the completed application form and/or instruction forms and clearance of the investment amount paid into the bank account of the Fund.
- Debit orders will normally be processed within 2 business days of receipt. Any instructions on the Fund's debit order application/amendments to establish new debit orders, or to amend debit order instructions must be received within 10 days of the debit order processing date.
- Switch instructions will be processed within 2 business days of receipt of the Fund's Switch instruction form. Switches between one portfolio and another will be done simultaneously to reduce market risk.
- Members are advised that electronic internet transfers of contributions may take up to 2 business days to appear in the Fund's bank account. Cheque deposits may require up to 10 business days in South Africa and up to 15 days for transactions in the Common Monetary Area. Contributions will only be available for investment after the clearance period has elapsed and the contributions have been released in the Fund's bank account.

Members are required to include proof of payment with any application or instruction forms, i.e. deposit slip, electronic payment confirmation, etc.

- 10.3. Members who transfer their benefits from another Retirement Annuity Fund, acknowledge that the Fund will apply for the necessary approval of transfer from the Registrar of Pension Funds. Only after receiving the certificate of approval from the Registrar, may the money be transferred.
- The member hereby authorises and instructs the transferring fund to pay such lump sum amounts into the etfSA Retirement Annuity Fund bank account with immediate effect, once the certificate of approval has been obtained.
- 10.4. The member agrees that the Fund should pay amounts to their dependants and/or beneficiaries upon their death, in accordance with Section 37(c) of the Pension Fund Act No 24 of 1956.
- 10.5. The member consents to the Fund making enquiries of whatsoever nature for the purpose of verifying the information disclosed in the application form and consent to the Fund obtaining other information concerning the member from any source whatsoever to process the application and to fulfil the obligations of the Trustees, to the member.
- 10.6. The member authorises the Fund to accept instructions by facsimile or such other electronic means through the instruction forms and online services provided. The member waives any claim they may have against the Fund and indemnifies the Fund against any loss incurred as a result of the Fund receiving and/or advising upon such communication.
- 10.7. Provided that the Administrator and/or the Fund and/or any other their officers and employees exercise reasonable care and diligence in the management of the investments, the Administrator and/or the Fund and/or their officers and employees shall not be liable to the member or any third party for any loss sustained in terms of this agreement. Specifically, the Administrator and/or the Fund cannot be held responsible for any acts or errors of commission or omission by third parties, or the timing standards, practices and procedures of third parties.
- 10.8. The member warrants that all statements given in this application form, and in all documents which have been or will be signed by the member in connection with this application, whether in their handwriting or not, are true and correct and shall form the basis of the membership of the Fund. The member warrants that they are the beneficial owner of the investment amount or that they are duly and validly authorised to invest the investment amount with the Fund, and that all monies deposited into the Fund's bank account in respect of this investment were obtained from legitimate sources. The member further warrants that in the making and maintaining such investments, they have and will continue to comply with all relevant legislation, including, but not limited to the Financial Intelligence Centre Act and the Income Tax Act.
- 10.9. The member confirms to the Fund that they are acting on their own account and that this investment is their own independent decision. They understand that information, opinions and any communication from the Fund, whether written, oral or implied are expressed in good faith and that the benefits will be determined by reference to the value of the investment portfolio.
- 10.10. Where the member has appointed a Financial Advisor, it is understood that it is the responsibility of such Financial Advisor to act within the conditions of the relevant FSP license. Neither the Administrator nor the Fund can be held responsible or liable for loss or damage suffered by the member, resulting from the Financial Advisor acting outside the license conditions. The Financial Advisor is responsible for ensuring that the member receives and understands all appropriate advice, product and fee information, including changes in administrative processes by the Administrator. The member authorises the Fund to make reports and statements pertaining to their investments available to their Advisor, if duly appointed and advised by the member, at the request of the Financial Advisor.