



**PRODUCT RANGE**  
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ALLAN GRAY

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All information contained in this brochure is subject to legislation applicable at the time and is also subject to change. For more detailed information please refer to the terms and conditions of the relevant products. Please also visit our website [www.allangray.co.za](http://www.allangray.co.za) or call our Client Service Centre on 0860 000 654.

Allan Gray is not authorised to and does not provide financial advice. However, we believe in the merits of independent investment advice. If investors are not comfortable making their own investment decisions, or do not have the time, we suggest they engage the services of an independent financial adviser (IFA).

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# About Allan Gray

## What we do

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Allan Gray is a South African investment company that is privately owned. It was established in 1974. We focus on generating long-term wealth for our investors.

We have an integrated approach to investment. We have a team of professionals performing investment management and research, trading, compliance, portfolio accounting, client service and investor administration within the same group.

## How we measure our success

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The successful accomplishment of long-term wealth creation for our investors has led to us becoming South Africa's largest independent investment company. Our future success is dependent on our continuing ability to help you achieve your investment objectives.

## Where we are based

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We are Cape Town-based, but have a presence throughout South Africa. We also have offices in Windhoek, Namibia and Gaborone, Botswana.

## Access to a consistent global approach

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We have an international partnership with the Bermuda-based Orbis Group. We share the same founder, investment approach, commitment to long-term wealth creation and ethos. The relationship we have with Orbis extends to a sharing of global investment ideas, advice on and management of certain portfolios.

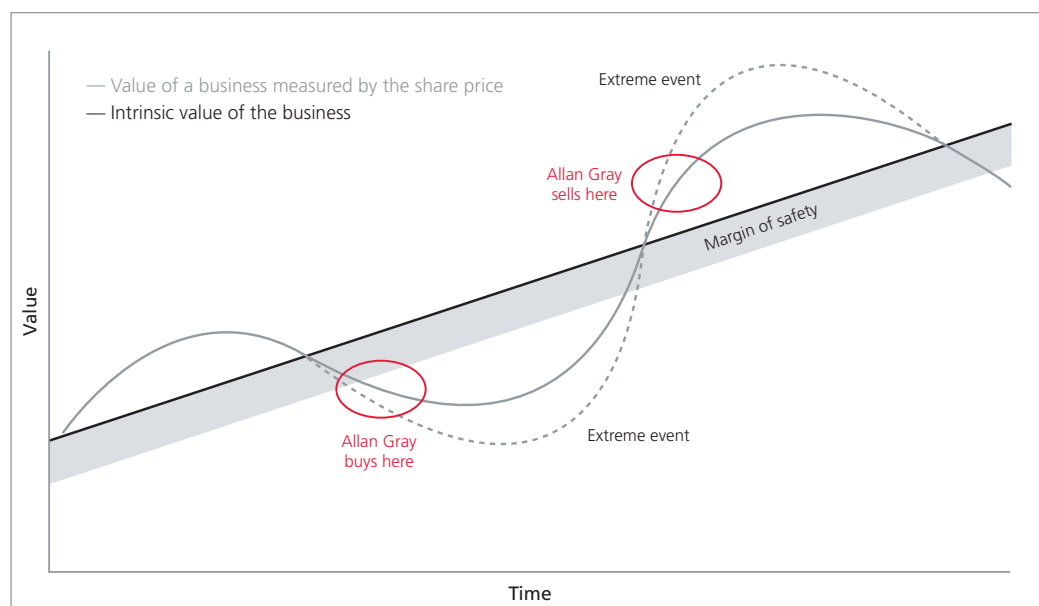
# The Allan Gray approach to investment

## The Allan Gray investment philosophy

At the core of our investment philosophy, we simply use our analysis of the fundamentals of a business to determine its intrinsic or underlying value or worth. We then compare this with the price the market places on this (the share price). If we can buy the shares of the business for a lower price than we believe they are worth, we will do so.

### The Allan Gray investment approach is:

- Rigorous, disciplined and focused
- A long-term approach, with investment horizons of at least four years
- Based on exhaustive proprietary, fundamental research
- Contrarian in that Allan Gray frequently goes against popular belief and ignores market sentiment and peer pressure
- Value-based because understanding companies and investing in them when they represent fundamental value is far more rewarding than trying to predict economic, political or share market trends



## The theory of share price and fundamental / intrinsic value

In the above graph, the black line represents the intrinsic or underlying value of the business. Over time, this value should increase as earnings, dividends and net assets grow. The grey line represents the price of shares in the business, which is driven up and down by, at times, overly optimistic or overly pessimistic investors. By investing as close to the point where the price is discounting the greatest pessimism, not only is the potential return maximised, but the margin of safety is greatest as the extent to which the price can fall further is minimised.

The dotted grey line represents an extreme event in which despite being well below fair value and an asset offering a margin of safety, extreme pessimism drives the share price even lower.

At the other end of the spectrum, extreme optimism may drive the prices of already expensive assets even higher. It is during times of extreme events that Allan Gray typically underperforms. Investors require patience and confidence to withstand this underperformance and reap the rewards as prices revert to intrinsic value.

# Allan Gray product principles and benefits

## Excellent investment track record

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Since its establishment in 1974, Allan Gray has consistently achieved superior returns at lower-than-average risk of loss. Our performance track record has been achieved by consistently applying a simple, clearly defined investment philosophy based on sound business principles. We pride ourselves on the quality of our in-house fundamental research, which is acknowledged to be the most rigorous in the industry.

## Value for money

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Our core source of income is an investment management fee charged on assets under management. We aim to provide our investors with superior performance after deducting our investment management fee.

## Transparency

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All fees are fully disclosed and we will keep investors regularly informed on all aspects of their investments.

## Simplicity

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We provide access to a limited, uncomplicated range of products and underlying unit trusts. Simplicity extends to our product names: we call them what they are.

## Flexibility

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Investors may switch between the underlying unit trusts at any time.

## Trust

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Investors' trust in us is paramount. We aim to earn and retain their trust through unquestionable business ethics and honest communication.

## Prompt service

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We take great pride in providing an efficient, personalised service, which we continually strive to improve.

# Products available from Allan Gray

When investors invest with Allan Gray there are two decisions to make:

## 1. Which product(s) may be appropriate to their circumstances

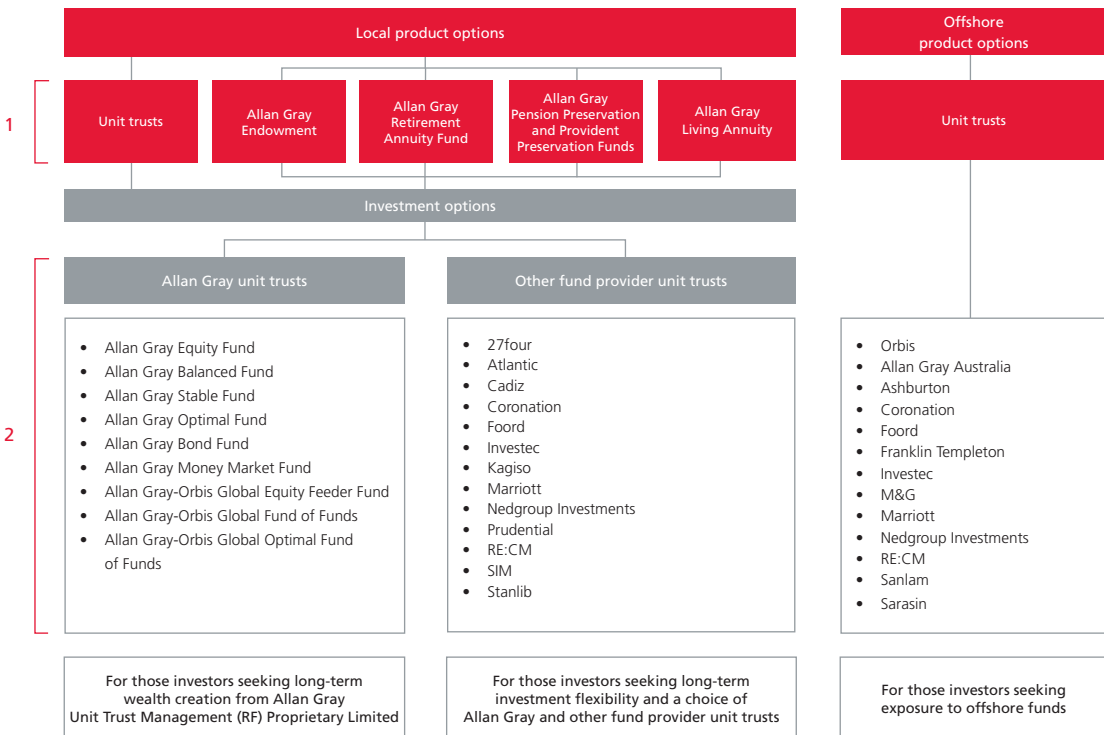
Investors should assess their personal risk profile and investment goals in the context of their other investments. When deciding which product may be most suitable, investors should consider factors such as when they would like to access their investment, tax implications and estate planning advantages. Investors who are not comfortable making their own investment decisions, or do not have the time, may wish to consider using an independent financial adviser (IFA).

## 2. Which underlying unit trust(s) their money should be invested into

Investors may choose to invest in a range of Allan Gray Unit Trusts and unit trusts from other fund providers available on the Allan Gray Investment Platform, or a range of offshore unit trusts.

### The diagram below illustrates the product and investment options

This brochure provides information about the Allan Gray product range (displayed in the red blocks below). For more information about Allan Gray unit trusts please see the Characteristics and Objectives table on our website. Please also refer to our Unit Trust brochure. For more information on other fund provider unit trusts, please refer to our Investment Platform fund lists and individual fund fact sheets, available on our website.



# Allan Gray Unit Trusts

## What is an Allan Gray Unit Trust?

An Allan Gray Unit Trust is a savings vehicle for investors who want to grow their money and may want to access it before they retire. Unit trusts allow investors to pool their money with other investors who have similar investment objectives. With Allan Gray Unit Trusts investors gain access to professional asset management experience, a robust, well considered and consistent investment philosophy, and a rigorous research framework that is used to manage money on a daily basis. A collective investment scheme (also commonly referred to as a 'fund' or 'unit trust') is a form of collective investment constituted under a trust deed. Investors hold a participatory interest in a portfolio of a collective investment scheme also referred to as 'units'.

## Who can invest in an Allan Gray Unit Trust?

Investors who are looking for:

- **Convenience:** Allan Gray Unit Trusts provide investors with a convenient way to invest in financial markets.
- **Diversity:** Through the range of Allan Gray Unit Trusts an investor can invest in markets all over the world.
- **Flexibility:** Investors can make a lump sum investment, ad hoc additional investments and withdrawals.
- **Liquidity:** Investors can cash in a portion of their investment or all of it at any time.

## How can an investor invest in Allan Gray Unit Trusts?

There are two ways an investor can invest in Allan Gray Unit Trusts: directly through Allan Gray Unit Trust Management (RF) Proprietary Limited or through Allan Gray's Investment Platform.

How an investor can buy Allan Gray Unit Trusts	
Allan Gray Unit Trust Management (RF) Proprietary Limited	Allan Gray Investment Platform
Offers Allan Gray Unit Trusts (see Characteristics and Objectives available on our website)	Allan Gray's Investment Platform allows investors to access multiple fund managers through one administrative platform (see Allan Gray's Investment Platform Fund List, available on our website)
Allan Gray has nine unit trusts	Allan Gray's aim is to support a focused range of unit trusts, including the Allan Gray suite of unit trusts

## What are Allan Gray's fees?

Allan Gray Unit Trusts have transparent fees and no penalties for withdrawal. Fees are made up of once-off initial fees and annual fees.

You may choose to have your annual administration and annual financial adviser fees deducted from your Allan Gray Money Market Fund. This will be known as your preferred fee unit trust.

### Initial fees

- Unlike many other unit trust management companies, Allan Gray charges no initial administration fee for its products or underlying unit trusts.

### Annual fees

- Annual fees cover any costs related to running the unit trust: bank charges, taxes, brokerage as well as fees paid to the unit trust's trustees and auditors.
- Allan Gray's annual fees are based on the performance of the investment.
- No annual administration fee is charged if the underlying unit trusts are managed by Allan Gray. If Allan Gray receives a fee discount from a fund manager, this is disclosed and passed on to investors. Annual investment management fees vary depending on the unit trust selected.

## Independent financial adviser fees

Investors who choose to engage the services of an independent financial adviser (IFA) should negotiate the adviser fees with their IFA. See the fee section in the table on page 12 for more detail. These fees are subject to limits set by Allan Gray.

## How can an investor make contributions and what are the minimum investments?

Investors may make the following contributions to the investment account (the account through which the unit trusts are administered):

- Initial lump sum
- Additional lump sum
- Recurring monthly contributions via debit order on the 1<sup>st</sup> or 15<sup>th</sup> of each month
  - Allan Gray needs to receive debit order instruction by 14:00 three business days before the selected date. Any instructions received after the cut-off date will be processed the following month.

Minimum investment limits for Allan Gray Unit Trust Management (RF) Proprietary Limited and Allan Gray Investment Platform	
Lump sum	<ul style="list-style-type: none"> <li>• R20 000 initial lump sum per account</li> <li>• R500 additional lump sum</li> </ul>
Debit order	<ul style="list-style-type: none"> <li>• R500 per month</li> <li>• Escalation rate of 0%, 2.5%, 5%, 10%, 15% or 20% per year</li> </ul>

## How can an investor make withdrawals?

- Investors may withdraw some or all of their investment by selling units.
- Investors may also schedule regular withdrawals for income purposes on a monthly, quarterly, half-yearly or yearly basis.
- Investors may only schedule regular withdrawals if they have more than R20 000 in their account. There is no minimum regular withdrawal amount.
- Units purchased via direct debit or debit order cannot be sold within 32 business days of each investment date.
- Units purchased with a cheque deposit cannot be repurchased within 14 business days of the investment date.
- Regular withdrawals are paid on the 27<sup>th</sup> of the month or the first business day thereafter.
- Allan Gray needs to receive all regular withdrawal instructions by 14:00 six business days before the monthly payment date.

If the market value of the investment account decreases below the required minimum balance after the withdrawal(s), Allan Gray may ask the investor to withdraw the remaining balance.

Allan Gray Unit Trust Management (RF) Proprietary Limited: timeline for buying and selling units in a unit trust			
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the Manager	Shows on investor statement
Before 14:00 (day 1)	Day 1	The price at the close of day 1	Day 2
After 14:00 (day 1)	Day 2	The price at the close of day 2	Day 3

Unit prices are calculated daily at 16:00 by taking the total value of all assets of the unit trusts, including any income accrual less permissible deductions, and dividing that by the number of units in the unit trust.

Allan Gray Investment Platform: timeline for buying and selling units in a unit trust			
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the fund manager	Shows on investor statement*
Before 14:00 (day 1)	Day 1	The price at the close of day 2	Day 3
After 14:00 (day 1)	Day 2	The price at the close of day 3	Day 4

\*For certain unit trusts there will be an additional business day for the units to show on the investor's statement.

## Switching

- An investor may switch between unit trusts made available by Allan Gray Unit Trust Management (RF) Proprietary Limited.
- If an investor wants to switch from an Allan Gray unit trust which he/she owns through Allan Gray Unit Trust Management (RF) Proprietary Limited, to a fund from another manager, he/she will first have to transfer to the Allan Gray Investment Platform.

Allan Gray Unit Trust Management (RF) Proprietary Limited: switching unit trusts			
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the Manager	Shows on investor statement
Before 14:00 (day 1)	Day 1	The price at the close of day 1	Day 2
After 14:00 (day 1)	Day 2	The price at the close of day 2	Day 3

Allan Gray Investment Platform: switching unit trusts Switching unit trusts managed by the same fund manager				
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the fund manager	Fund manager buys units	Shows on investor statement*
Before 14:00 (day 1)	Day 1	The price at the close of day 2	Day 2	Day 3
After 14:00 (day 1)	Day 2	The price at the close of day 3	Day 3	Day 4

Allan Gray Investment Platform: switching unit trusts Switching unit trusts managed by different fund managers						
Business cut-off to receive an instruction is 14:00	Process the instruction	Unit price received from the fund manager	Allan Gray receives money from the fund manager	Allan Gray pays the money to the new fund manager	Fund manager buys units	Shows on investor statement*
Before 14:00 (day 1)	Day 1	The price at the close of day 2	Day 4	Day 4	Day 4	Day 5
After 14:00 (day 1)	Day 2	The price at the close of day 3	Day 5	Day 5	Day 5	Day 6

\*For certain unit trusts there will be an additional business day for the units to show on the investor's statement.

# Allan Gray Retirement Annuity Fund

## What is the Allan Gray Retirement Annuity Fund?

The Allan Gray Retirement Annuity Fund is a savings vehicle for investors looking for a flexible, tax-efficient way to save for retirement. Investors can only access their money when they retire.

## Who can invest in an Allan Gray Retirement Annuity Fund?

Investors who wish to save for retirement may wish to consider the Allan Gray Retirement Annuity Fund. These can be investors:

- Who are self employed and who are not members of a pension fund or provident fund
- Whose employers are not making any contributions to a pension fund or provident fund on their behalf
- Who receive variable income which is not taken into account when their contributions to a pension or provident fund are calculated
- Who wish to supplement their existing retirement savings
- Who wish to save for retirement in a tax-efficient way

## What is retirement age?

A member cannot retire from the Fund before the age of 55 years unless he/she is permanently disabled. The member must submit a retirement notification form when he/she wants to retire from the Fund.

## How can a member make contributions and what are the minimum investments?

A member may make the following contributions to the Fund:

- Initial lump sum
- Additional lump sum
- Recurring monthly contributions via debit order
- Transfers from other retirement funds

He/she may also stop contributing to the Fund at any time.

Ways a member can contribute money and minimum investments	
Lump sum	<ul style="list-style-type: none"><li>• R20 000 initial lump sum per account</li><li>• R500 additional investment</li><li>• If the investor is transferring into an existing account, the minimum initial lump sum of R20 000 will have to be met.</li></ul>
Debit order	<ul style="list-style-type: none"><li>• R500 per month</li><li>• Escalation rate of 0%, 2.5%, 5%, 10%, 15% or 20% per year</li><li>• Debit orders are not allowed for any rand-denominated offshore funds. These are funds with an Association of Savings &amp; Investment SA (ASISA) fund classification of 'Foreign' or 'Worldwide'.</li></ul>

## When is the benefit available?

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<b>Retirement (after age 55)</b>	A maximum of one-third of the member's benefit in the Allan Gray Retirement Annuity Fund can be taken as cash. The remainder of the benefit must be used to purchase a compulsory pension-providing vehicle such as the Allan Gray Living Annuity. If the benefit is equal to or less than R75 000 across all Allan Gray Retirement Annuity Fund investment accounts, the full amount can be taken as cash. This is subject to tax.
<b>Withdrawal (before age 55)</b>	A member whose benefit in the Allan Gray Retirement Annuity Fund is R7 000 or less and is not making any recurring debit order contributions towards the fund may take the benefit in cash.
<b>Death prior to retirement</b>	When a member of the Allan Gray Retirement Annuity Fund dies, the dependants/nominees can choose to receive the death benefit as an annuity and/or a lump sum payment. The death benefit can be paid to the deceased member's estate as a lump sum if no dependants are found and no beneficiaries have been nominated.
<b>Permanent disability prior to retirement (this must be approved by the trustees)</b>	A maximum of one-third of the member's benefit in the Allan Gray Retirement Annuity Fund can be taken as cash. The remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity. If the benefit is equal to or less than R75 000 across all Allan Gray Retirement Annuity Fund investment accounts, the full amount can be taken as cash. This is subject to tax.
<b>Emigration</b>	Members who emigrate can withdraw their full benefit. They do not have to wait until their retirement date to access their benefit in the Allan Gray Retirement Annuity Fund. This is subject to tax, according to the 'withdrawal benefit' table on page 11.

## What is the tax treatment of the Allan Gray Retirement Annuity Fund contributions and benefits?

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### What portion of a member's total contributions is tax deductible?

A member is allowed the greater of the following three tax deductions:

- R1 750
- R3 500 less any contributions made to a pension fund
- 15% of his/her non-retirement funding income less allowable deductions

### What are the other tax implications?

- At retirement no tax is payable on the two-thirds portion of the Allan Gray Retirement Annuity Fund or the full amount that is transferred to a pension-providing vehicle such as the Allan Gray Living Annuity.
- The cash portion at retirement is taxed according to the table on page 12.
- The withdrawal benefit (for a member emigrating) is taxed according to the 'withdrawal benefit' table on page 11.

## Transfer of a member's benefit to or from another retirement annuity fund

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- Members may transfer their benefits in another retirement annuity fund to the Allan Gray Retirement Annuity Fund.
- Members may also transfer their benefits in the Allan Gray Retirement Annuity Fund to another retirement annuity fund.

These transfers are subject to the requirements of the transferring and transferer retirement annuity funds and legislation at the time.

## Can the Allan Gray Retirement Annuity Fund be used to secure a loan?

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Members of the Allan Gray Retirement Annuity Fund cannot cede their benefits.

# Allan Gray Pension Preservation and Provident Preservation Funds

## What are the Allan Gray Pension Preservation and Provident Preservation Funds?

The Allan Gray Pension Preservation and Provident Preservation Funds are savings vehicles for investors looking for a tax-efficient way to preserve existing retirement benefits when they leave a pension or provident fund at resignation from employment or when transferring from another preservation fund.

## Who can invest in an Allan Gray Pension Preservation or Provident Preservation Fund?

A member who has built up existing benefits from retirement savings as a member of a pension or provident fund and is planning a change in his/her employment may wish to consider using an Allan Gray Pension Preservation or Provident Preservation Fund. The change in employment can be a result of retrenchment, resignation, any other cause of termination of employment, leaving the fund without leaving employment (e.g. a merger), or the existing fund closing. A non-member spouse may transfer the pension interest allocated to him/her in terms of a divorce order against his/her former spouse's employer fund to a preservation fund.

## What is retirement age?

A member cannot retire from the Fund before the age of 55 years unless he/she is permanently disabled. The member must submit a retirement notification form when he/she wants to retire from the Fund.

## What are the minimum investments?

- R50 000 lump sum
- No additional contributions allowed
- No debit orders allowed

## When is the benefit available?

<b>Retirement (after age 55)</b>	The Allan Gray Pension Preservation Fund: A maximum of one-third of the member's benefit in the Allan Gray Pension Preservation Fund can be taken as cash. The remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity. If the gross benefit is equal to or below R75 000 across all the Allan Gray Pension Preservation Fund investment accounts, the entire benefit can be taken in cash.	The Allan Gray Provident Preservation Fund: The member's total benefit in the Allan Gray Provident Preservation Fund can be taken as cash. If only part is taken in cash, the remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity.
<b>Withdrawal (before age 55)</b>	The Allan Gray Pension Preservation and Provident Preservation Funds allow for a once-off withdrawal. This can be a partial or full withdrawal of the member's benefit in the Fund prior to retirement, provided there are no restrictions in place from the transferring fund and subject to the requirements of legislation and the regulatory authorities.	
<b>Death prior to retirement</b>	When a member of an Allan Gray Pension Preservation or Provident Preservation Fund dies, the dependants/nominees can choose to receive the death benefit as an annuity and/or a lump sum payment. If no dependants are found and no beneficiaries were nominated the death benefit will be paid to the deceased member's estate as a lump sum.	
<b>Permanent disability prior to retirement (this must be approved by the trustees)</b>	The Allan Gray Pension Preservation Fund: A maximum of one-third of the member's benefit in the Allan Gray Pension Preservation Fund can be taken as cash. The remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity. If the gross benefit is equal to or below R75 000 across all the Allan Gray Pension Preservation Fund investment accounts, the entire value can be taken in cash.	The Allan Gray Provident Preservation Fund: The member's total benefit in the Allan Gray Provident Preservation Fund can be taken as cash. If only part is taken in cash, the remainder of the benefit must be used to purchase a pension-providing vehicle such as the Allan Gray Living Annuity.

## What is the tax treatment of the Allan Gray Pension Preservation and Provident Preservation Funds and benefits?

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### Tax on withdrawal benefit before retirement

All withdrawal benefits received before retirement are taxed according to the table below:

Withdrawal benefit	
Taxable income from lump sum benefits	Rate of tax
R0 - R22 500	0%
R22 501 - R600 000	R0 plus 18% of tax income exceeding R22 500
R600 001 - R900 000	R103 950 plus 27% of taxable income exceeding R600 000
R900 001 and above	R184 950 plus 36% of taxable income exceeding R900 000

As shown in the table above, the member is allowed a once-in-a-lifetime tax free withdrawal benefit.

### What are the other tax implications?

The cash portion of the benefit at retirement is taxed according to the table on page 12.

## Transfers to or from another preservation fund

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A member of an employer retirement fund or preservation fund can transfer from that fund to an Allan Gray Pension or Provident Preservation Fund. Transfers are source specific and are subject to the requirements of legislation and the regulatory authorities.

## Can the Allan Gray Preservation Funds be used to secure a loan?

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Members of the Allan Gray Preservation Funds cannot cede their benefits.

# Underlying investment options, fees and tax

## What are the underlying investment options?

Investors may choose any of the unit trusts offered on the Allan Gray Investment Platform Fund List, subject to fund rules and offshore capacity. These include:

- Allan Gray Unit Trusts: both local and rand-denominated offshore funds subject to availability (see Characteristics and Objectives table, available on our website).
- Unit trusts from other fund providers available on Allan Gray's Investment Platform: both local and offshore (see our Investment Platform Fund Lists, available on our website).

## What are the fees?

	Initial (excluding VAT)	Annual (excluding VAT)
Platform fee	No initial platform fee	The Allan Gray Investment Platform fee is a maximum of 0.50% less any rebate received from a fund provider. If Allan Gray receives a rebate from a fund provider, this is disclosed and passed on to investors.
Fund fee	Currently 0% to 0.25% depending on unit trusts selected	Varies according to the underlying unit trust(s) selected
Financial adviser fee	Maximum 3.00% per contribution. If an annual fee in excess of 0.5% is selected, the initial fee is limited to 1.5%	Maximum 1.00% per year of the investment unit trust. If an initial fee in excess of 1.50% is selected, the annual fee is limited to 0.50% per year.

You may choose to have your annual administration and annual financial adviser fees deducted from your Allan Gray Money Market Fund. This will be known as your preferred fee unit trust.

## What are the tax savings at retirement?

Retirement benefit	
Taxable income from lump sum benefits	Rate of tax
R0 – R315 000	0%
R315 001 – R630 000	R0 plus 18% of taxable income exceeding R315 000
R630 001 – R945 000	R56 700 plus 27% of taxable income exceeding R630 000
R945 001 and above	R141 750 plus 36% of taxable income exceeding R945 000

This table is based on your cumulative cash amount from all retirement annuities and preservation funds.

In addition, a retired member may receive the following portion of his/her retirement lump sum tax-free:

- Contributions to the Fund that were not tax deductible when contributed
- Contributions made to a public sector fund (e.g. The Government Employees Pension Fund) on or before 1 March 1998.

# Allan Gray Endowment

## What is an Allan Gray Endowment?

The Allan Gray Endowment is a savings policy for investors who want to grow their money and benefit from an estate planning tool.

## Who can invest in an Allan Gray Endowment?

The Allan Gray Endowment may be suitable for investors who:

- Have a high marginal tax rate
- Have medium- to long-term investment objectives
- Are comfortable with a five-year minimum investment term
- Want to be able to nominate a beneficiary to take ownership of the investment so that it is not tied up in their estate and save on executor fees

## Who is involved?

The Allan Gray Endowment is issued by Allan Gray Life Limited within the framework of the Long-term Insurance Act. It is administered by Allan Gray Investment Services Proprietary Limited.

Who is involved?	Term	Definition
Owner	Policyholder	The person(s) who legally owns the policy. Ownership of the policy may be transferred to another person or legal entity at any time.
	Beneficiary for ownership	The person the policyholder nominates to become an owner of the policy after his/her death. There may be only one beneficiary for ownership per policyholder.
Lives assured	Life assured/last life assured	The life assured is the person on whose life payment of the benefit depends. There may be more than one life assured. The last life assured under the policy outlives the other lives assured (if any). The policy will only end when this person dies.
Recipient of investment proceeds	Policyholder	The policyholder can make withdrawals from the policy when the investment term ends. One full or partial withdrawal is allowed during a restriction period.
	Beneficiary for proceeds	If the policyholder is a natural person and dies and the last life assured dies, the beneficiary for proceeds is the person who will receive the proceeds of the policy.

## How can a policyholder make contributions and what are the minimum investments?

The policyholder may make the following contributions to the policy:

- Initial lump sum
- Additional lump sum
- Recurring monthly contributions via debit order

Contributions to the Allan Gray Endowment	
Lump sum	<ul style="list-style-type: none"><li>• R20 000 initial lump sum per account</li><li>• R500 additional investment</li></ul>
Debit order	<ul style="list-style-type: none"><li>• R500 per month</li><li>• Escalation rate of 0%, 2.5%, 5%, 10%, 15% or 20% per year</li></ul>

### **An endowment policy is legally required to have a minimum five-year term (restriction period)**

A restriction period is a period in which there are restrictions on the withdrawals a policyholder may make from the policy. This applies to:

- The first five years of the policy, starting from the day that the investment is processed, or
- Five years from the first day of any month during which the 120% rule takes effect

The 120% rule takes effect when your contributions in any policy year are greater than 120% of the higher of any of the previous two policy years' total contributions. Allan Gray Life Limited will accept these contributions into the same policy and extend the restriction period (if the investor is already in a restriction period) or start a new five-year restriction period on the entire policy.

### **How can a policyholder make withdrawals?**

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A policyholder may make a withdrawal from the policy and these will be processed through the investment account by selling units. Capital gains tax (CGT) may be withheld in terms of the ruling legislation at the time of the withdrawal.

#### **During any restriction period, the policyholder may make one withdrawal**

The maximum amount the policyholder may withdraw is the lesser of:

- His/her contributions, including any market value in the policy the day before the restriction period started, plus 5% compound interest, or
- The market value of the investment account

#### **If the policy is not in a restriction period**

- The policyholder may withdraw part or all of the value of the policy, which is the market value in the investment account less fees and charges, and/or
- The policyholder may schedule regular withdrawals from the policy.

#### **Withdrawal values during the restriction period**

- Where the market value is greater than the withdrawal value, and the difference between the two is less than R2 500, the full market value may be paid out.

### **Can the policyholder cancel the policy?**

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The policyholder has the right to cancel the policy by writing to Allan Gray Investment Services Proprietary Limited at its head office within 30 calendar days of receipt of the policy document by the policyholder or financial adviser. However, if the policyholder was paid any benefits, or changed his/her selected unit trusts within this cool-off period, the right to cancel expires.

## What is the tax treatment of the Allan Gray Endowment?

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In terms of income tax legislation, Allan Gray Life Limited is required to pay income tax and capital gains tax (CGT) at a rate which depends on how the investor is classified. For this purpose, the investor is classified as a natural person, company, or an untaxed policyholder. Trusts are taxed according to the classification of the beneficiary. If there is more than one beneficiary then the classification associated with the highest tax rate will apply.

Income tax is incurred and recovered from the policy when income distributions made within a unit trust are received.

Allan Gray Life Limited pays tax on any capital gains that may arise. This means that on the sale of units to pay a benefit from the policy, the benefit may be reduced by a provision for CGT. Any sale of units to pay fees or charges, or a sale of units to effect a switch from one unit trust to another, may create a CGT liability which will be recovered from the policy benefit when it is paid out.

Who can invest and what tax rates apply?		
Policyholder	Tax on income (interest, net rental income and foreign dividends)	Net capital gains tax inclusion rate
Natural person	30%	25%
Company / Closed Corporation	28%	50%
Non tax-paying organisation	0%	0%
Trusts*	Look through principle	Look through principle

\*If the policyholder is a trust, the income tax deducted is determined by the legal status of the trust's highest tax paying beneficiary.

## What happens if the policyholder becomes insolvent?

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If the policyholder becomes insolvent, subject to certain conditions, up to R50 000 of the aggregate value of all life and endowment policies may be protected from creditors.

## Can the policy be used as security?

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- The policy may be ceded as security.
- Allan Gray Life Limited does not grant loans on security of the policy, however the policy may be offered as security for a loan from another person or institution.

# Allan Gray Living Annuity

## What is the Allan Gray Living Annuity?

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The Allan Gray Living Annuity gives investors flexibility – within certain regulatory limits – to select an annuity best suited to their income needs after retirement. A living annuity provides investors with a regular income which is not guaranteed, and which is funded by growth on capital and income from interest and dividends.

## Who can invest in Allan Gray Living Annuity?

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- An investor can purchase an Allan Gray Living Annuity at retirement with the pension benefits originating from his/her pension, provident, preservation or retirement annuity fund, subject to the rules of the originating fund.
- Dependants or nominees who receive a death benefit can purchase an Allan Gray Living Annuity with the funds allocated to them when a retirement fund member dies, subject to the rules of the originating fund.

## What are the minimum investments?

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R100 000 lump sum.

## How can an annuitant receive an income?

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Units are sold to pay the annuitant an income. The annuitant must select his/her own income level and frequency at the start of the policy and may only change it at every subsequent anniversary date.

Current regulations (as of March 2007) require the annuitant to select an income level between 2.5% and 17.5% per year. Annuitants, prior to the change in regulations, have the option of keeping the 5% and 20% limits. The income is expressed either as a rand amount or as a percentage of the value of the investment account. The frequency of the payment may be monthly, quarterly, half-yearly or yearly, as requested by the annuitant.

If the total market value of the investment account is less than the minimum amount prescribed by legislation, the policyholder may fully withdraw the amount under the policy. Allan Gray Life Limited may request that the policyholder fully withdraw the amount.

## What are the tax implications?

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- The regular income payments are deemed to be the annuitant's sole source of income and are taxed according to South Africa's income tax tables.
- If the value of the investment account is less than the minimum allowed amount, and is commuted for cash, tax may be deducted in line with South African Revenue Service (SARS) rules.

## What are the options available to beneficiaries at death of the annuitant?

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- The beneficiary can choose to receive the death benefit as an annuity or lump sum payment.
- If the beneficiary is a trust, the death benefit must be taken as a cash lump sum.
- If no beneficiary has been nominated, the death benefit can be paid as a lump sum into the deceased's estate.

## Transfers to or from another living annuity

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The annuitant may request that the value of his/her living annuity be transferred to or from another long-term insurer. Such a transfer is subject to the requirements of the regulatory authorities and the insurer that the annuitant is transferring to or from.

## Can the Allan Gray Living Annuity be used to secure a loan?

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An annuitant cannot cede his/her benefit.

# Underlying investment options and fees

## What are the underlying investment options?

Investors may choose any of the unit trusts offered on the Allan Gray Investment Platform Fund List, subject to fund rules and offshore capacity. These include:

- Allan Gray Unit Trusts: both local and rand-denominated offshore funds (see Characteristics and Objectives table, available on our website).
- Unit trusts from other fund providers available on Allan Gray's Investment Platform: both local and offshore (see our Investment Platform Fund Lists, available on our website).

## What are the fees?

	Initial (excluding VAT)	Annual (excluding VAT)
Platform fee	No initial platform fee	The Allan Gray Investment Platform fee is a maximum of 0.50% less any rebate received from a fund provider. If Allan Gray receives a rebate from a fund provider, this is disclosed and passed on to investors.
Fund fee	Currently 0% to 0.25% depending on unit trusts selected	Varies according to the underlying unit trust(s) selected

Financial adviser fees		
	Initial (excluding VAT)	Annual (excluding VAT)
Allan Gray Endowment Policy	Maximum 3.00% per contribution. If an annual fee in excess of 0.5% is selected, the initial fee is limited to 1.5%	Maximum 1.00% per year of the investment. If an initial fee in excess of 1.50% is selected, the annual fee is limited to 0.50% per year.
Allan Gray Living Annuity	Maximum 1.50% per year deducted prior to the investment being made	Maximum 1.00% per year of the investment unit trust

You may choose to have your annual administration and annual financial adviser fees deducted from your Allan Gray Money Market Fund. This will be known as your preferred fee unit trust.

# Investing offshore through Allan Gray

## Who can invest in an Allan Gray Offshore product?

Investors who wish to diversify their portfolios by investing offshore in unit trusts denominated in foreign currencies (EUR, GBP, US\$, JPY and AUD) may do so through the Allan Gray Investment Platform. This investment will form part of the investor's foreign investment allowance if they convert their South African (SA) rands to invest.

### Who may not invest in this product:

- Anyone under 18 years of age
- Non-African residents
- A 'US resident or citizen' (please contact the Administrator's Client Service Centre for more detail about this definition)
- A Canadian resident
- Any person from Australia or New Zealand (unless the person meets the applicable country restrictions)
- A South African testamentary trust and/or South African intervivos trust unless the South African Reserve Bank has given the trust permission to invest offshore
- Foreign companies or foreign trusts where less than 80% of the beneficiaries of the company or trust are African residents
- South African companies unless the South African Reserve Bank has given the company permission to invest offshore
- Collective Investment Schemes and Linked Investment Service Providers

Before investment, it is your responsibility to obtain a tax clearance certificate from the South African Revenue Services (SARS). You also need to convert your rands to one, or a combination, of Allan Gray's accepted foreign currencies i.e. EUR, GBP, US\$, JPY or AUD. You can do this yourself or you can use a foreign exchange administrator.

For your convenience, Allan Gray has negotiated with Global Treasury Solutions (GTS), an authorised financial services provider, to provide foreign exchange administration services to you at preferential rates.

## What are the underlying investment options?

The investor may choose any of the portfolios offered on the Offshore Investment Platform Fund List, available on our website.

## What are the fees?

	Initial (excluding VAT)	Annual (excluding VAT)
Platform fee	0%	The Allan Gray Investment Platform fee is a maximum of 0.50% less any rebate received from a fund provider. If Allan Gray receives a rebate from a fund provider, this is disclosed and passed on to investors.
Fund fee	Varies per underlying unit trust	Varies per underlying unit trust
Financial adviser fee	Maximum 3.00% per contribution. If an annual fee in excess of 0.5% is selected, the initial fee is limited to 1.5%	Maximum 1.00% per year of the investment unit trust. If an initial fee in excess of 1.50% is selected, the annual fee is limited to 0.50% per year.
Exit fee	Varies per fund	

## How are annual administration and financial adviser fees paid?

The investor may choose to have their annual administration and financial adviser fees withdrawn:

- Proportionately across all unit trusts, or
- From any money market fund on the offshore platform

In addition to foreign currency money market funds, the Allan Gray Money Market Fund (ZAR) is also available for this purpose. A minimum of \$1000 (or foreign currency equivalent) applies per unit trust. If you select the Allan Gray Money Market Fund (ZAR) the investment minimum amount of R10 000 applies.

The Allan Gray Money Market Fund (ZAR) will give investors the opportunity to deduct fees in rands instead of reducing their offshore investment (for which they used their foreign allowance). Investors may however only select the Allan Gray Money Market Fund (ZAR) if their financial adviser has selected to be paid in rands.

## How can an investor make contributions and what are the minimum investments?

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Minimum investments	
Lump sum	<ul style="list-style-type: none"><li>• \$10 000* initial lump sum</li><li>• \$1000* per unit trust</li><li>• \$1000* additional investment per unit trust</li></ul> *or foreign currency equivalent EUR, GBP, JPY, AUD

## How can an investor make withdrawals?

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The investor may withdraw some or all of his/her investment by selling the units or shares in the investment account. The withdrawal minimum is \$1000 (or foreign currency equivalent) per unit trust. The remaining balance must not be less than \$1000, otherwise the entire value must be withdrawn.

## Timeline for buying and selling units

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The timing for buying and selling units varies depending on the investor's choice of unit trust. Please see the Offshore Investment Platform Fund List, available on our website.

# ALLAN GRAY

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The Allan Gray Retirement Annuity Fund, the Allan Gray Pension Preservation Fund and the Allan Gray Provident Preservation Fund are all administered by Allan Gray Investment Services Proprietary Limited, an authorised administrative financial services provider. The Allan Gray Living Annuity and Allan Gray Endowment Policy are both underwritten by Allan Gray Life Limited, an authorised financial services provider.

The underlying investment options of the Allan Gray individual life and retirement products are unit trusts.

Collective Investment Schemes (unit trusts) are generally medium- to long-term investments. The value of participatory interest (units) may change in line with market movements. Past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which, for money market funds, is the total book value of all assets in the portfolio divided by the number of units in issue. The Allan Gray Money Market Fund aims to maintain a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but may also include any gain or loss made on any particular instrument held. In most cases this will have the effect of increasing or decreasing the daily yield, but in some cases, for example in the event of a default on the part of an issuer of any instrument held by the fund, it can have the effect of a capital loss. Such losses will be borne by the Allan Gray Money Market Fund and its investors and in order to maintain a constant price of 100 cents per unit, investors' unit holdings will be reduced to the extent of such losses. Fluctuations or movements in exchange rates may also be the cause of the value of underlying international investments to change. Unit trusts are traded at ruling prices. Commissions and incentives may be paid and if so, would be included in the overall costs. Different classes of units apply to the Allan Gray Equity, Balanced, Stable and Optimal Funds only and are subject to different fees and charges. A detailed schedule of fees, charges and maximum commissions is available on request. Forward pricing is used. A fund of funds unit trust may only invest in other unit trusts, which levy their own charges, that could result in a higher fee structure for these portfolios. A feeder fund is a unit trust fund that, apart from assets in liquid form, consists solely of units in a single portfolio of a collective investment scheme. All of the unit trusts except the Allan Gray Money Market Fund may be capped at any time in order for them to be managed in accordance with their mandates. Allan Gray Unit Trust Management (RF) Proprietary Limited is a member of the Association for Savings & Investment SA (ASISA). Allan Gray Proprietary Limited, an authorised financial services provider, is the appointed investment manager of Allan Gray Unit Trust Management (RF) Proprietary Limited.