

Terms and conditions for Sanlam Hedge Funds

These terms and conditions apply to your investment with us. It is your responsibility to make sure that you understand them. If there is anything that is not clear, please contact our Client Contact Centre at 021 916 6910 before you apply for the investment.

In these terms and conditions:

CISCA	Collective Investment Schemes Control Act, 45 of 2002
Deed	The trust deed of the Scheme (as amended and added to by the supplemental deeds from time to time)
FICA	Financial Intelligence Centre Act, 38 of 2001
Scheme	The collective investment scheme in retail or qualified investor hedge funds managed by Sanlam Collective Investments (RF) (Pty) Ltd
Upfront Disclosure Document	The upfront disclosure document provided to hedge fund unit trust investors before they invest in a hedge fund unit trust which contains the regulatory disclosures required by the hedge fund regulations (Board Notice 52 of 2015, as amended)
You	means the owner of the investment named on the Application Form
We	means Sanlam Collective Investments (RF) (Pty) Ltd (1967/002865/07)

Table of Contents

1. AGREEMENT	2
2. ABOUT THIS INVESTMENT	2
3. GIVING US INSTRUCTIONS	4
4. ABOUT FEES AND COSTS	6
5. ABOUT UNCLAIMED ASSETS	7
6. USING AND SHARING YOUR PERSONAL INFORMATION	7
7. OUR CONFLICT OF INTEREST POLICY	8
8. COMPLAINTS	8

Your contract with us

Your contract with us is made up of:

1. The signed Application Form
2. These terms and conditions
3. The Deed of the Scheme. We will send you a copy of the deed on request.

In addition, the rates of fees and minimum investment amounts as set out on the MDD form an integral part of your agreement with us. The MDD also contains other important information that applies to your Investment.

We may update the terms and conditions from time to time. The terms and conditions as amended will apply to your investment. The current terms and conditions will be available on our website or be available on request. Please check our website on a regular basis to stay updated on the terms and conditions and procedures for transacting that apply to your investment.

1. Agreement

By signing the Application form, you confirm that:

1. You have the authority and legal competence to enter into this transaction.
2. You confirm that you have received legal and financial advice where required.
3. You have read and understood the contents of this application form and annexures and agree to its terms and conditions.
4. You understand that the Deed applies to this investment.
5. The information you have given about your country of citizenship and country of tax residence is correct.
6. The money you invest comes from a legitimate source. You agree to answer any questions on the source of money you use for this investment and give extra information, where necessary. (This is required by the Prevention of Organised Crime Act, 1998.)
7. You are aware of and consent to all costs and charges relating to this investment. You are aware that there are further allowable deductions from the fund (e.g. an annual management fee) that may impact the value of the investment.
8. You understand that the cost of buying units may include an initial upfront fee plus value added tax which is a broker advice fee. This is additional to the annual management fee charged by us.
9. You understand that there is no guarantee with regards to the capital investment.
10. You are familiar with the content and you understand the relevant minimum disclosure documents and the upfront disclosure document.
11. You understand that it is your obligation to familiarise yourself with and accept the risks associated with this investment.
12. You accept full responsibility for informing Sanlam of any changes in your personal information (e.g. change of address, change of surname and contact details).
13. If you invest in a qualified investor hedge fund, you confirm that you meet the requirements for a "qualified investor", which are that you will invest the minimum investment of R1 million per hedge fund and (a) have demonstrable knowledge and experience in financial and business matters which would enable you to assess the merits and risks of a hedge fund investment; or (b) have appointed a financial services provider who has demonstrable knowledge and experience to advise you regarding the merits and risks of a hedge fund investment.

2. About this investment

About hedge fund unit trusts

Hedge fund unit trusts are investments where your money is pooled with money of other investors to buy a collection of assets together. The collection of assets (known as a portfolio in CISA) could include shares, bonds, property and cash. The portfolio or fund is divided into many equal units (known as participatory interests in CISA) and each investor receives a number of units for the amount they invested. We have established a scheme whereby we can administer multiple portfolios or funds, each having their own investment objective.

The Deed sets out the rules for how we manage the scheme and each fund.

Hedge fund unit trusts are generally medium to long term investments.

Sanlam Collective Investments, the fund manager and trustee of the Scheme

Sanlam Collective Investments (RF) (Pty) Ltd is the authorised manager of the Scheme (including all funds under the Scheme) in terms of CISA. The Sanlam Group is a full member of the Association of Savings and Investment South Africa.

We take full legal responsibility for co-branded funds, which are funds where we establish and administer the fund, while the management of the assets of the fund and the marketing of the fund is done by the fund manager.

We appoint fund managers to manage the investments of each fund in terms of a mandate which give them the authority to do so. The fund managers are authorised financial services providers in terms of the Financial Advisory and Intermediary Services Act, 2002. The details of the fund manager of a particular fund is set out on the MDD of that fund.

Standard Bank of South Africa Limited is the appointed trustee of the Scheme in terms of the Deed and is authorised in terms of CISA. The trustee supervises our administration of the Scheme in terms of CISA and also holds all the assets of the funds in safe custody.

You decide about the suitability of this investment for your needs

By investing in the Sanlam hedge fund unit trusts, you confirm that:

1. You accept the risks associated with this investment.
2. We didn't give you any financial or investment advice about the investment.

3. You have taken care to consider whether this investment is suitable for your own needs, personal investment objectives and financial situation.

The importance of the minimum disclosure documents (fund fact sheets) and the upfront disclosure document

The minimum disclosure documents (MDDs) are documents that explain the nature and performance of the funds you invest in, as well as the applicable risk profile. They also set out the fees, charges and maximum commissions relevant to each fund. You can find the relevant minimum disclosure documents on our [website](#) or you can call us on 021 916 6910 .

The upfront disclosure document contains all of the required disclosures required by the hedge fund regulations to be made to a potential investor.

By signing the Application Form, you declare that you understand the upfront disclosure document and the minimum disclosure documents that are relevant to the funds you choose.

Your investment can go down or up

1. The value of units (in other words the price) may go up or down.
2. Past performance is not necessarily an indication of future performance.
3. The capital value and investment returns of your fund may go up or down. **We do not provide any guarantees about the capital or the returns of a fund.**

How we calculate the unit prices

1. We calculate unit trust prices on a net-asset value basis as set out in the Deed. (The net-asset value is the total value of all assets in the fund, including any income that has accrued, minus any allowable deductions from the fund, divided by the number of units in the fund.) We calculate the price daily (or monthly in the case of monthly-priced funds) and every buy and sell of units will take place at the price that was calculated for that day ("the ruling price").
2. Unit trusts are traded at ruling prices using forward pricing. (Forward pricing means that the price used for buy and sell orders of units is the next net-asset value or forward price. That means that the unit price that will be used for a transaction is not known at the time that the instruction is given.).

About managing the fund

1. We may borrow money in an amount up to 10% of the fund's market value to bridge insufficient liquidity.
2. We are allowed to lend the securities of a fund to other parties, subject to the requirements of the Deed. Hedge funds are also allowed to borrow securities for a fund from other parties. This is called scrip lending and is a common practice in financial markets where a party borrows a security that it does not have at a particular point in time for a particular purpose. The party lending the security earns a lending fee.
3. We have the right to close any funds for new investors at any time to manage them more efficiently in accordance with their mandates.

About income distribution payments

We distribute all the net income and dividends earned on the underlying investments of a fund to investors ("income distributions"). Each investor is entitled to an income distribution proportionate to the amount of units they hold in the fund. You can choose to receive your income distribution as a cash payment or we can reinvest it on your behalf. If you choose reinvestment, we will purchase more units for you. The reinvestment amounts will have the same value as you would have received had you chosen a cash payment.

Funds can distribute on a monthly, quarterly or bi-annual basis as per the supplemental deed of that fund. You can check the distribution frequency of the funds you have chosen on the MDD. You will receive your income distribution payment or reinvestment within a month of the date on which the income distribution was calculated and declared.

We will pay income distribution payments to your bank account only if the investment transaction (for example a deposit) that was used to buy units has been cleared by the bank by the income distribution payment date. If the investment transaction has not cleared, we will reinvest income distribution payments.

You can make changes to your investment

You can make changes to your investment as your personal circumstances change. You can change your fund choices, sell some or all of your units, and make extra payments into your investment. As changes to your investment could impact your original investment goals, please speak to your financial adviser or broker.

More information about this investment, including brochures, application forms and annual or quarterly reports are available. Please contact our Client Contact Centre or visit our website.

3. Giving us instructions

Who can give instructions

We can only accept instructions from and give information to the following people:

- the investor. This is the person who is registered with us as the investor, even if the payer is someone else. We will register the person whose name is completed as the investor on the signed application form as the investor. If the investor is a child, we will give information to the child's parent(s) or guardian(s)
- the authorised signatory (in the case of an investor that is not an individual)
- your duly appointed agent (as per an acceptable power of attorney, to be provided to us)
- another authorised person (such as a curator, executor of a deceased estate or the trustee/liquidator of an insolvent person)
- the appointed financial adviser (if applicable)
- any regulatory bodies, as required by law

A note on accounts for minors

A child under the age of 18 is a minor in South African law which means that they do not have full capacity to conclude transactions. A minor must therefore be represented by one of their parents or guardians in all matters with us.

A child may have one or more than one guardian in which case both guardians have equal rights and responsibilities in respect of the child's account with us. We will only act on instructions from a parent/guardian if they provide us with the necessary documentation required by FICA.

If you are not the minor investor's parent or guardian but wish to open an account on their behalf and/or contribute to their investment, you need to ensure that the account is opened by a parent or guardian.

Once a child turns 18 years old, the child will attain full capacity and the parent(s)/guardian(s) will no longer have any rights to the account. The investor (after 18 years of age) can then deal with their account as they deem fit and we are under an obligation to identify and verify their information under FICA. We will request assistance from the parent/guardian that opened the account or who had authority until the investor's 18th birthday to act on the account to ensure that the investor is given control of their account.

Make sure instructions are clear and complete

An instruction must be **complete**. To be complete, you must:

1. Use the correct form for the transaction. (Forms can be obtained [here](#) on our website.)
2. Complete the form and sign wherever relevant.
3. Check that the instructions are clear.
4. Attach any supporting documents we ask for.

Once we have received the complete instruction, we can process it. Processing does not mean finalising a transaction but rather going through all the steps required to give effect to it. This may take a few hours or a few days depending on the type of transaction.

If an instruction is not complete, processing will be delayed.

Electronic signatures and digital transacting

We use an ordinary electronic signature process as contemplated in section 13(3) of the Electronic Communications and Transactions Act, 2002 for the signing of certain documentation, including where available, application forms. Where applicable, we will make details of the process, including how it works and the security protocols in place, available to you on our website or other means.

When you affix your electronic signature to the Application Form you agree to be bound by these terms and conditions and any and all amendments or variations thereto. Your electronic signature affixed to any other form of document from time to time, means that you agree to be bound by the terms and conditions set out in that document.

You warrant that you are the person affixing your ordinary electronic signature and that you have put in place reasonable measures to ensure that no other persons have access to your ordinary electronic signature. You also acknowledge that you are familiar with the risks of using ordinary electronic signatures as opposed to "wet ink" signatures and that you accept such risk.

We may also, from time to time, make solutions available to you or your financial adviser whereby we can receive instructions via digital means (from you or your adviser). Before processing an instruction which we received in this manner, we will ask for your confirmation of the instruction. We will obtain your confirmation via digital means, for example by SMS.

You agree that we may act upon instructions received via digital means, that you are familiar with the risks of transacting via digital means and that you accept such risk.

The price of units for the transaction

We price your transaction using the ruling price of the fund when the transaction is processed. The day on which we receive all of the required information that will make your instruction complete will be the day on which your instruction is regarded as complete. Any loss caused by a delay in processing due to incomplete information will be for your account. If funds are deposited on a Saturday, Sunday or public holiday, investors will receive the value of the next available price.

There are cut-off times for giving us instructions to perform transactions for you.

	What price you will receive	Cut-off times
Daily priced funds	If we receive your complete instruction before the cut-off time, the transaction will be processed at the price calculated that day. If we receive your complete instruction after the cut-off time, your instruction will stand over to the next day and you will receive the next day's price.	Daily 14h00
Monthly priced funds	Your transaction will be priced using the ruling price of the fund for the month in which the transaction is processed.	Last business day of the month at 14h00. (Notice period of 30 days is applicable to all monthly priced funds.)

Check the applicable minimum investment amounts

Minimum amounts apply for certain investments (e.g. a lump sum contribution). These minimum investment amounts are set out on the MDD.

You undertake that you will periodically increase your contributions to keep up with the minimums.

When you won't receive interest

We don't pay interest in any of the following circumstances:

- money is deposited for investment in a fund after the cut-off time
- money is deposited on a non-business day (that is, public holidays, Saturdays and Sundays).
- the deposit is made to the wrong account
- the instruction is not complete (see above for complete instructions)

Ring-fencing large withdrawals

We have the right to ring-fence when we receive sell orders from investors that are more than a defined threshold (Notice 573 of 2003 issued under CISCA applies). A large withdrawal from the fund may result in the fund manager having to sell some of the underlying investments of the fund to come up with the cash needed to settle the sell order of the investors. Ring-fencing means separating assets and delaying the sale of units. We do this so that we are not forced to sell the underlying investments at a price that could have a negative impact on other investors. If your sell instruction is affected by such a ring-fencing, we will contact you to discuss the process.

Monthly priced hedge funds may take up to 90 days to liquidate sufficient cash in the fund for large redemption payments.

You may not trade your units in a manner prejudicial to other investors

Certain practices may have a prejudicial effect on other investors in a fund. We may monitor your account for patterns of trading and transaction sizes for practices such as market timing, which is an arbitrage method where an investor systematically purchases and sells units within a short time period taking advantage of imperfections in the determination of the net asset value of funds. These practices are not acceptable as it affects the performance of the funds through an increase in costs or a dilution of profits caused by the increase in trading.

We therefore expressly reserve our rights to reject instructions for switches from an investor where we have reason to believe that the investor is engaging in such practices so as to ensure that we can take the necessary steps to protect the other investors in the funds.

Further instructions

Your further instructions are given to us on the same basis as set out in these terms and conditions. You may give us the following further instructions:

- Additional investment
- Cession (cession of units, usually to secure a debt, to a third party)
- Disinvestment (repurchase of units)
- Switching (repurchase of units in one hedge fund and using the proceeds to purchase units in another hedge fund)
- Transfer (transfer of ownership of units from one investor to another investor)
- Investor details update

The instructions must be given in the format (usually a form) provided by us. You are required to read the important notes and/or further terms and conditions contained in further forms and by signing such a form and providing the instruction to us you agree to be bound by such further terms and conditions.

4. About fees and costs

Fees

The following fees apply to this investment. By signing this Application Form, you agree to these fees and confirm that you understand how they impact the value of your investment.

Financial adviser initial fee (payable to your adviser)	The initial fee plus VAT is payable upfront. This is deducted from any amount we receive and the net amount is invested in the fund.
Financial adviser annual fee (payable to your adviser)	The annual fee is an annual percentage (for example, x%) of your investment value. It is calculated every day and deducted from your investment value monthly.
Annual management fees (payable to us)	The annual management fees for each fund you invest in are set out in the relevant minimum disclosure documents. It is calculated every day and deducted from the fund itself in accordance with CISCA. An annual management fee can have a fixed component (which means that it is charged as a percentage of the fund's value) and a performance-based component. The minimum disclosure document of the fund will set out whether performance fees are charged, and if so, how it is calculated and at what rates.

Funds with higher fees

A fund of hedge funds is a fund that invests in other hedge funds, which set their own fees. This could result in a higher fee structure for the fund of hedge funds.

Costs carried by the fund

Apart from the annual management fees, the following costs are deducted from the fund in accordance with CISCA.

- Any charge payable when buying or selling assets of the fund such as:
 - brokerage (what brokers on the stock exchange earn for buying and selling securities)
 - securities transfer tax (STT)
 - value added tax (VAT)
- auditor's fees
- bank charges
- trustee and custodian fees
- any other levies and taxes

The costs are thus shared equally by all investors in proportion to the number of units they own. The deduction of the costs decreases the net asset value of the fund. Although you do not pay for the above costs directly like you do with fees, it still impacts the value of your investment.

Obtain a personalised cost estimate before investing by visiting www.sanlaminvestments.com using our Effective Annual Cost (EAC) calculator. Alternatively, contact your relationship manager or phone us at 021 916 6910.

Contained within the total expense ratio (TER) are expenses that relate to the investment management fee, the service costs and performance fee. Performance fees are calculated by comparing the annual return of the Fund and Performance Fee Benchmark which is set in the Fund Minimum Disclosure Documents. Performance fees will only be charged if the Fund return is in excess of the performance Fee Benchmark. All fees are accrued daily in the Net Asset Value (NAV) of the Fund.

Taxes

The taxes payable in relation to the underlying investments of a fund may impact the value of your investment and are included in the costs of the fund. (TER - Total Expense Ratio and EAC -Effective Annual Costs - EAC).

Value-added tax payable on the services rendered to you by us or your financial adviser will be levied at the rate applicable from time to time. We are also required to apply dividend withholding tax (DWT) in respect of your investment at the applicable rate.

We do not have to notify you of the changes in these rates from time to time as they apply as a matter of law, but we may communicate it to you for your informational purposes. You can also consult your tax certificates at the end of a tax year to see what taxes applied to your investment during the reporting period.

5. About unclaimed assets

An unclaimed asset is any unit trust investment where there have been no transactions for ten years. In the case of a deceased estate it is where more than three years have passed since we have received the notice of death. Our policy is to continue reinvesting all income distributions until the unit trust is sold, regardless of the time frame.

According to ASISA's Unclaimed Assets standard, we follow a process of tracing investors or beneficiaries on any unclaimed assets. We can recover reasonable administrative costs from the value of the fund, which will reduce the investment value. We stop tracing when the investment value goes below R1000 or when the costs of tracing exceed the benefit of tracing. More information on the ASISA Standard on Unclaimed Assets and the processes is available on www.asisa.org.za or from our Client Contact Centre on 021 916 6910.

To prevent your investment becoming an unclaimed asset, it is your responsibility to inform us of any changes in your personal information.

6. Using and sharing your personal information

The Sanlam Privacy Statement

Your privacy is important to us. We will use personal information about you, your beneficiaries and dependants only in line with our [privacy statement](#). Our Privacy Statement applies to the processing of your personal information by us.

You consent to the processing of your personal information

By completing and signing an application form and/or investing with us, you consent to the collection and processing of your personal information. If you are investing on behalf of a minor child, you warrant that you are the competent person to consent on behalf of such child.

We mainly collect personal information about you to offer you the best service and to comply with applicable law. You will either provide the information to us directly (for example in the Application Form) or we may collect the information from other sources (for example an identity verification tool). We will also process your personal information for all of the further purposes set out in our **privacy statement** as published on our website from time to time.

If you refuse to provide certain personal information which are mandatory to provide to comply with law or to support your application, we may reject your transactions (which may cause a delay in processing your instruction) or refuse to do further business with you.

Privacy Statement

We may update the privacy statement as published on our website from time to time. By remaining invested with us you consent to us processing your personal information in the manner and for the purposes described in the privacy statement.

What we use your personal information for

We use your personal information for the purposes set out in our privacy statement. **You give us permission to share your personal information in certain circumstances**

The services and products we provide are of such a nature that it is often necessary to share personal information with third parties to render an effective service. The privacy statement sets out who we share your information with, under which circumstances and for which purposes.

If you have indicated your consent on the Application Form to receive marketing information, then we will share your personal information for possible marketing or cross-selling purposes within the Sanlam Group.

Protecting your personal information

We will take all reasonable steps necessary to secure the integrity of any personal information which we hold about you and to safeguard it against unauthorized access. We will keep your information confidential and secure. You understand that we cannot guarantee the security of information that you send to us by electronic means and you do so at your own risk.

Tell us about any changes to your personal information

It is your responsibility to tell us about changes to your name, address, contact details and banking details. An Investor Details Update form is available from our [website](#).

7. Our conflict of interest policy

We manage, report and disclose all actual and potential conflict of interest in line with our Conflict of Interest Policy. You can ask us for a copy.

8. Complaints

We aim to give you outstanding client service, but sometimes things go wrong. If you are dissatisfied with our service, or any of our products have disappointed you, we would like to hear about it. Please get in touch:

- Phone: 021 916 6910
- Email: complaints@sci.sanlam.com
- Complete a complaint form online at <https://www.sanlam.co.za/contact/complimentsandcomplaints/Pages/default.aspx>
- Visit your nearest Sanlam office.

Your views are important to us. A designated complaints team will investigate and try to resolve it as soon as possible and in a fair manner.

If the complaint has not been resolved to your satisfaction, you may refer it to the Sanlam Arbitrator. The Sanlam Arbitrator is an impartial person that settles disputes between dissatisfied clients and Sanlam:

- Email: arbitrator@sanlam.co.za
- Fax: +27 21 957-1786

Disclaimer

Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium to long term investments. Please note that past performances are not necessarily an accurate determination of future performances, and that the value of investments / units / unit trusts may go down as well as up. While CIS in hedge funds differ from CIS in securities (long-only funds) the two may appear similar, as both are structured in the same way and are subject to the same regulatory requirements. The ability of a fund to repurchase is dependent upon the liquidity of the securities and cash of the fund. A manager may, in exceptional circumstances, suspend repurchases for a period, subject to regulatory approval, to await liquidity and the manager must keep the investors informed about these circumstances. Further risks associated with hedge funds include: investment strategies may be inherently risky; leverage usually means higher volatility; short-selling can lead to significant losses; unlisted instruments might be valued incorrectly; fixed income instruments may be low-grade; exchange rates could turn against the fund; other complex investments might be misunderstood; the client may be caught in a liquidity squeeze; the prime broker or custodian may default; regulations could change; past performance might be theoretical; or the manager may be conflicted. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments unit prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the exdiv date. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). International investments or investments in foreign securities could be accompanied by additional risks as well as potential limitations on the availability of market information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments' collective investment schemes.