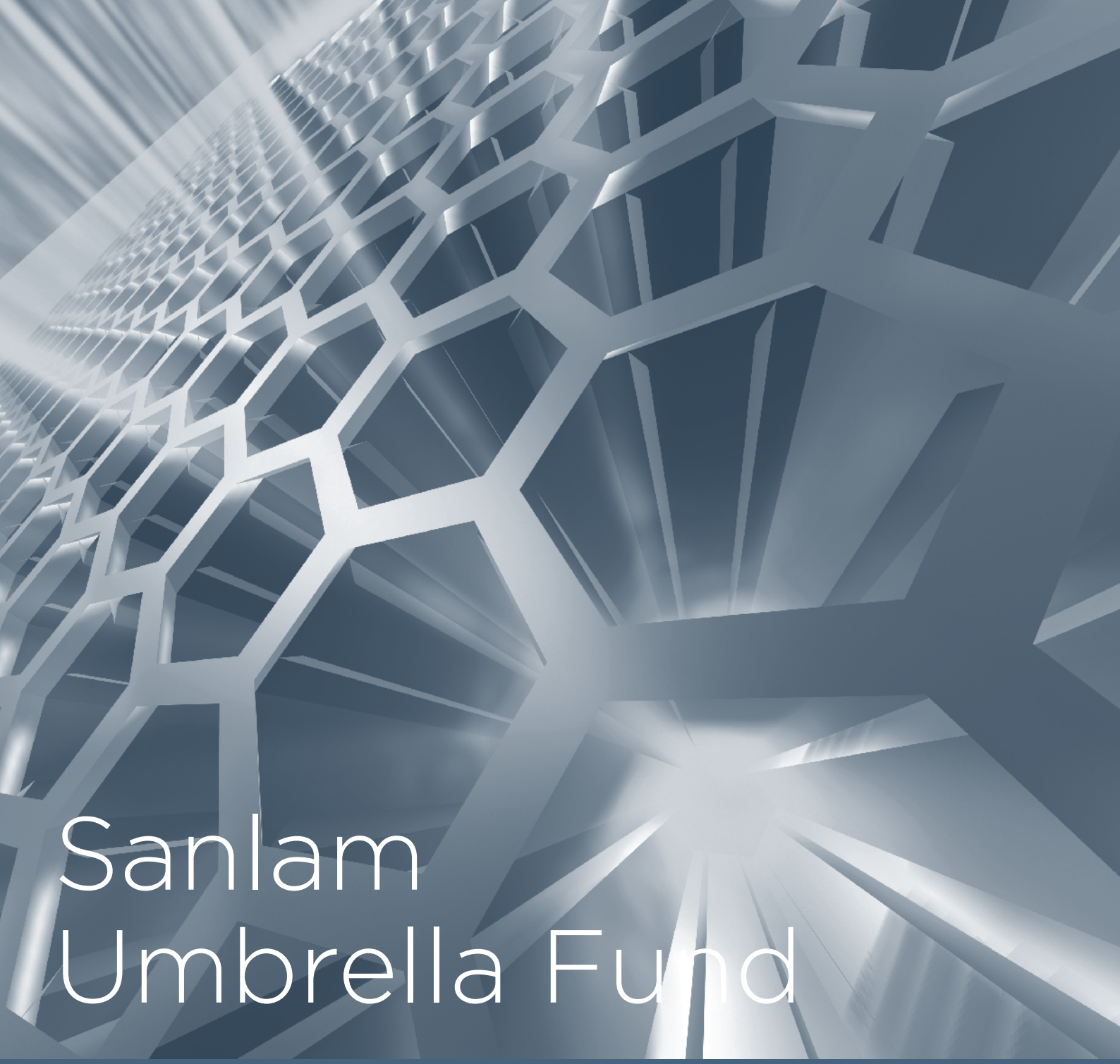

Sanlam Umbrella Fund

The Fund in Detail

Sanlam

Employee Benefits

Did you know?

Efficiency

The hexagonal (six-sided) structure of the honeycomb uses the least material to create a lattice of cells with a given volume.

Stability

Honeycomb structures are highly stable and have an extremely high strength-to-weight ratio.

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1 Introduction

This document summarises the terms and conditions of participation in the Standard and Comprehensive product options of the Sanlam Umbrella Fund ("the Fund") as applicable at the date of publication.

The document may be amended from time to time with 30 days notice to the participating employers. These terms and conditions apply from 1 January 2014 to new participating employers that commenced participation in the Fund on or after 1 January 2008, and to all other participating employers who have indicated acceptance of the Standard or Comprehensive product options.

The Fund is administered in terms of a set of General and Special Rules registered with the Registrar of Pension Funds, and insurance policies issued by South African insurance companies registered in terms of the Long Term Insurance Act, No 52 of 1998. In the event of a discrepancy between the registered rules and policy documents versus this document, then the provisions of the registered rules and policy documents shall prevail.

The Fund in a Nutshell

An umbrella fund is a retirement fund in which many employers and their employees participate in order to derive benefit from economies of scale. These cost savings ultimately translate into enhanced retirement payouts to members. It is a structure that enables employers to offer their employees packaged, flexible retirement savings and insured benefits.

Under the Sanlam Umbrella Fund, employers can choose to participate in a pension fund or a provident fund. A wide range of Insured Benefits are available that can be tailored at Sub-fund level.

Employers can also choose between two benefit design options depending on whether member directed investment choice is required:

- **Standard Option:** All the Sub-fund's investments are invested in the selected default investment strategy.
- **Comprehensive Option:** Members can opt out of their Sub-fund's selected default Investment strategy, and choose a tailored investment strategy that meets their personal needs.

The Sanlam Umbrella Fund's leading edge Retirement Fund Administration platform offers integrated member administration, financial reporting and investment administration to maximise flexibility while containing costs.

The sound actuarial management of risk, excellent governance structures, transparency and integrity also form part of the Sanlam Umbrella Fund's offer.

Why Choose the Sanlam Umbrella Fund?

- **Solid offer:** We have a highly competitive administration offering with superior service and competitive rates,
- **Trusted partner:** As a leading financial institution, Sanlam will provide the best solutions to meet your needs,
- **Choice:** The Fund's options range from basic solutions to comprehensive custom-designed solutions,
- **Cost-effectiveness:** Clients benefit directly from economies of scale by being part of a significant Umbrella Fund backed by a major financial institution,
- **Communication and service:** Sanlam's wide footprint in South Africa facilitates physical interaction with our clients to ensure clear communication and prompt service,
- **Advanced systems and processes:** Key advantages of our innovative administration platform:
  - **Daily pricing:** Because benefit payments are based on daily unit prices, the

investment instructions can be effected according to the values of the specific day of the instruction,

- **Daily balancing:** By balancing assets, liabilities and ledger daily, there is complete accuracy in administering funds,
- **Workflow:** Any transaction can be traced so that enquiries can be handled quickly, accurately and efficiently. Our real-time reporting, which can be accessed via the Internet, will always provide you with the latest available information.
- **Preservation option:** The Sanlam Umbrella Fund offers seamless transfer for members to the Sanlam Plus Preservation Fund, when they retire or withdraw from the Fund.

Key Benefits

- Well-structured product,
- Highly competitive cost structure,
- Leading edge administration platform,
- Sound actuarial management of risk pool,
- Excellent governance structures,
- Investment menu allowing a wide selection of investment choices,
- Transparency and integrity.

Unique Features

- Alignment of the interests of members, participating employers, intermediaries and Sanlam,
- Member representation via Joint Forums and via the election of independent Trustees,
- Integrated administration fee discounts based on asset size,
- An integrated risk rebroking facility,
- A choice between three trustee-approved default investment strategies.
- The backing of Sanlam's financial muscle,
- An excellent track record,
- A sustainable offering in the light of environmental and Government pressures to reform the South African retirement fund industry.

Member Representation

Members have equal representation at both levels of decision making in the Fund namely the Joint Forum where the benefit structure in respect of each participating employer is determined and on the Board of Trustees who are responsible for the ongoing management and control of the Fund.

- **The Joint Forum:** All participating employers are required to establish a Joint Forum on which members are entitled to elect 50% of the representatives. This ensures that members are represented at the negotiating table where members' benefit structure is determined and reviewed in the spirit of the Labour Relations Act, No 66 of 1995.
- **The Board of Trustees:** An Annual General Meeting is held each year. At this meeting the Trustees report directly to the member representative members of the Joint Forum and answer any questions they may have. In addition, every third year, members are entitled to elect member representative Trustees from a list of industry specialists that are independent of the sponsor. These individuals have the knowledge, training and independence to protect members against any possible conflict of interest.

For more information on the Sanlam Umbrella Fund please visit www.sanlam.co.za or e-mail us at sanlamumbrellafund@sim.sanlam.com.

2 How the Fund Works

Minimum Requirements

As from 1 January 2012, the minimum requirement for a new employer to participate in the Fund is a membership of 15 members, or a total annual contribution of at least R300 000.

Contributions

Contributions are payable monthly in arrears and may either include or exclude costs and insurance premiums.

The minimum employer contribution rate margin for retirement benefits is 2%. The employer contribution rate is therefore equal to 2% plus additional costs for insured benefits and operational expenses. However, the Board of Trustees is prepared to exempt an employer if the employer undertakes to fund all (extraordinary and unforeseen) additional costs and charges that may arise before the next revision date that cannot be funded out of the (less than 2%) employer contribution margin.

Members may make additional voluntary contributions at any time to enhance their retirement benefit. A lump sum, to which a member has become entitled on withdrawal from another approved pension or provident fund prior to joining the Fund, may be transferred to the Fund.

Normal Retirement Age

The normal retirement age is as determined by the participating employer and reflected in the Special Rules of the Sub-fund.

Salary Definitions

Salary refers to pensionable salary except where the employer has specified a separate risk salary. In this case the salary as used in sections 4 and 5 of this document refers to risk salary.

Unless the employer and the Insurer agree otherwise, the annual remuneration amount, whereupon cover is based, of a member with a variable income (e.g. commission or incentive bonuses etc.) is equal to the income which he/she received from the employer during the twelve months immediately preceding the date of the claim. If the period is less than twelve months, the annual remuneration amount will be equal to his/her average monthly income during the number of months in which he/she received an income from the employer, times twelve.

The risk salary upon which the cover is based, is normally defined as the member's total cost to company, however, the risk salary may also be defined as a percentage of the member's total cost to company, e.g. pensionable salary.

Please note: The risk salary definition must be applied consistently for members of a Sub-fund, and it may therefore not be implemented as an individual member choice where every member may choose a different definition or percentage. The same risk salary definition and therefore percentage should apply to all members of the Sub-fund (or) per defined category of members of Sub-fund. In the case of weekly paid members or members with a variable income per month it is imperative that a risk salary for a 12 month period be stipulated.

Death Benefits

The member's individual account value in the Fund is payable when he/she dies.

The Trustees determine the distribution of death benefits due to beneficiaries of deceased members in terms of Section 37C of the Pension Funds Act, No 24 of 1956. Where the Trustees are of the opinion that it would not be in the interest of a minor beneficiary that his/her benefit be paid to his/her parent or guardian, the benefit may be paid to a registered beneficiary fund.

The Trustees have approved the use of the Sanlam Trust Beneficiary Fund as well as the Legacy Beneficiary Fund. The Board of Trustees will only be able to pay the benefits allocated to minor beneficiaries into a trust in very limited circumstances, e.g. where the member has nominated a trust to receive the benefits on behalf of the minor.

Insured Benefits

Each participating employer is permitted to structure appropriate levels of core death benefits, flexible death benefits, income disability benefits, lump sum disability benefits, trauma benefits, spouse's life cover, accident benefits and family funeral aid benefits to best meet its employees' insurance requirements.

Death benefits and lump sum disability benefits can be structured for tax purposes on either an approved (i.e. as part of the approved pension fund or provident fund components of the Fund) or unapproved basis. All other insured benefits cannot be structured as part of the approved pension fund or provident fund components of the Fund, and hence are subject to a different regulatory and tax regime.

Housing Loans

Participating employers can apply for a housing loan facility for their members whereby a loan is granted to a member by a financial institution. The Fund then grants a guarantee in favour of the financial institution, which guarantee is secured by the member pledging to the Fund the member's share value. The loan may only be used for housing purposes.

The Trustees have approved housing loan facilities via ABSA Bank and Standard Bank. These banking products are designed to protect the member from over-indebtedness, and to comply with both the letter and spirit of the Pension Funds Act, No 24 of 1956 and the National Credit Act, No 34 of 2005.

The maximum surety in respect of all providers is 50% of the members' share at the date of application. The maximum instalment is 25% of the member's net remuneration. The minimum loan is R5 000 and the repayment period is a maximum of 20 years, but must be paid before normal retirement date.

Investments

Trustee-approved Default Strategies

The Trustees have approved three default investment strategies, which are selected at participating employer level depending upon the investment objectives of the employer's members.

- The **Sanlam Lifestage** is the Fund's default investment strategy. It aims over the long term to maximise retiring members' post-retirement income within acceptable risk levels,
- The **Volatility Protection Strategy** is the Fund's alternative default investment strategy. It is suitable for members who wish to achieve inflation-beating real returns over the medium to long term, but who are concerned about protecting against significant short term investment losses.
- The **Passive Investor Strategy** is the Fund's second alternative default investment strategy. It is suitable for members who aim to contain investment management costs by choosing a passive management investment strategy with the underlying investments tracking market indices.

Investment Choices for Members

Members in the Comprehensive Option are permitted to select alternative personal investment strategies after taking the appropriate advice from a FAIS-accredited financial adviser.

Members may choose between:

- The **3 trustee-approved default investment strategies** - the Sanlam Lifestage , the Volatility Protection Strategy or the Passive Investor Strategy,
- A range of institutionally priced investment portfolios, including smoothed bonus, single manager and multi-manager investment options,
- Any customised portfolios approved for the Sub-fund in terms of a Comprehensive Plus arrangement (see chapter 7 for further details),
- More than 1 200 retail collective investment schemes (CIS) available on Sanlam's Glacier investment administration platform (subject to minimum product criteria). As part of this offering, members can also choose to invest the equity component of their Glacier investments in their own personalised share portfolio via Sanlam Private Investments.

Reality Loyalty Programme

Reality is a unique financial education and empowerment programme created by the Sanlam Group, its subsidiaries and associates, including Santam. Reality can help members define their financial future and can empower them to make financial decisions. A world-class programme, Reality has an added collection of services related to homes, holidays, cars and other key areas that will revolutionise members' lives and give them the opportunity for cash back on deals. Sanlam pays the cost of Standard Reality membership for Sanlam Umbrella Fund members who have more than R250 000 invested in either of the three Trustee-approved default investment strategies. Qualifying members must individually make application to join Reality. Visit www.reality.co.za to find out more about this innovative loyalty programme.

3 Governance

Management of the Fund

The Sanlam Umbrella Fund is managed by a Board of six Trustees, three of whom are appointed by Sanlam and three of whom are elected by the member representatives from a panel of suitably qualified industry professionals – all independent of Sanlam. Elected Trustees are appointed for a 3 year period.

A professional Principal Officer supported by a Fund Secretariat manages the day-to-day operations of the Fund's governance and ensures compliance with all regulatory requirements.

The appointed administrator of the Fund is Sanlam Employee Benefits a division of Sanlam Life Limited ("the Administrator"). The Administrator maintains the records of each member including individual account values, and processes and settles all exit benefits payable to members.

The following measures have been adopted by the Board of Trustees to ensure proper fund governance, compliance and the management of risks.

- Equal member representation on both levels of decision making namely the Joint Forums at employer level and the Board of Trustees where they are represented by industry professionals who are independent of the sponsor and in a position to protect members against any potential or perceived conflicts of interests,
- A trustee code of conduct (based on annexure A to PF 130),
- An acceptance of Trusteeship signed by each trustee (based on form A of annexure A to PF 130),
- A trustee training protocol,
- A declaration of interests signed by each trustee (based on form C of annexure A to PF 130 and PF 129),
- A protocol on the acceptance of gifts signed by each trustee (a departure from the narrow provisions of form B of annexure A to PF 130),
- A system of appraisal to assist the board in assessing its efficiency as well as those of the Trustees (based on annexure C to PF130),
- A fund governance and risk management plan, in terms of which the duties of the Trustees over the next 3 years are identified and allocated to responsible persons, with an indication of action items and 'due by' dates,
- A risk schedule in terms of which risks are evaluated and assessed in terms of impact and likelihood,
- The preparation of a fund register that contains all the legal and contractual documentation of the Fund,
- A year planner in which meeting dates and action items are identified,
- A master process and format for the agenda and minutes at each trustee meeting to ensure that matters are prioritised and are receiving the Trustees' attention and that all actions and decisions are recorded,
- A range of protocols to clarify processes and procedures, and to identify the persons responsible for overseeing and ensuring compliance.

The Trustees have delegated certain duties to sub-committees each comprising the relevant specialist skills. In doing so, the Trustees remain responsible for the entire operations of the Fund, and the sub-committees report to the Trustees via the Principal Officer and Fund Secretariat. The appointed sub-committees are as follows:

- An Administration Sub-committee,
- An Audit Sub-committee,
- A Communication Sub-committee,
- A Complaints Sub-committee,
- A Death Benefits Allocation Sub-committee,

- A Governance & Risks Sub-committee,
- An Insured Benefits Management Sub-committee,
- An Investments Sub-committee.

The Sanlam Umbrella Fund and the King III Code of Governance

The King III Code of Governance became effective on 1 March 2010 and serves as a general governance criterion against which companies and all other entities, such as retirement funds, should assess their level of governance.

The Trustees of the Sanlam Umbrella Fund have embraced and have implemented and maintained measures to ensure good governance since its inception. The Fund already complies with the requirements of PF 130, a good governance guide specifically prepared for retirement funds by the Financial Services Board. It is anticipated that the FSB will review these requirements of PF130 with a view to incorporating some of the new principles or recommended practices contained in King III.

In the interests of the continued good governance of the Fund, the Trustees have taken the following steps to ensure compliance with King III.

- The Board adopted a Board Charter on 24 February 2010, in which it resolved to apply the principles laid down in King III.
- A compliance assessment was conducted and the Trustees are happy to report that the Fund already complies with most of the principles and recommended practices laid down in King III.
- In terms of the charter, the Trustees will investigate any recommended practices with which the Fund does not yet comply and take measures to ensure compliance. This will be done on the understanding that where a practice is not appropriate for an umbrella retirement fund, the Trustees will adopt an alternative practice that will still comply with the principles, as required by King III.

Joint Forums

All participating employers must establish a Joint Forum comprising employer and member representatives for each Sub-fund. Member representatives from every Joint Forum are invited to attend the Annual General Meeting where they will be given the opportunity to elect the independent Trustees of the Sanlam Umbrella Fund.

Joint Forums are designed to facilitate the process of consultation and decision making between the participating employer and its employees in respect of their group retirement benefits within the spirit of the Labour Relations Act, No 66 of 1995. The Joint Forum is convened and chaired by the Contracted Benefit Consultant, who guides the Forum to ensure the Sub-fund's benefit structure remains relevant.

The Joint Forum is not responsible for the operation and management (fund governance) of the Sanlam Umbrella Fund. This remains the duty of the Board of Trustees.

The Trustees recommend that every Sub-fund should hold an initial Joint Forum meeting within 4 months of the establishment of the Sub-fund to review the installation process and the associated communication to members, and should thereafter meet at least once every year. Minutes of all Joint Forum meetings should be sent to the Fund Secretariat for record keeping purposes.

In the case of smaller Sub-funds, the Trustees accept that it might be appropriate and cost effective for the Joint Forum to meet on a biennial basis.

The Employer has the right to consider, approve or disapprove any decision made by the Joint Forum that might have an effect on the

company's finances or its labour relations. The employer remains the contracting party in its communication with the Fund and other relevant service providers to the Fund.

Equal Member Representation on the Board of Trustees

All member representatives are invited to an Annual General Meeting. At this meeting they can meet the Trustees face to face and question them on their report. In addition members are entitled to elect member representative Trustees from a list of industry specialists that are independent of the sponsor. These member-appointed independent Trustees have the knowledge, training and independence to protect members against any possible conflict of interest.

A panel of independent candidates is short-listed by the Principal Officer taking into account qualifications, knowledge, and experience, and with the proviso that candidates must be entirely independent of Sanlam and not associated with a competitor umbrella fund product offering. The CVs of all candidates are distributed to every Joint Forum electronically along with a ballot paper, and the member-elected representatives at each Joint Forum (maximum two per participating employer) can vote for their preferred candidates. The election procedure will be electronic but ballot papers completed by hand will also be accepted. The member-elected Trustees are then elected based on number of valid votes received by the election closing date following a counting of votes by the Fund Secretariat.

Sanlam's Corporate Governance Policy and Practice

The Sanlam Board of Directors is committed to the principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance (King III), and to the highest level of corporate governance and best practice.

Sanlam sees value in subscribing to a system whereby ethics, personal and corporate integrity and governance practices set the standards for compliance. Sanlam is working to apply all the material aspects of King III to our business.

More information regarding corporate governance is available on request or you can visit us at www.sanlam.co.za.

Sanlam's Black Economic Empowerment Status

Sanlam acknowledges the national priority and the critical importance of transforming the South African economy so that it is inclusive of all our people and affords everyone the opportunity to participate meaningfully in the mainstream economy. For us, this is both a social and a business imperative.

Transformation is, therefore, one of the key pillars of our business strategy and is one of the cornerstones of our approach to sustainable development. Sanlam's Broad-Based Black Economic Empowerment strategy is based on the collective effort of all businesses in the group to implement BBBEE.

In 2011 we went to considerable lengths to improve our transformation performance across all aspects of the broad-based approach to black economic empowerment and have achieved a Level 3 Contributor status.

Because transformation is a journey, and an integral part to the sustainability of Sanlam, our strategy is built on achieving consistent improvement. Areas of particular focus included skills development, socio-economic development, and a commitment to make progress on our Management composition which directly affects both the Management and Employment Equity elements.

Sanlam's Plans and Targets for 2014 and Beyond

A more representative workforce and investment in our people remain our primary focus, however our overall strategic objective with regard to the BBBEE scorecard is to improve on our BBBEE rating.

Ubuntu-Botho Investments (Pty) Limited, our BEE partner at Sanlam Group level, was born out of our strategy to reapply the principles of mutual co-operation – the original principles upon which Sanlam was founded more than 90 years ago and has grown so successfully.

In Africa, mutual co-operation is embodied in the terms "ubuntu" and "botho" (Nguni and Sotho, respectively), meaning, "I am because you are". Behind these words lie humanity, respect, good values and the understanding that each one of us is inextricably a part of the community around us.

The UB consortium has three anchor shareholders:

- Sizanani-Thusanang Helpmekaar led by Patrice Motsepe (55%)
- Sanlam/Ubuntu-Botho Community Development Trust (20%)
- The Broad-based Empowerment Groupings (25%)

Further information on BEE, Ubuntu-Botho and sustainable development in Sanlam is available on our website www.sanlam.co.za.

4 Insured Benefits

The insured benefits mentioned below are a summary of all the benefits available and may not necessarily apply in respect of a specific Sub-fund.

Insurers

The Trustees have approved two insurance companies, being Sanlam and Capital Alliance Group Risk of Liberty Group Ltd ("the Insurers") to underwrite the Sanlam Umbrella Fund's risk pool.

The quotation system has been designed so that participating employers and members enjoy the benefit of having each insured benefit component automatically placed with the Insurer, which in the opinion of the sponsor, offers the most competitive premium rates for similar terms and conditions. The placement of insured benefits between the Insurers is reviewed on an annual basis to protect the interests of members.

The Trustees have appointed an Insured Benefits Management Sub-committee, including an actuary and other suitably qualified professionals, to continually review the management of the risk pool so that members' interests are protected via sound actuarial risk management practices. To the extent that these aims are achieved, members will benefit by way of competitive insured benefit premium rates which are determined, taking into account actual claims experience.

Death Benefits

Each participating employer can select from the following options:

Core Group Life Insurance Benefit

Cover is expressed as a multiple of salary for all members in a particular category. The participating employer selects the appropriate multiple per category of membership. Categories must be specifically defined e.g. directors and staff etc. Members may not choose to belong to a specific category.

The maximum age at entry is before the age of 65 years. Cover ceases at the earlier of normal retirement age or attainment of age 65. The participating employer can elect to continue cover until age 70.

The maximum Core Group Life Insurance Benefit is 10 x annual salary. Death Benefits are charged as a percentage of salary.

Reinforced Group Life Insurance Benefit

The core group life cover is reduced by the member's share to reduce costs.

Cover is expressed as the greater of the member's share in the Fund and a fixed multiple of salary (i.e. the amount insured will be equal to a multiple of salary minus the member's share in the Fund.)

The maximum age at entry is before the age of 65 years. Cover ceases at the earlier of normal retirement age or attainment of age 65. The participating employer can elect to continue cover until age 70.

Death benefits are charged as a fixed unit rate per R1 000 of cover per month purchased.

Core Plus Flex Group Life Insurance Benefit

This option offers a selected level of compulsory "core" cover for all members. Individual members may elect additional levels of life cover, over and above the core death benefit. The additional premiums will be deducted from the employer contribution allocated for this purpose (any balance will be allocated to retirement provision for the member). Members who choose this option will not be charged an additional administration fee or selection charges.

The maximum Core Plus Flex Group Life Insurance Benefit is 15 x annual salary.

The ratio of core versus flex may not exceed 1:3. The cost for the flexible life cover is determined by applying a quoted premium rate per age band and gender per R1 000 cover per month to the selected flex cover. Members move between age bands only in the month following their birthdays.

Members may choose flexible life cover in multiples of 0,5 x annual salary to the applicable maximum according to his or her own choice, within three months of each of the following events:

- Commencement date,
- Marriage,
- Birth or legal adoption of a child.

Thereafter, members have the choice to reduce their flexible life cover annually on a date determined by their employer. After cover has been reduced, it can be increased only if the choice is made within three months of the following events:

- Marriage,
- Birth or legal adoption of a child.

Members who are 55 years and older, who wish to choose flex cover, must provide satisfactory proof of insurability.

Members who wish to increase their current flexible death benefits on grounds of other circumstances must provide satisfactory proof of insurability at their own expense.

Cover ceases at the earlier of normal retirement age or attainment of age 65. The participating employer can elect to continue cover until age 70.

Please note *– In the event of a takeover (existing business moving from another retirement fund) existing members will be transferred with their existing cover provided certain conditions are met. Existing members will only have choices at marriage and birth of a child or legal adoption of a child.*

Lump Sum Disability Benefit

A retirement benefit becomes payable when a member qualifies for a lump sum disability. The lump sum is payable after a waiting period of six months if the member is totally, permanently and continuously prevented, even with further in-service training:

- from following the regular occupation which he/she practised immediately before; and,
- from following the occupations which he/she, in view of his/her training and experience, may reasonably be expected to follow,

and experiences loss of income. (The lump sum will be reduced by 20% per year to nil over the last five years before the normal retirement age.)

The maximum benefit available is the lesser of 8 x annual salary or R7 400 000. Cover ceases at the earlier of normal retirement age or attainment of age 65, but upon age 60 for pilots.

Drivers and Pilots: The member must be unable to follow any occupation in order to qualify for the benefit. In the case of pilots the benefit is only available to age 60.

The lump sum disability benefit is charged on the same basis as the death benefits.

Income Disability Benefit

Disability is defined as when the member:

- is totally and continuously prevented from following his/her regular occupation in the first 24 months of disablement including the waiting period, and thereafter,
- is also totally and continuously prevented, with or without further in-service training, from following the occupations for which he/she is reasonably eligible by virtue of his/her training and experience.

Participating employers can select from the following alternatives:

ALTERNATIVE 1	ALTERNATIVE 2
The maximum insured income will be equal to: • 75% of the first R12 000 monthly salary, plus • 50% of the monthly salary in excess of R12 000, plus • 25 % of first R12 000 monthly salary during the first two years of disability (including waiting period), The monthly benefit is subject to a total maximum of R15 000. The Employer Premium Waiver benefit is limited to a maximum of R2 200 per month.	The maximum insured income will be equal to: • 75% of the monthly salary. The monthly benefit is subject to a total maximum of R165 000 , excluding the Employer Premium Waiver benefit, for which an additional amount of up to R37 000 per month, is insured.

- The waiting period may be three, six or twelve months,
- Growth is available to the smaller of the chosen percentage (0%, 3%, 5%, 7.5% and 10%) and the increase in the consumer price index,
- Waiver of employer's contributions, at the level as specified within the accepted Sanlam Umbrella Fund quotation/amendment document, is automatically included. The employer will be liable for any difference in the contributions if the actual percentage contribution rate is more than the percentage contribution rate insured and the insurer had not been requested to insure the higher percentage rate,
- A member in receipt of disability income benefits will be deemed to be an employee and a member of the fund.

Where the Insurer identifies cases where rehabilitation or re-skilling of the disabled member is likely to be successful to enable the claimant to return to work, the Insurer will provide the necessary support to the claimant and the Employer. A rehabilitation programme will be drawn up by an Occupational Therapist and it is important that in such cases the claimant cooperates fully with the programme as the Income Disability benefit being paid to the claimant can be suspended should he/she breach any condition imposed upon him/her in terms of the rehabilitation programme.

The costs for the rehabilitation programme will be paid by the Insurer, and will exclude the costs that are covered by:

- the registered medical aid fund(s) of which the disabled member is a member or dependant.
- the payment of any other costs will be at the Insurer's sole discretion.

Cover ceases at the earlier of normal retirement age or attainment of age 65, but upon age 60 for pilots.

Drivers and Pilots: The member must be unable to follow any occupation in order to qualify for the benefit. In the case of pilots the benefit is only available to age 60.

The Income Disability Benefit is charged as a percentage of salary.

Temporary Income and Lump Sum Disability Benefit

This benefit offers a member, in the event of disablement and after a three month waiting period, an income disability benefit for a period of 21 months, followed by a lump sum disability payment.

In respect of the income disability benefits, disability is defined as when the member is totally and continuously prevented from following his/her regular occupation in the first 24 months of disablement including the waiting period.

- The maximum insured income will be equal to 75% of the monthly salary. The monthly benefit is subject to a total maximum of R165 000, excluding the Employer Premium Waiver benefit, for which an additional amount of up to R37 000 per month, is insured,

- A three month waiting period is applicable,
- No growth will be applied,
- No conversion option available on this component; and,
- Cover ceases at earlier of normal retirement age or attainment of age 65.

The lump sum disability payment is payable after a waiting period of 24 months and a further assessment, provided that the member is totally, permanently and continuously prevented, even with further in-service training:

- from following the regular occupation which he/she practised immediately before; and,
- From following the occupations which he/she, in the view of his/her training and experience, may reasonably be expected to follow, and experiences a loss of income.

The lump sum will be reduced by 20% per year to nil over the last five years before the normal retirement age.

The maximum benefit available is the lesser of 8 x annual salary or R7 400 000. Cover ceases at the earlier of normal retirement age or attainment of age 65, but upon age 60 for pilots.

Drivers and Pilots: The member must be unable to follow any occupation in order to qualify for the benefit. In the case of pilots the benefit is only available to age 60.

The Temporary Income and Lump Sum Disability Benefit is charged as a percentage of salary.

Accident Benefit

This option offers an additional lump sum at death as a result of an accident. The benefit is expressed as a percentage of core group life cover.

The following options are available:

- 50% of core group cover,
- 100% of core group cover.

A benefit may be claimed when the death of the life insured resulted directly and solely from a bodily injury caused by an accident and if the claim event (i.e. death) takes place within 12 months after the bodily injury (i.e. accident).

The maximum benefit available is the lesser of 6 x annual salary or R2 500 000. Cover ceases at the earlier of normal retirement age or attainment of age 65.

Accident benefits are charged as a percentage of salary.

Family Funeral Aid Benefit

The maximum age at entry for the principal member is before the age of 65 years and for spouses before the age of 75 years. All cover ceases at the first of the following events:

- When the principal member dies; or,
- When the principal member ceases to be an employee; or,
- When the principal member reaches the normal retirement age (or age 70 if applicable); or
- When a monthly premium is not paid; or
- If the scheme is dissolved.

The coverage amount can be selected, in multiples of R1 000, from R5 000 up to R45 000. Benefits are paid in respect of the death of the principal member, qualifying spouse or qualifying children according to the following scale:

- Principal member, qualifying spouse or qualifying children aged 14 and over are covered for 100% of the selected coverage amount,
- Qualifying children aged 6 and over but younger than 14 are covered for 50% of the selected coverage amount,
- Qualifying children younger than 6 and still-born children are covered for 25% of the selected coverage amount.

Benefits and premiums are payable up to the normal retirement age of the principal member. The participating employer can elect to continue funeral cover and premiums until age 70.

When the principal member dies, cover for the member's qualifying spouse and qualifying children ceases.

The Family Funeral Aid Benefit is charged as a fixed rand amount per member per month.

Burial Repatriation Benefit

This benefit is offered free of charge, on the death of the principal member or family members covered by our Family Funeral Aid Benefit.

The benefit provides for transport of the deceased via road or air:

- From anywhere in South Africa, Lesotho, Swaziland, Zimbabwe, Botswana, Namibia or Mozambique (south of the 22° latitude),
- To the funeral home closest to the place of burial in South Africa.

Trauma Benefit

A Trauma Benefit is paid only once, on the diagnosis of a traumatic illness. Any such payment does not impact the Death Benefit.

A waiting period of seven days will apply immediately after the date on which the traumatic illness was diagnosed. Should the member contract a traumatic illness and die before the end of the waiting period, no trauma benefit will be payable.

The maximum cover available is the lesser of 3 x annual salary or R1 440 000. The following traumatic events are covered:

- Chronic renal failure,
- Paraplegia,
- Myocardial infarction,
- Blindness (two eyes),
- Organ transplant,
- Major burns,
- Stroke (excluding a stroke resulting from external injuries),
- Coronary artery bypass surgery (excluding other procedures on the coronary vessels like percutaneous transluminal angioplasty or laser therapy),
- Deep coma (excluding a coma which is artificially induced for purposes of ventilation),
- Cancer, excluding:
  - Carcinoma in situ, like carcinoma in situ of the cervix,
  - All skin cancers (except malignant melanomas with Clark level 2 or more depth invasion),
  - Early prostatic cancers, medically classified as TNM class T1(a) or T1(b) or equivalent; and,
  - Kaposi sarcoma.

Cover ceases at the earlier of member's normal retirement age or attainment of age 65.

In the event of diagnosis and subsequent partial recovery, a percentage of the claim might be payable in line with ASISA standards (further details are available on request).

The Trauma Benefit is charged as a percentage of salary.

Spouse's Life Cover

Spouse's Life Cover is a lump sum equal to the lesser of 2 x annual salary and R8 000 000 (but not more than the member's group life cover) that becomes payable to the member on the death of his/her spouse.

Cover ceases at the earlier of the member's normal retirement age or attainment of age 65,

the death of the member, the exit of the member from the Fund, or in the event of divorce.

Marital status on the date of death of the spouse will be used to determine whether a claim is valid or not. A claim will only be admitted where the associated risk premiums have been paid up to date, and the onus lies with the employer to inform the Administrator timeously should the marital status of any employees change.

The Spouse's Life Cover is charged as a percentage of salary.

Cover During Disability

While a member receives an Income Disability Benefit or Temporary Income Benefit, the Lump Sum Disability Benefit, Accident Benefit, Death Benefit, Spouse's Life Cover and Familiy Funeral Aid Benefits that applied before disability, will remain applicable.

The Trauma Benefit will be continued during disability as a result of an event other than a defined traumatic disease. Premiums have to be continued. Life, accident and trauma cover during disability, for future and current disability claimants, will increase each year at a rate equal to the selected disability increase growth rate subject to a maximum of the lesser of 10% or the increase in the Consumer Price Index.

Conversion Options

- When a member retires or withdraws from the Fund, he/she has the option to take out a similar individual policy (Life Insurance, Lump Sum Disability or Income Disability Benefit) with the Insurer, without providing evidence of good health. This policy must be effected within 2 months after the member's last working day. The option for lump sum disability insurance and the income disability benefit is available only to the earlier of 5 years before normal retirement age and age 60.
- In the event of a member having spouse's life cover in effect, the spouse has the option at divorce, death, withdrawal, retirement or benefit cessation age of the member, whichever event may occur first, to effect a similar individual policy (life insurance) with the Insurer without providing evidence of good health.
- The maximum benefit in terms of these options may not exceed the maximum benefit that applies to similar individual policies. It may therefore be less than the maximum that applies immediately before the date of withdrawal or retirement.
- This individual policy is subject to the requirements, limitations and conditions that apply to HIV/AIDS normally imposed by the Insurer when taking out a similar new individual insurance.
- In cases where the participating employer elected group life cover to continue to age 70, the conversion option continues to age 70.

5 Underwriting Conditions for Insured Benefits

General

Membership

Quotations are only for eligible employees under the normal retirement age and who are actively employed by the participating employer. Membership is compulsory for new qualifying employees. In the opinion of the Insurers, an actively employed member should be capable of performing his/her normal duties with the employer. In the case of a transfer of an existing fund where members past normal retirement age were covered, members falling into this category are eligible provided such continued cover is indicated on the quotation.

Cover will take effect from the date on which membership commences and applies 24 hours a day.

In the event that a quotation is accepted after the effective date of commencement, any insurance claim that is submitted and that occurred prior to submission of the employer's signed Confirmation of Acceptance shall not be admitted unless the Insurer agrees to admit the claim on an ex-gratia basis. The Insurer's decision in such circumstances shall be final and binding.

Absence from Work

The insured benefits of a member who is absent from work (because of sickness or an accident) on the date on which his membership commences, will take effect only after 60 days from the date on which he/she resumes his/her normal duties with the employer.

The member will not be covered if he/she dies before he/she is capable of resuming his/her normal duties. The Insurers will decide whether the employee is fit to do his/her normal duties, and may require relevant proof and information in this regard before admitting a claim.

Take-over of Existing Benefits

The Insurers will take over the present insured benefits of all existing members of the participating employer provided that, in the sole opinion of the Insurers, substantially the same membership is covered as previously and for substantially similar benefits.

Should any benefits change as a result of the takeover, the lesser of the previous or the new benefits will apply to members.

The commencement with regard to the participating employer will be a date (first day of a month) following the notice of acceptance.

Existing and Pending Disability Claimants

Existing and pending disability claimants need to be identified by the employer at the quotation stage and acceptance stage and quoted as a separate category so that their cover can be confirmed, subject to underwriting conditions.

Members Who Work Outside the Borders of the RSA

The Insurers can provide cover for members who work temporarily outside the borders of the RSA, based on the following conditions:

- All payments to and from the Insurers will be in RSA currency,
- Cover and premiums will continue for a period of 6 months, at the same level as before these members started working outside the RSA,
- For extension of cover after the 6 months, and annually thereafter, the employer may request, in writing, an extension on the period of insurance after which new conditions (if applicable) will apply. A schedule of these members is required indicating the following:
  - The country in which the insured is physically present,

  - Nature of work responsibilities, and
  - The expected period of stay in the relevant country,

- These members must remain on the local payroll,
- The Insurers reserve the right to have the final assessment of disability claims done locally,
- The normal territorial limitations with regard to claims in payment will apply.

Definitions

Qualifying Spouse

A qualifying spouse in the case of an member means the person with whom he/she is joined in marriage. If an member is joined in marriage with two or more persons, qualifying spouse means only that one of them whom the member nominated in a written document submitted to the employer during the person's life. If the employer advises Sanlam that the insured has failed to nominate only one of them , only the one with whom he/she is joined in marriage first will qualify. Once a nomination has been made, it remains in force as long as the member is joined in marriage with the nominated person.

Marriage means:

- a marriage or union in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, No 120 of 1998, or the Civil Union Act, No 17 of 2006, or the tenets of a religion.

Qualifying Child

A qualifying child in the case of a member (principal member) means his/her qualifying child or his/her qualifying spouse's child. This includes a legally adopted child, a stepchild, a foster-child and a posthumous child, who is dependent on the principal member, provided that the child:

- is unmarried and has not reached the age of 21 years; or
- is unmarried, has not reached the age of 26 years and is a full-time student at an educational institution of a public nature; or
- is incapacitated by a physical or mental infirmity from maintaining himself/herself and such incapacity commenced when the child was either under the age of 21 or under the age of 26 years while a full-time student at an educational institution,
- is nominated in the required format before the risk is accepted,
- except a stepchild who on the date of the member's death was not dependent on the deceased for maintenance to any extent.

Still-born Child

A still-born child means a child that has had at least 26 weeks of intra-uterine existence, but showed no sign of life after complete birth.

Family Funeral Aid Benefit

On the date of commencement, the employer must provide a membership list indicating the names and dates of birth of the principal members. Full statistics of principal members under the scheme must be sent to the Administrator once a year.

Pre-existing Health Conditions

If existing underwritten business is taken over, the entry date for the members is the date on which membership with the Insurers or with the previous insurer commenced. Should any benefits change as a result of the take-over, the smaller of the previous or the new benefit will apply.

Disability Benefit

The benefit does not apply if the date on which the disability started occurs within 12 months of the entry date and the disability arises directly or indirectly from/or is traceable to:

- A bodily injury which occurred; or
- A diseased condition of which the member was aware or experienced symptoms or for which the member received medical treatment;

during the 6 months (12 months for municipalities) immediately before the entry date.

Drivers and Pilots: The member must be unable to follow any occupation in order to qualify for the benefit. In the case of pilots the benefit is only available to age 60.

Trauma Benefit

No claim for a specific traumatic disease shall be paid if a member had suffered from that traumatic disease prior to the entry date.

A claim for a specific traumatic disease, which the member suffered within two years after the entry date, shall also not be admitted if that traumatic disease had been directly or indirectly caused by or can be traced to a disease condition of which the member had been aware or had experienced symptoms or received medical treatment within the two years prior to the entry date.

Maximum Income After Disablement

The maximum average monthly income that a member will receive from all sources after disablement will not exceed 75% of his/her monthly salary before disablement. For these purposes, a Lump Sum Disability Benefit divided by 120 will be regarded as a regular monthly income.

The Fund will exclude the following receipts when determining a member's average monthly income after disablement:

- Lump sum receipts (including any receipt expressed as a capital amount payable in instalments over a period of ten years or less), of which the aggregate does not exceed the larger of R400 000 or 2.5 x the member's annual salary as on the commencement of the total and or permanent disability,
- During the period of two years, on the commencement of total and or permanent disability, regular receipts, which in total are not more than a monthly receipt of 25% of the member's average monthly earnings before disability.

Claim Conditions

The participating employer must submit claims in writing to the Administrator, using the claim forms provided, within the timeframes set out in the policy.

The Insurer may from time to time insist on further requirements before considering a claim. If applicable, this information will be requested in a separate letter.

No benefit will be paid if the Insurers are not notified of the claim within six months of the event. In the case of the disability income benefit, no benefit will be paid if the Insurers are not notified of a claim or potential claim within six months (three months in the event of a trauma claim) immediately following the earlier of the event giving rise to a claim or the member's last working day.

At termination of the Sub-fund, a period of three months will be allowed in which notice can be given of claims that occurred before the termination date.

No insured benefits will be paid unless the claim is approved and settled by the Insurer.

Trauma Benefit

The benefit payable is limited so that the aggregate amount which is paid in terms of similar benefits from all sources does not exceed R4 000 000.

All costs related to submitting the claim for traumatic illness must be covered by the member and or the employer.

Exclusions

Except where the policy provides otherwise, no benefit will be paid in the event of:

- Any disability claim where the member's occupation is that of a professional sportsman /sportswoman or a professional diver,
- In respect of disability, no benefit will be payable in the event of a condition being attributable to the member having negligently or wilfully exposed himself/herself to danger, except in the interests of the law or to protect his/her or another's life or property,
- In respect of disability, no benefit will be payable in the event of a condition being attributable to intentional self-inflicted injury; and that can be substantially removed by surgery or any other medical treatment which, taking into account the risk and the prospect of success of that treatment, the member can reasonably be expected to undergo,
- In respect of the accident benefit, all pilots are excluded for this benefit; as well as passengers in a small aircraft which is piloted by an unqualified pilot (unqualified pilot defined as a pilot without a commercial pilot's licence),
- The following exclusion in respect of war and terrorism will apply:
  - Death or disability that occurs as a direct or indirect consequence of active participation in war, invasion, acts of foreign enemies, hostilities, warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power;
  - Death or disability as a direct or indirect consequence of:
    - the use of nuclear, biological or chemical weapons, or any radioactive contamination; or
    - attacks on or sabotage of facilities (including, but not limited to, nuclear power plants, reprocessing plants, final repository sites and research reactors) and storage depots, which lead to the release of radioactivity or nuclear, biological or chemical warfare agents,

irrespective of whether any of the above has been performed with the specific use of information technology.

Cover Free of Medical Evidence (Free Cover Limit)

When determining a Free Cover Limit, the benefits chosen as well as the data that applies at that stage is considered. No evidence of health and insurability will be required (except for co-habitating spouses) for an amount of cover less than or equal to the Free Cover Limit. In the event where a member selected both the Core Group Life and Flex Group Life Insurance Benefits, the Free Cover Limit will be applied to the combined benefit.

The Insurers will only give a member cover in excess of the Free Cover Limit, after the member has provided evidence of good health and insurability. If the evidence is not acceptable, the excess cover may be given subject to special terms and conditions agreed to by the Insurers and the policyholder, or may be declined.

The Free Cover Limit assumes that at least 85% of all qualifying employees will join the Fund on the commencement date.

Takeover of Cover

The Insurers will take over the cover of members who have already provided proof of insurability to the previous insurer, subject to written confirmation by the previous insurer. Future increases are, however, subject to underwriting. Existing loadings and or limitations will also be taken into account by the Insurers and must be disclosed at the date of take-over.

Existing cover, for which no proof of insurability was provided, i.e. cover amounts under the previous insurer's proof-free limit, will also be taken over provided that substantially the same membership is covered as previously and for substantially similar benefits.

Any future increases in the existing cover are subject to satisfactory proof of insurability.

Municipalities

All existing members will qualify. For new members, members aged 55 years and older must provide abbreviated details for proof of insurability.

Cover Requirements During the First Three Months

Members above the Free Cover Limit during the first three months will enjoy an interim accident benefit for the portion of cover between the Free Cover Limit and the full entitled benefit, subject to the following:

- The benefit is limited to maxima as per the policy document,
- A member must be actively employed by the employer,
- It is applicable in the following situations:
  - In respect of new entries, i.e. new staff joining the employer,
  - In case of salary increases to members and their cover is not already limited,
  - In case of a change in the benefit structure to members and their cover is not already limited,
  - When a new Sub-fund is established and certain members' cover exceeds the Free Cover Limit on the commencement date,
- The salary on which a claim is based will be less than or equal to the actual salary paid,
- Any claim, which may be lodged within three months from the commencement of the Sub-fund/amendment date, will be limited to the Free Cover Limit, if the claim is related to an illness or injury which occurred within six months before the commencement date.

When satisfactory proof of insurability has been provided within the three-month period, the cover applies as determined by the Insurers.

Please note *– The benefit will be limited to the Free Cover Limit if the death or disability of the insured is directly or indirectly caused by or is traceable to suicide or attempted suicide, which occurs within the said three months.*

The waiving of the Free Cover Limit is not applicable in the case where there is a take-over of cover from another Insurer. Those members who are taken over from another Insurer are transferred with their existing cover provided certain conditions are met.

6 Taxation at a Glance

The Sanlam Umbrella Fund offers a number of tax savings, both for participating employers and members.

Taxation legislation is complex and subject to change. It is therefore vital for participating employers and members to be advised on the appropriate tax structuring of contributions and insured benefits from a tax specialist. The participating employer must ensure that all contributions and premiums are taxed correctly by their payroll system.

Below is a table which briefly sets out the tax implications on various benefits/contributions as applicable for the 2012/2013 year of assessment. The tax exempt amount (R22 500 in case of withdrawal and R315 000 in case of retirement/death) is a lifetime amount. In applying the tax tables all previous lump sums received or accrued will be taken into account.

The Minister of Finance announced in the 2013 Budget that various significant tax changes were planned from March 2015 in order to harmonise the tax treatment of contributions to the various types of retirement funds. Consultation with the industry on the proposed changes is expected during 2014.

PENSION FUND AND PROVIDENT FUND COMPONENTS (INCLUDING ANY APPROVED DEATH AND LUMP SUM DISABILITY BENEFITS)	
Employer contributions	Tax-deductible up to 20% of remuneration
Employee contributions	Tax-deductible up to a maximum of 7.5% of remuneration or R1 750 per year for pension funds (nil deduction for provident funds)
Past service contributions by employees	Tax-deductible up to R1 800 per year for pension funds (nil for provident funds)
Interest and net rental income earned	No tax is payable
Realised and unrealised capital gains	No tax is payable
Pensions purchased upon retirement	Pensions are taxable at marginal rates of tax in the year payable
Lump sum on retirement	R 0 – R 315 000 : 0% R 315 001 – R 630 000 : 18% R 630 001 – R 945 000 : 27% R 945 001 + : 36%
Lump sum on death	R 0 – R 315 000 : 0% R 315 001 – R 630 000 : 18% R 630 001 – R 945 000 : 27% R 945 001 + : 36%
Lump sum on withdrawal	R0 – R 22 500 : 0% R 22 501 – R 600 000 : 18% R 600 001 – R 900 000 : 27% R 900 001 + : 36% Amounts transferred to preservation funds or other approved pension, provident or retirement annuity funds will not be taxed except a pension to provident fund transfer.

ALL OTHER INSURED BENEFITS (NOT PART OF THE APPROVED PENSION FUND OR PROVIDENT FUND COMPONENTS)	
Unapproved death and lump sum disability benefits, as well as all trauma benefits, spouses' life cover and family funeral aid benefits	Premiums are not tax-deductible by employees, and fringe benefit tax is payable if the employer pays these premiums on behalf of employees. The employer may claim a deduction as an operational expense. Benefits are not subject to income tax on payout.
Income disability benefits	Employee paid premiums are tax-deductible by employees. Employer paid premiums are tax deductible by employers but such premiums incurred on or after 1 March 2012 must be taxed in the employee's hands as fringe benefits - these taxed premiums will be deemed to have been paid by the employee and may be deducted by employers before calculating tax on remuneration. Income disability benefits are taxable at marginal tax rates in the year payable.

7 Investment Menu

The Trustees have approved three default investment strategies that can be chosen as a default investment strategy at participating employer level depending on the expressed investment objectives.

Sanlam Lifestage

Sanlam Lifestage is the Fund's trustee-approved default investment strategy and aims to meet each member's savings requirement working towards a target date, which would be either the Normal Retirement Age or the Planned Retirement Age.

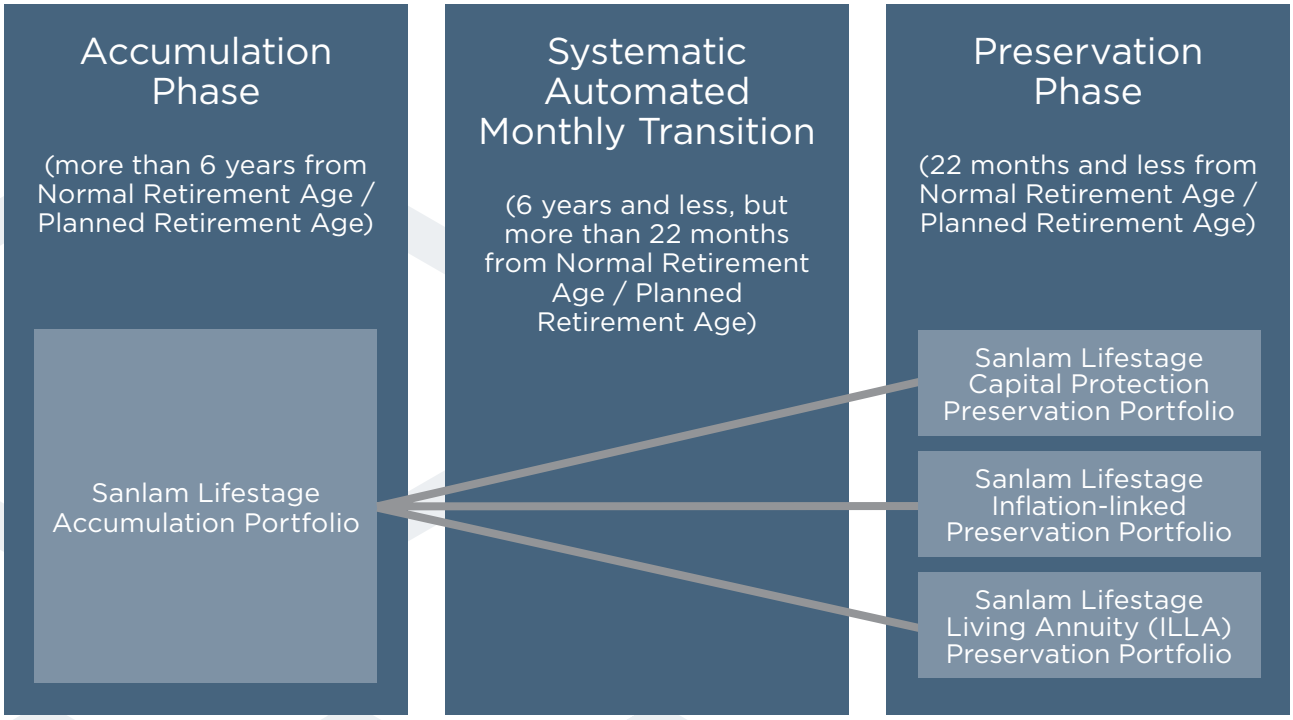
There are two underlying phases, and members invested in Sanlam Lifestage will be switched automatically between the two phases as they near retirement:

- Accumulation phase
- Preservation phase

As retirement approaches, this target-date strategy invests in an investment portfolio matching the member's post-retirement needs or plans, but in the years prior to this it reflects greater emphasis on growth. The strategy aims for members to hold an appropriate mix of assets to deliver the level of growth for their changing risk profile as they approach retirement. In order to do this, members' assets are managed by the best investment managers in the industry to maximise performance.

Members with more than 6 years before reaching their Planned Retirement Age are fully invested in the Sanlam Lifestage Accumulation Portfolio which aims to achieve capital growth.

Six years (72 months) before a member reaches his/her Planned Retirement Age, the member is gradually switched from the Sanlam Lifestage Accumulation Portfolio to his/her selected Sanlam Lifestage preservation portfolio by means of 50 monthly switches.



Members are required to select one of the following three Sanlam Lifestage preservation portfolios best suited to his/her post-retirement income needs:

- Sanlam Lifestage Capital Protection Preservation Portfolio, or
- Sanlam Lifestage Inflation-linked Preservation Portfolio, or
- Sanlam Lifestage Living Annuity (ILLA) Preservation Portfolio.

The phasing switches that shift exposure from the Sanlam Lifestage Accumulation Portfolio to the relevant preservation portfolio are calculated and implemented monthly based on members' actual age, without any costs. The first phasing switch disinvests 1/50th of exposure in the Sanlam Lifestage Accumulation Portfolio and re-invests the proceeds in the selected preservation portfolio. The second monthly phasing switches a further portion of the exposure in the Sanlam Lifestage Accumulation Portfolio and invests the proceeds in the selected preservation portfolio. The third monthly phasing switches a similar portion of the exposure in the Sanlam Lifestage Accumulation Portfolio and invests the proceeds in the selected preservation portfolio. The monthly phasing switches are repeated until, after 50 switches, the exposure to the Sanlam Lifestage Accumulation Portfolio is zero and the member is fully invested in the selected preservation portfolio 22 months prior to retirement.

Members need to make a decision regarding their post-retirement plans and select a suitable preservation portfolio at least six years and one month before their planned retirement date. The Fund's communication strategy makes provision for the distribution of communication to members 7 years, 6.5 years and 1 year before retirement date.

Sanlam Lifestage Investment Portfolios

Sanlam Lifestage Accumulation Portfolio

The Sanlam Lifestage Accumulation Portfolio aims to provide market-related growth to members who are more than six years from retirement and who need to grow their retirement savings. The portfolio allocates its assets across equity, bond, property, cash, hedge fund and foreign sub portfolios. In the case of each domestic sub portfolio a core/satellite investment strategy is employed. The core is a low-cost index-tracking strategy, around which the satellite managers aim for active returns through the outperformance of their respective benchmarks. The portfolio has an aggressive risk profile.

Sanlam Lifestage Capital Protection Preservation Portfolio

The Sanlam Lifestage Capital Protection Preservation Portfolio is the default preservation strategy. The investment exposure of all members who do not submit a written response before the deadline will be switched to this portfolio. This portfolio was selected as the default strategy given its objective to protect the invested capital by guaranteeing the net contributions invested. The portfolio is also suitable for members who have not decided whether to retire by means of an insured annuity or living annuity (ILLA) at retirement.

The portfolio invests in the Sanlam Stable Bonus Portfolio. The portfolio aims to protect the invested capital. The Stable Bonus Portfolio provides investors with exposure to the financial markets, while protecting them against adverse market movements. This is achieved by smoothing the returns over time and guaranteeing the net contributions invested together with the vested bonuses in case of resignation, retirement, death, retrenchment or disability.

Non-vested bonuses are also declared over and above the vested bonuses. The underlying portfolio has a diversified exposure to domestic equity, bonds, property and alternative investments as well as international assets. The portfolio has a conservative risk profile.

Sanlam Lifestage Inflation-linked Preservation Portfolio

The Sanlam Lifestage Inflation-linked Preservation Portfolio aims to provide members nearing retirement with the ability to buy a targeted post-retirement income that will grow in line with inflation after retirement. As such, the investment portfolio may fluctuate when interest rates rise or fall, as it aims to match the movement in purchasing prices of inflation-linked annuities rather than protect capital in the short term.

The portfolio invests in a long-duration bond portfolio, the Sanlam Employee Benefit Inflation Annuity Tracker portfolio, where the benchmark for this portfolio is the Sanlam Asset /Liability Index (SALI) Real. The SALI Real has been developed by Sanlam to track the cost of purchasing an inflation-linked annuity. The portfolio has a conservative risk profile.

Sanlam Lifestage Living Annuity (ILLA) Preservation Portfolio

The Sanlam Lifestage ILLA Preservation Portfolio aims to provide moderate market growth without full participation in market volatility. This portfolio is suitable for members who want to invest in an investment-linked living annuity at retirement.

The portfolio allocates its assets across equity, bond, property, cash, hedge fund and foreign sub portfolios. In the case of each domestic sub portfolio a core/satellite investment strategy is employed, the core is a low-cost index-tracking strategy, around which the satellite managers aim for active returns through the outperformance of their respective benchmarks. The portfolio has a moderate risk profile.

General Provisions

Members are allowed to switch out of Sanlam Lifestage at any time as per standard policy conditions. At retirement, members may withdraw their investment balance to invest how and where they wish, subject to the Rules of the Fund. Members within six years of retirement age are allowed to switch between the three available preservation portfolios. Members must switch their full fund value and cannot switch in tranches.

Members may plan to retire earlier than the normal retirement age determined by their employer, in which case planned retirement dates instead of normal retirement ages can be used to determine the timing of the phasing process. Members who opt for a planned retirement age are required to inform Sanlam Employee Benefits' Member Administration Services in writing.

Volatility Protection Strategy

The Trustees have approved an alternative default investment strategy suitable for members who wish to achieve inflation-beating real returns over the medium to long term, but who are particularly concerned about protecting against significant short term investment losses. The strategy will most likely result in lower returns than the Sanlam Lifestage over the long term as a consequence of the implicit cost of the underlying guarantees and lower effective equity exposure. Nonetheless, the Trustees recognise that such a strategy is suitable for many members - particularly those members who are not financially sophisticated and who might not appreciate that a high equity exposure inevitably implies some risk of capital loss over the short term.

The Trustees review the investment strategy of the Volatility Protection Strategy continually, and will make periodic changes to the underlying investments in line with the objectives of the strategy.

The Volatility Protection Strategy currently invests all moneys in the Sanlam Monthly Bonus Fund.

Passive Investor Strategy

The Trustees have approved a second alternative default investment strategy suitable for members who aim to contain investment management costs by choosing a passive management investment strategy with underlying investments tracking market indices.

The Passive Investor Strategy could suit those investors who are not convinced that the available active investment strategies will outperform a comparable basket of market indices over the long term, and thus reason that by containing investment management costs, the resultant net retirement payouts to members will be enhanced all other factors being equal.

The Trustees review the investment strategy of the Passive Investor Strategy continually, and will make periodic changes to the underlying investments in line with the objectives of the strategy.

The Passive Investor Strategy currently invests all moneys in the SIM Enhanced Tracker Balanced Fund.

Tailored Default Investment Strategy

Subject to conditions, an employer can select a tailored default investment strategy being either any one of the trustee-approved range of institutionally priced portfolios or any combination of these portfolios. This option is only available for Sub-funds with a minimum of R20 million assets (including outstanding Section 14 bulk transfers but excluding assets invested via the Glacier or Sanlam Private Investments platforms). Furthermore a tailored lifestage strategy (including automated movement of members' moneys between portfolios based on predetermined parameters) can be selected for Sub-funds with a minimum of R50 million assets (including outstanding Section 14 bulk transfers but excluding assets invested via the Glacier or Sanlam Private Investments platforms).

For good governance reasons, Sub-funds making use of this option must (unless exemption from this requirement has been granted by the Trustees following a written application) appoint an Accredited Investment Consultant (see chapter 12 for further details) to provide tailored investment consulting advice and reporting in line with standards approved by the Trustees. The Sub-fund will bear additional charges for this extra investment flexibility being an investment administration fee of one-twelfth of 0.10% (excluding VAT) per annum recovered monthly of all Sub-fund assets (but excluding assets invested via the Glacier or Sanlam Private Investments platforms). The Accredited Investment Consultant will also charge the Sub-fund an investment consulting fee.

Comprehensive Plus

This is a variant of the Comprehensive Option that allows an institutional asset management or asset consulting business to create customised asset management portfolios to meet its clients' needs subject to certain minimum criteria and due diligence investigations, and to provide a tailored asset consulting service to a Sub-fund's Joint Forum, and be remunerated for providing such services in addition to and separate from Contracted Benefit Consulting and Contracted Financial Advisory Services. Subject to conditions, any employer that participates under a Comprehensive Plus arrangement can select a tailored default investment strategy using any of the approved customised investment portfolios in terms of that arrangement, or any one of the Comprehensive Option trustee-

approved range of institutionally priced portfolios, or any combination of all these portfolios. Comprehensive Plus is only available for Sub-funds with a minimum of R10 million assets (including outstanding Section 14 bulk transfers but excluding assets invested via the Glacier or Sanlam Private Investments platforms). Employers and their appointed Contracted Benefit Consultants must make application to participate under a Comprehensive Plus arrangement. Sanlam charges an investment administration fee on any customised investment portfolios under Comprehensive Plus to cover extra costs to Sanlam associated with administering and governing these additional portfolios. The standard additional Sanlam investment administration fee is one-twelfth of 0.20% per annum exclusive of VAT recovered monthly in respect of all assets invested in these customised portfolios.

Standard Option Investment Menu

Members on the Standard Option do not have investment choice, and all their investments in the Sub-fund are invested in the default strategy selected for their members.

Comprehensive Option Investment Menu

Members of participating employers on the Comprehensive Option have the following choices:

- To remain invested in the default investment strategy (i.e. the Sanlam Lifestage, the Volatility Protection Strategy or the Passive Investor Strategy) as selected by their participating employer.
- To make application to instead invest in one of the other default investment strategies (i.e. the Sanlam Lifestage, the Volatility Protection Strategy or the Passive Investor Strategy) that was not selected as the default strategy by their participating employer.
- To make application to instead allocate their investments between a trustee-approved range of institutionally priced investment portfolios covering the full risk-return spectrum. The employer can also select the Customised Member Investment Choice option whereby the range of available portfolios can be restricted for the Sub-fund's members.
- In cases where the Sub-fund participates under a Comprehensive Plus arrangement, members can also make application to instead allocate some or all of their investments to the approved customised investment portfolios in terms of that arrangement.
- On commencement, or on becoming a member of the Fund, there is no charge for the member's initial choice of portfolio/s. Thereafter, if a member decides to make a change to his/her current assets and future contributions the first switch per calendar year is free and subsequent switches will be charged a switching fee of R450 (VAT inclusive) deductible from the relevant member's individual account value. However, should a member decide to make a change regarding only his future contributions, there would be no charge. The investment instruction will be implemented within 5 working days of confirmation of receipt.
- To make application to instead allocate all or some of their investments to a very extensive range of more than 1 200 retail Collective Investment Schemes (CIS) available on Sanlam's Glacier investment administration platform subject to satisfying the minimum product criteria of Glacier. As part of this offering, members can also choose to invest the equity component of their Glacier investments to design their own personalised share portfolio via Sanlam Private Investments subject to a minimum of R500 000 being allocated to the equity component. More information is available at www.glacier.co.za.

The following sliding scale minimum investment amounts apply in order to qualify to invest via Glacier:

LUMP SUM AMOUNT	MINIMUM REQUIRED MONTHLY CONTRIBUTION
R0 to R100 000	R7 500
R100 000 to R200 000	R5 000
R200 000 to R300 000	R3 500
R300 000 to R400 000	R2 000
R400 000 to R500 000	R1 000
Above R500 000	Any contribution (or zero)

It is strongly recommended that members exercising their own investment choices, particularly members choosing investment options via Glacier, make use of a FAIS-accredited financial adviser to advise them on the basis of a written retirement investment plan. Members may either consult their participating employer's Contracted Financial Adviser, or alternatively any FAIS-accredited financial adviser of their choice. Exercising individual investment choice may have significant cost implications and members are advised to request their financial advisers to do a cost comparison between the asset management and other fees payable in respect of the participating employer's default portfolio and the alternative portfolio they consider selecting.

The Trustees have resolved that members choosing to make their own investment choices can spread their Fund investments between a maximum of 4 investment portfolios. All investments on the Glacier platform count as a single investment portfolio choice for the purposes of this rule.

The range of institutionally-priced investment portfolios is as follows:

Multi-manager Range

- SMM 70 Portfolio
- SMM 50 Portfolio
- SMM 30 Portfolio
- SMM Absolute Return CPI + 5% Portfolio

Sanlam Investment Management Single Manager Range

- SIM Balanced Fund
- SIM Managed Moderate Fund of Funds
- SIM Inflation Plus Fund
- Sanlam Cash Fund

External Single Manager Range

- Sanlam Allan Gray Domestic Balanced *
- Sanlam Allan Gray Global Balanced *
- Sanlam Coronation Houseview
- Sanlam Foord Balanced Fund
- Sanlam Oasis Crescent
- Investec Balanced Fund

Index-tracking Range

- SIM Enhanced Tracker Balanced Fund

Smoothed Bonus Range

- Sanlam Monthly Bonus Fund
- Sanlam Stable Bonus Portfolio

The objectives of each of these investment portfolios are as follows:

Multi-manager Range

- **SMM 70 Portfolio**

  SMM 70 Portfolio is managed by Sanlam Multi-Manager International and offers a focused risk profile balanced solution, aggressively positioned in the market. It has close to a 70% equity composition and aggressive tracking error. The portfolio yields higher volatility in returns and is expected to outperform portfolios with lower equity content over the

long term.

SMM 70 Portfolio is suitable for investors wishing to exploit the investment returns in the financial markets to the fullest and who have a generous appetite for risk. It requires a longer-term time horizon. The portfolio represents aggressively managed exposure to market risk.

- **SMM 50 Portfolio**

  SMM 50 Portfolio is managed by Sanlam Multi-Manager International and offers a moderate risk profile balanced solution, prudently positioned in the market. It has close to a 50% equity composition and medium tracking error. The portfolio provides moderate volatility in returns and is expected to be outperformed by portfolios with higher equity content over the long term, but is in turn expected to outperform lower content equity portfolios.

  SMM 50 Portfolio is suitable for investors wishing to exploit the investment returns in the financial markets and with a relatively moderate appetite for risk. It requires a longer term time horizon. The portfolio represents more moderate exposure to market risk.

- **SMM 30 Portfolio**

  SMM 30 Portfolio is managed by Sanlam Multi-Manager International and offers a low risk profile balanced solution, conservatively positioned in the market. It has close to a 30% equity composition and conservative tracking error. The portfolio provides low volatility in returns and is expected to be outperformed by portfolios with higher equity content over the long term.

  SMM 30 Portfolio is suitable for investors wishing to exploit the investment returns in the financial markets and with a relatively conservative appetite for risk. It requires a longer term time horizon. The portfolio represents more conservative exposure to market risk.

- **SMM Absolute Return CPI + 5% Portfolio**

  The SMM Absolute Return CPI + 5% Portfolio is a multi-managed portfolio, which aims to provide real returns to investors. The objective of the portfolio is to consistently beat the benchmark of CPI + 5% over rolling 36-month periods and to provide long-term investment income and capital growth. The portfolio will primarily invest in equities, bonds, listed property and cash instruments. It is managed using specific absolute return managers and value is added through manager selection and underlying absolute strategies.

  The portfolio could be considered by investors preferring a cautious, arm's-length approach to money management; investors wishing to avoid any chance of losing money; and investors who regard financial security as highly important.

Sanlam Investment Management (SIM) Single Manager Range

- **SIM Balanced Fund**

  The SIM Balanced Fund invests in a wide spectrum of investments in the equity, bonds, money and property markets in order to maximise total returns over the long term. By investing in a single portfolio which diversifies across all the major asset classes, investors "outsource" the difficult decision of how much and when to invest in the different asset categories to the fund manager.

  The portfolio is suitable for investors requiring capital growth via a moderate-aggressive risk balanced portfolio. Investors wishing to exploit the investment returns in the financial markets to the fullest and who have a higher appetite for risk could also consider utilising this portfolio.

- **SIM Managed Moderate Fund of Funds**

  The SIM Managed Moderate Fund of Funds is a portfolio with moderate risk qualities. Investments are diversified primarily across the

cash, bond, property and equity asset classes. The primary objective of the portfolio is to achieve long-term capital growth and income generation at volatility levels that reflect a moderate risk profile. The underlying portfolios will at all times have an exposure to equities of between 40% and 60%, but this may vary depending on market conditions. The portfolio consists of a combination of flagship SIM collective investment schemes (CIS) managed by the best investment experts within Sanlam Investments, both domestically and globally. The portfolio offers exposure to high conviction financial market views and investment ideas and represents a "value for money" offering that is transparent and visibly accountable.

The portfolio is suitable for investors displaying a moderately generous propensity to accept market risk.

- **SIM Inflation Plus Fund**

  The SIM Inflation Plus Fund invests in a flexible combination of investments in the equity, bond and money markets, both locally and abroad, aiming for positive real returns (comprising capital and income growth) over the medium-to-long term. The portfolio is ideally suited to the cautious investor wanting to save for retirement, and who aims to achieve an inflation-beating return. The portfolio aims to smooth returns and reduce volatility and is thus an ideal investment for times of market instability. Capital protection is of primary importance.

  The portfolio is recommended for use as a core fund when following a core/satellite approach, particularly for the more risk-averse client. It aims to outperform inflation (CPIX) by a margin of 4% (after annual service fee) over any rolling 3-year period, while also aiming to prevent any capital losses over any rolling 12-month period.

- **Sanlam Cash Fund**

  The Sanlam Cash Fund provides capital stability by investing primarily in cash and money market instruments. The portfolio is suited to investors requiring competitive interest with regular income and total capital stability. It is ideal for risk-averse investors, or for investors who are waiting for market volatility or global uncertainty to subside.

  The portfolio should produce higher returns than call deposits while interest rates are declining. In rising interest rate environments, these funds will benefit soonest from higher call deposit rates. The portfolio could be considered by investors preferring a cautious, arm's-length approach to money management; investors wishing to avoid any chance of losing money; and investors who regard financial security as highly important.

External Single Manager Range

- **Sanlam Allan Gray Domestic Balanced**

  The Sanlam Allan Gray Domestic Balanced Portfolio represents an actively managed pooled portfolio and is aimed at members with an average risk tolerance. Investments are selected from all available domestic asset classes, but will reflect Allan Gray's house view for an optimal domestic balanced mandate retirement fund. The portfolio is aimed at delivering superior long-term investment returns at a lower risk of capital loss.

  The portfolio is suitable for investors wishing to achieve good investment returns while simultaneously avoiding unnecessary stresses emanating from financial markets. It requires a longer-term time horizon. Specifically, it is well suited to investors displaying a moderately generous propensity to accept market risk.

- **Sanlam Allan Gray Global Balanced**

  The Sanlam Allan Gray Global Balanced Portfolio represents an actively managed pooled portfolio and is aimed at members

with an average risk tolerance. Investments are selected for all available asset classes, but will reflect Allan Gray's houseview for an optimal global balanced mandate retirement portfolio. This portfolio aims to offer long-term returns superior to the benchmark, but at lower risk of capital loss.

The portfolio is suitable for investors wishing to achieve a good investment return while simultaneously avoiding unnecessary stress emanating from financial markets. It requires a longer-term time horizon.

Please note – *The Sanlam Allan Gray Domestic Balanced and Global Balanced Portfolios are only available to Sub-funds who had exposure to these portfolios prior to December 2009.*

- **Sanlam Coronation Houseview**

  The Sanlam Coronation Houseview Portfolio is a pooled medium-risk balanced portfolio managed on a market-linked basis. It focuses on delivering strong, consistent returns over the medium-to-long term. The investment strategy underlying the portfolio reflects Coronation's "best houseview." The strong bottom-up stock selection process - using fundamental analysis and a focus of valuing companies on a mid-cycle basis, with free cash flow as the key determinant - should produce above average performance over time.

  Sanlam Coronation Houseview Portfolio is suitable for investors wishing to achieve good investment returns while simultaneously avoiding unnecessary stresses emanating from financial markets. It requires a longer-term time horizon and is suitable for investors displaying a moderately generous propensity to accept market risk.

- **Sanlam Foord Balanced Fund**

  The Sanlam Foord Balanced Fund aims to achieve the steady growth of income and capital as well as the preservation of capital.

  The portfolio could be considered by investors whose risk tolerance is below that of a pure equity fund investor and those who require the asset allocation decision to be made for them, within prudential guidelines. The Fund is suited to being a substantial component of any retirement savings portfolio and is especially suitable for retirement funds, pension fund members and holders of contractual savings products.

- **Sanlam Oasis Crescent**

  The Sanlam Oasis Crescent Portfolio is managed according to the Oasis investment philosophy of low volatility fund management that seeks to provide superior returns at lower-than-market risk. It has a high equity exposure and provides investors with a diversified portfolio of listed domestic equities, international equities, listed property securities and limited cash holdings. The portfolio is characterised by socially responsible investment features in its underlying assets. In addition, it conforms to the ethical requirements of Shari'ah Law.

  The portfolio is suitable for investors wishing to achieve good investment returns while simultaneously avoiding unnecessary stresses emanating from financial markets. It requires a longer-term time horizon. It suits investors displaying a low-to-moderate propensity to accept market risk.

- **Investec Balanced Fund**

  The Investec Balanced Fund represents a stand-alone multi-asset strategy managed in accordance with the prudential investment guidelines.

  The Investec Balanced Fund is suitable for investors who have a moderate to high risk profile, and provides a vehicle for investors seeking capital and income growth over the long term.

Index-tracking Range

- **SIM Enhanced Tracker Balanced Fund**

  The SIM Enhanced Tracker Balanced Fund pursues a passive management approach with a view to containing costs. The portfolio invests in tracker equity and bond indices, both locally and abroad, and also cash to create a moderate risk balanced portfolio which is expected to perform close to the underlying indices without incurring active management costs.

Smoothed Bonus Range

- **Sanlam Monthly Bonus Fund**

  The objective of the Sanlam Monthly Bonus Fund is to provide investors with exposure to the financial markets, while protecting them against adverse movements in the markets. This is achieved by smoothing the returns over time, and guaranteeing (for resignation, retirement, death, retrenchment and disability events) the net contributions invested together with the net bonuses declared on a monthly basis.

  The portfolio could be considered by investors preferring a cautious, arm's-length approach to money management; investors wishing to avoid any chance of losing money; and investors who regard financial security as highly important.

- **Sanlam Stable Bonus Portfolio**

  The objective of the Sanlam Stable Bonus Portfolio is to provide investors with exposure to the financial markets, while protecting them against adverse movements in the markets. This is achieved by smoothing the returns over time, and guaranteeing (for resignation, retirement, death, retrenchment and disability events) the net contributions invested together with the vested bonuses. Non-vested bonuses are also declared on top of that.

  The portfolio could be considered by investors preferring a cautious, arm's-length approach to money management; investors wishing to avoid any chance of losing money; and investors who regard financial security as highly important.

8 Operating Expenses

The Fund's operating expenses comprise the following:

Administration Fees

Administration Fees are levied by Sanlam to cover the cost of administrating the scheme, and are calculated and quoted per Sub-fund and deducted monthly. These fees are deducted as a flat percentage of salary per member. However participating employers can choose to have these fees deducted as a flat Rand amount per member. The administration fee is quoted inclusive of a discount based on asset size that recognises each Sub-fund's contribution to enhancing the Fund's economies of scale. Administration Fees do not include the Investment Management Fees charged for the management of investments. On commencement the Administration Fee is guaranteed for 12 months, and thereafter is subject to review at 1 month's notice. Sanlam reserves the right to adjust the Administration Fee at any time should a participating employer's actual membership and or asset base data differ from that employed for purposes of determining the quoted fees.

Consulting Fees

A Consulting Fee is payable monthly to each participating employer's FAIS-accredited financial adviser for providing the Contracted Benefit Consulting and Contracted Financial Advisory services. Consulting Fees are not subject to review as part of the annual revision process, but can be reviewed at any time by negotiation and agreement between the Contracted Benefit Consultant, the Contracted Financial Adviser and the Participating Employer. Any consulting fee reviews are thereafter implemented by way of the Fund's formal amendments process.

The Trustees have approved the following standard intermediary remuneration scale per participating employer for the full range of contracted services:

- Calculated using total retirement contributions plus insured benefit premiums (excluding insured benefit premiums in respect of insurance policies falling outside the Fund's risk pool underwritten by the Insurers),
- Annualised amount determined on commencement based on the following scale: 7.5% of the first R142 000 contributions per year; plus 5.0% of the next R103 000 contributions per year; plus 3.0% of the next R284 000 contributions per year; plus 2.0% of the next R1 021 000 contributions per year; plus 1.0% of the remainder of contributions,
- This annualised amount is expressed and charged as a percentage of salaries or, on request from the intermediary, as a flat Rand amount per member per month. The fee is payable each month subject to the receipt of employer's contributions and updated member schedules.

It is permissible for the Contracted Benefit Consulting and Contracted Financial Advisory service to be provided by different FAIS-accredited advisers, in which case the standard Consulting Fee will be split between these two contracted advisers, and the agreed split advised to Sanlam. Alternatively an employer can opt to have Sanlam provide the Contracted Benefit Consulting services, in which case Sanlam will retain 50% of the standard Consulting Fee for providing such services, and the remaining 50% of the standard Consulting Fee will be paid to the chosen Contracted Financial Adviser.

It is recognised that some participating employers might wish to negotiate a tailored consultancy service with their advisers. In such cases the Trustees are prepared to allow the option of a negotiated Consulting Fee in lieu of the standard

Consulting Fee scale, provided that a contract is signed by both the participating employer and financial adviser, and that it includes all the Trustees' requirements for Contracted Benefit Consulting and Contracted Financial Advisory services. This negotiated Consulting Fee is also payable monthly, and can be expressed as a flat Rand amount per member per month or a flat percentage of salaries.

For members on the Comprehensive Option who choose to invest some or all of their monies via Glacier or via Sanlam Private Investments, the member can authorise payment of additional advisory fees which will be paid separately by Glacier or by Sanlam Private Investments (as applicable) on behalf of the member.

Risk Management Fees

Sanlam levies a Risk Management Fee by way of a 5% loading to the Insurers' net insured benefit premiums for providing risk management services required to ensure the ongoing sound actuarial management of the Fund's risk pool. The Risk Management Fee is included in the quoted insured benefit premiums.

Contingency Reserve Account Levy

The Administration Fees do not include the normal costs and disbursements incurred by the Fund, e.g. the FSB levies and fees, fidelity insurance premiums, actuarial services, audit services, independent trustee expenses, member communication, and other fees and disbursements. These fees are recovered by way of a monthly Contingency Reserve Account Levy which is determined by the Trustees in terms of a budgeting process. The Contingency Reserve Account Levy is currently R2.50 for each sub-fund per member per month including VAT.

Annual Revision Date

Administration Fees and insured benefit premiums are reviewed annually on 1 March each year following negotiations between the Sponsor, the Insurers and the Board of Trustees. Participating employers will be given 1 month's written notice of any changes to administration fees, consulting fees and insured benefit premiums.

The Contingency Reserve Account Levy is subject to review at any time.

9 Investment Management Fees

Investment management fees are calculated and levied on a monthly basis by applying specified fee scales per portfolio based on each Sub-fund's actual investment values.

Sanlam Multi-Manager International Multi-Manager Range

PORTFOLIOS	FEES	
Sanlam Lifestage Accumulation Portfolio Sanlam Lifestage Capital Protection Preservation Portfolio Sanlam Lifestage Inflation-linked Preservation Portfolio Sanlam Lifestage Living Annuity (ILLA) Preservation Portfolio	Investment Management Fees: One-twelfth of 1.00% per annum, recovered monthly on all assets under management. Guarantee Premium: A guarantee premium of one-twelfth of 0.90% per month is recovered from the assets in the Sanlam Lifestage Capital Protection Preservation Portfolio. Annual Performance Linked Fee: SMMI may mandate any asset manager that manages assets in Sanlam Lifestage (Sanlam Lifestage Inflation-linked Preservation Portfolio excluded), on a performance fee basis. This may result in higher overall fees, but only when performance targets agreed between SMMI and the asset manager have been exceeded.	
SMM 30*, 50*, 70* Portfolios	On South African assets: One-twelfth of 1.00% per annum, recovered monthly on the portion of assets between R0 & R10m One-twelfth of 0.75% per annum, recovered monthly on the portion of assets between R10m & R30m One-twelfth of 0.65% per annum, recovered monthly on the portion of assets between R30m & R150m One-twelfth of 0.55% per annum, recovered monthly on the portion of assets above R150m	On international assets: One-twelfth of 0.90% per annum, recovered monthly
SMM Absolute Return CPI + 5% Portfolio*	One-twelfth of 0.75% per annum, recovered monthly on all assets under management.	
**SMMI may mandate any asset manager that manages assets in the Portfolio, on a performance fee basis. This may result in higher overall fees, but only when performance targets agreed between SMMI and the asset manager have been exceeded.*		

Sanlam Investment Management Single Manager Range

PORTFOLIOS	FEES
SIM Balanced Fund	One-twelfth of 0.75% per annum, recovered monthly, on all assets under management
SIM Managed Moderate Fund of Funds	One-twelfth of 0.70% per annum, recovered monthly, on all assets under management
SIM Inflation Plus Fund	One-twelfth of 0.70% per annum, recovered monthly, on all assets under management
Sanlam Cash Fund	One-twelfth of 0.30% per annum, recovered monthly, on all assets under management

External Single Manager Range

PORTFOLIOS	FEES
Sanlam Allan Gray Domestic Balanced	One-twelfth of 1.00% per annum, recovered monthly on the portion of assets under management between R0 & R25m One-twelfth of 0.85% per annum, recovered monthly on the portion of assets between R25m & R50m One-twelfth of 0.70% per annum, recovered monthly on the portion of assets between R50m & R100m One-twelfth of 0.60% per annum, recovered monthly on the portion of assets between R100m & R500m One-twelfth of 0.50% per annum, recovered monthly on the portion of assets above R500m
Sanlam Allan Gray Global Balanced	On South African assets: 1% per annum of the first R25m 0.85% per annum on the portion of assets between R25m – R50m 0.75% per annum on the portion above R50m No performance fee on SA assets. On Foreign assets: 0.10% per annum of the foreign component of the market value of the units allocated in respect of the Participating Employer in the Portfolio, after the recovery of the performance related fee. A performance related fee variable between 0.5% and 2.5% per annum of the value of the foreign component of the market value of the units allocated in respect of the Participating Employer in the Portfolio, with a fee of 1.5% per annum for the returns equal to the benchmark.
Sanlam Coronation Houseview	One-twelfth of 0.60% per annum, recovered monthly on all SA assets under management, and One-twelfth of 1.00% per annum, recovered monthly on all international assets.
Sanlam Foord Balanced Fund	One-twelfth of 0.70% per annum, recovered monthly on all SA assets under management, and One-twelfth of 1.35% per annum, recovered monthly on all international assets. Performance fee of 10% (excluding VAT) of the outperformance of its benchmark calculated over a rolling period of 12 months. The performance fee is accrued daily and paid monthly. There is no cap on performance fee. A high water mark applies.
Sanlam Oasis Crescent	One-twelfth of 0.95% per annum, recovered monthly on all assets under management.
Investec Balanced Fund **	One-twelfth of 0.54% per annum, recovered monthly on all SA assets under management, and One-twelfth of 0.75% per annum, recovered monthly on all international assets.
*** This portfolio is not wrapped within an insurance policy issued by Sanlam and is charged an investment administration fee of one-twelfth of 0.15% (excluding VAT) per annum, recovered monthly on all assets under management.*	

Index-Tracking Range

PORTFOLIOS	FEES
SIM Enhanced Tracker Balanced Fund	One-twelfth of 0.38% of assets per annum, recovered monthly on South African assets. One-twelfth of 0.40% of assets per annum, recovered monthly on international equities. One-twelfth of 0.25% of assets per annum, recovered monthly on international interest bearing assets. The domestic equity component tracks the SWIX 40 Index. Scrip lending is permitted in respect of this basket of shares, and the resultant income (net of associated costs) is periodically rebated to clients participating in this portfolio, and effectively serves to reduce the quoted management fee.

Smoothed Bonus Range

PORTFOLIOS	FEES
Sanlam Monthly Bonus Fund	Investment Management Fees: Sanlam's cost in relation to the investment plan is recouped by recovering the following fees: One-twelfth of 0.425% per annum, recovered monthly on all assets. Guarantee Premium: A guarantee premium of one-twelfth of 1.6% per month is recovered from the assets in the investment plan. Annual Performance Linked Fee: The investment manager may be incentivised with performance fees (capped at 0.3% p.a.). Details of the performance fees actually paid over the past calendar year are available on request.
Sanlam Stable Bonus Portfolio	Investment Management Fees: Sanlam's cost in relation to the investment plan is recouped by recovering the following fees: One-twelfth of 0.425% per annum, recovered monthly on all assets. Guarantee Premium: A guarantee premium of one-twelfth of 0.9% per month is recovered from the assets in the investment plan. Annual Performance Linked Fee: The investment manager may be incentivised with performance fees (capped at 0.3% p.a.). Details of the performance fees actually paid over the past calendar year are available on request.

Glacier

PORTFOLIOS	FEES
All Glacier portfolios	These investments will attract an asset administration platform fee as well as investment management fees levied by the relevant fund management companies, depending on the underlying investments selected. A breakdown of the relevant fees and charges may be obtained from the Contracted Benefit Consultant, the Contracted Financial Adviser or from Glacier's Communication Centre. Consulting fees are negotiable with the FAIS-accredited financial adviser.

10 Communication

Member Communication

The Trustees recognise that appropriate communication to all stakeholders is the key to assisting members to take control of their own financial destinies. The Trustees thus place a premium on ensuring that communication is delivered to members, and have put in place processes to try to ensure such delivery.

The backbone of the member communication service delivery is Sanlam Employee Benefits' leading edge Retirement Fund Administration platform that balances assets, liabilities and financial accounts on a daily basis. By allowing members to access accurate and daily-updated personal financial information, the foundations have been laid for accurate and timeous delivery of information to members and participating employers.

Upon entry into the Fund, every member is issued a member certificate by the Administrator, accessible via the Retirement Fund Web. Thereafter every member receives an annual benefit statement compliant with PF 86 as issued by the Registrar.

Members can enrol to view their personal information online via the Internet using the Retirement Fund Web facility. The information is updated on a daily basis, and reflects updated information as contained on the Fund's administration platform. Members can access daily-updated statements reflecting their values in the Fund so as to facilitate personal financial planning.

Members also have access to a call centre where they can ask questions relating to their benefits under the Fund, and enquire as to progress on benefit payments. The call centre agents have enquiry access to the workflow system so that they can appropriately respond to member queries. The call centre agents are not registered with the FSB to give advice and accordingly cannot provide financial advice to members.

The mandatory appointment of a FAIS-accredited Contracted Financial Adviser is intended to ensure that members have access to much needed face-to-face financial advisory services. This can be particularly important at the time benefits are due to be paid, when members are required to make significant financial decisions pertaining to their own retirement funding and insurance needs.

The Retirement Fund Web also serves as a useful communication mechanism. Self-help tools such as the Retirement Calculator play a role to place members in a position where they can take control over the own financial destinies.

Participating Employer Communication

The participating employer, Contracted Benefit Consultant and Contracted Financial Adviser can extract reports on-line, using the Retirement Fund Web facility that contains daily-updated information on the participating employer's members for purposes of fulfilling their duties and obligations in respect of the Fund.

The Trustees and sponsor make use of the Retirement Fund Web facility to ensure participating employers and members have access to information such as the Fund's General Rules, Special Rules, Risk policies, Investment Policy statement and other relevant and useful information.

The mandatory appointment of a FAIS-accredited Contracted Benefit Consultant is intended to ensure that participating employers and Joint Forums are kept abreast of legislative and product updates, and also that the appropriateness of the chosen benefit structure is regularly reviewed. The mandatory Joint Forum process ensures that members are also consulted on such developments via their member representatives, and is a valuable additional communication channel.

Annual General Meeting

An Annual General Meeting is held in Cape Town, Johannesburg, Durban and Port Elizabeth each year to which all Joint Forum representatives (comprising participating employer and member representatives) and all Contracted Benefit Consultants are invited. The Trustees and sponsor are personally present at these sessions, and face-to-face communication follows including summarising key achievements to date and plans going forward. Clients have the opportunity to question the Trustees and the sponsor on all aspects of the Fund.

Other Communication

The Trustees have also put in place various other mechanisms to communicate Fund developments. An annual trustee report is issued summarising the main developments on the Fund, and the Trustees' plans for the future. *The Fund in Detail* document is regularly updated to ensure members and participating employers have access to updated information on the product offering. Newsletters are also issued to members from time to time.

11 Retirement Fund Web

Communication via the Internet

The Retirement Fund Web provides our employers, members and consultants with state-of-the-art retirement fund administration processes and member communication tools via the Internet.

It is a participation requirement that all participating employers utilise the Retirement Fund Web facility so as to streamline the administration of their Sub-fund.

The Trustees and sponsor make use of the Retirement Fund Web facility as an electronic communication tool and for the disclosure of fund information to participating employers and members.

How it Works

The web facility allows participating employers and members 24 hour access to information regarding their retirement fund benefits.

Participating Employers and consultants are issued with a unique pin-code that ensures confidentiality and security of member information.

Participating Employers utilise this facility to transmit data to the Administrator electronically and thus streamlining the administration of their retirement fund.

The following levels of access are available:

Administrator	Full access to all member records of a specific Sub-fund or branch, with the ability to do transactions to all or limited members
Viewer	Limited access to all or limited members of a specific Sub-fund without transaction capabilities
Member	Access for each member is available to view personal information, and to request specific personal data changes or investment switches

How to Gain Access

The Employer, the Contracted Benefit Consultant and the Contracted Financial Adviser as defined in the Confirmation of Acceptance document will automatically receive access to Retirement Fund Web.

Member access is granted on request by the member and on the completion of a registration form (this can also be completed online).

Data Transmitted via Retirement Fund Web

The Employer submits the following data electronically to the Administrator:

- Updated monthly expected contribution schedule with member data,
- New members joining the Sub-fund,
- Exiting members on withdrawal or retirement,
- Death claim notification and information,
- Instructions regarding individual investment choices,
- Changes in member information,
- Details related to temporary absence of a member,
- General communication.

Other Functionalities Available

The following further functionalities are currently available to users:

- View up-to-date member benefit statements,
- View general member information,
- View all payments made for members,
- Trace all transactions on a history log/audit trail,
- View monthly reports relating to member data,
- View documentation relating to the Fund, i.e. Rules and Policies,

- Information on investment returns and investment portfolios,
- A retirement benefit calculator demonstrating expected benefits at normal retirement date in nominal and real terms, as well as an expected shortfall at this date. It also demonstrates the effects on these values if a member wishes to retire earlier or invest additional money in the Fund,
- Useful links to investment sites, SARS and the FSB.

For more information, visit www.RetirementFundWeb.co.za

Responsibilities of the Participating Employer

The participating employer undertakes to:

- Apply to the Administrator, on the required registration form, for access to the web facility for authorised personnel,
- Provide the Administrator via the web with such accurate and updated data and information as are reasonably necessary to perform its administration services,
- Follow-up with Sanlam if no response is received in regard to any Retirement Fund Web transaction,
- Establish and maintain proper controls to ensure only authorised personnel are granted access to view, change or update information and that persons no longer authorised to access data and information are deregistered with Sanlam,
- Make available and maintain the necessary computer hardware and software as well as network access to an Internet service provider and ensure these are free from computer viruses.

Responsibilities of the Administrator

The Administrator undertakes to:

- Provide encryption of data and information during transmission and use the data and information provided by the employer for purpose of effective administration services,
- Restrict access of data and information under its controls to authorised persons only,
- Sanlam will be entitled to accept that data and information provided by the participating employer via Retirement Fund Web is correct and complete and that persons registered with Sanlam have been duly authorised by the employer.

12 Roles of the Various Parties

Board of Trustees

The Board of Trustees is the body responsible for the management of the Fund and oversees the interests of the members. The Board appoints the Administrator, decides where investments may be placed and has the ultimate decision on allocation of death benefits in terms of section 37C of the Pensions Fund Act, No 24 of 1956. The Board is assisted in fulfilling its duties by a Principal Officer and Fund Secretariat.

Administrator

Sanlam Employee Benefits is the appointed Administrator of the Fund, and as such members enjoy the full backing and protection of Sanlam. Sanlam Employee Benefits employs approximately 700 retirement fund administration staff countrywide, and administers approximately 400,000 members of South African retirement funds. The Fund is administered on the leading edge Retirement Fund Administration platform.

The Administrator is responsible for providing a comprehensive administration service in terms of the requirements of the Registrar of Pension Funds and legislation. The full ranges of duties of the Administrator, as well as the associated service level agreements, are set out in a formal administration contract that has been signed between the Sanlam Umbrella Fund and the Administrator.

Sponsor

The sponsor is Sanlam who is responsible for providing the necessary professional and technical resources so that an appropriate product offering can be delivered to the marketplace. The sponsor also provides the necessary capital to grow the membership of the Fund in order to deliver economies of scale for the ultimate benefit of members. The sponsor aims to make a profit by delivering these services to the Fund, and adheres to the governance requirements of the Fund as laid down by the Trustees.

Employee Benefit Specialist

Sanlam's nationwide team of Employee Benefit Specialists is responsible for assisting potential clients and intermediaries with all aspects of the participation and installation process. The Employee Benefit Specialists are employee benefits professionals who have received training on all aspects of the product offering. They are equipped to support potential clients and intermediaries with making appropriate benefit structuring decisions, and are available to provide training and support on the various product features.

The Employee Benefit Specialists will provide an official Sanlam Umbrella Fund quotation in line with the specifications chosen by the employer, and thereafter will oversee the completion and signature of all required new business forms in order to implement a new Sub-fund.

Sanlam Umbrella Fund Account Manager

Once all the paperwork that is required to implement a new Sub-fund is completed the Employee Benefit Specialist hand over to the Sanlam Umbrella Fund Account Manager who will thereafter liaise directly with the participating employer and the Contracted Benefit Consultant to ensure smooth and effective administration processes going forward.

Together with their reporting teams, the Account Managers are responsible for the post-sales service and are the first point of contact in respect of administration queries, documentation and client support.

These post-sales service teams are regionally based and provide face-to-face ongoing professional servicing of our Sanlam Umbrella Fund clients.

Participating Employer

Each participating employer undertakes to comply with all requirements and duties imposed on employers in terms of the Rules, this, *The Fund in Detail* document, as well as the Installation Guide as amended from time to time. These documents contain the participation requirements to ensure compliance with all relevant insurance policies effected by the Fund, all service level agreements entered into with providers and all protocols adopted by the Trustees and to adhere to all legislative requirements. In particular the employer undertakes:

- To appoint a HR contact person to deal with all operational issues and or a Communication contact person to whom all rate review communication, AGM invitations, surveys and other Joint Forum matters will be channelled. Where the employer and the Contracted Benefit Consultant agree that the Contracted Benefit Consultant will act as the only employer contact person and that all communications must be channelled via the Contracted Benefit Consultant, the Fund will require the Contracted Benefit Consultant to complete an indemnity (contained in the confirmation of acceptance document) to indemnify the Fund and the Administrator from any liability that may arise as a result of the arrangement between the employer and the Contracted Benefit Consultant,
- To deduct the employee and employer contributions stipulated in the Special Rules and ensure that they are transferred to the Fund bank account by the end of each month, using the assigned reference number so that deposits can be easily identified. Should contributions be deducted from members' salaries and not transferred to the fund, the Joint Forum, failing which, the HR officer must take appropriate legal action on behalf of the members. A failure to make contributions will result in the suspension of participation,
- To update and maintain member records on a monthly basis and to transfer the information to the Administrator in the prescribed format by the end of each month. Without the data the Administrator will not be able to invest money and settle fees and premiums,
- To ensure that each member signs a beneficiary nomination form and a schedule of dependants form with regard to death benefits and update them regularly (preferably annually) and ensure that the forms are filed and stored,
- To provide the Trustees with the required documentation and to gather information in respect of beneficiaries in the event of the death of a member,
- To inform the Administrator by no later than one month of joining, of the details of any new employees who are eligible to participate in the Fund. It is the duty of the HR contact person to monitor and ensure that all eligible employees are member of the fund,
- To submit benefit claim forms in respect of exiting members as specified,
- To support members in the establishment of a Joint Forum on which they enjoy representation and where they can discuss and participate in reviewing the benefit structure of their Sub-fund. The employer will remain the contracting party for the Sub-fund, and will act on behalf of the Joint Forum. Failing the establishment of a Joint Forum the HR contact person will be responsible to perform the duties of the Joint Forum,
- To distribute and communicate to employees all information intended for members,
- To identify and assist with the training of personnel to perform the various tasks identified such as ensuring that records are

maintained, payments are made, information in respect of deceased members are gathered, members are assisted to gain access to fund data on the intranet via the Retirement Fund Web facility,

- To ensure that the Administrator receives all information that is reasonably necessary for the performance of administration services.
- To utilise the Retirement Fund Web facility for submitting all relevant documentation to the Administrator.

Contracted Benefit Consultant

The Trustees of the Sanlam Umbrella Fund require that every participating employer has the services of a Contracted Benefit Consultant available to provide advice on benefit and fund structure to the participating employer on an annual basis.

The Contracted Benefit Consultant undertakes to comply with all requirements and duties imposed on Consultants in terms of the Rules, this, *The Fund in Detail* document, as well as the Consultants Guide as amended from time to time.

The Contracted Benefit Consultant is also responsible for the following services:

- To assist the participating employer with completion of all documents required for fund installation including section 14 transfer documentation where applicable.
- To assist the participating employer in complying with all administrative duties and requirements set out by Sanlam and in accordance with the rules of the Fund, including:
  - assisting with ensuring adherence by members to all medical underwriting requirements,
  - assisting with ensuring an adequate process for members to complete forms as required (e.g. beneficiary nominations forms), and
  - assisting with product related and general member queries,
- To prepare a member booklet in electronic format for the Sub-fund working from templates approved by the Trustees for distribution to members via the Joint Forum,
- To provide Sanlam with electronic versions of any tailored Sub-fund member communication material that the Joint Forum requires to be posted on Retirement Fund Web subject to Sanlam's final approval,
- To assist the employer with election of member representatives to the Joint Forum,
- To arrange, convene and chair an annual Joint Forum meeting with the participating employer conforming to the agenda guidelines as prepared by the Trustees, and to complete and e-mail a Joint Forum meeting declaration to the Fund Secretariat. The first Joint Forum meeting should be convened within four months of inception date or as soon as possible thereafter,
- To obtain a personal access code to the Retirement Fund Web that will allow the Contracted Benefit Consultant to obtain any information required in order to provide advice to the participating employer,
- To provide the services of a Contracted Financial Adviser to members (as detailed below) or refer members to a qualified third party to fulfil this service.

The Contracted Benefit Consultant must be compliant in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 to render the above services.

Contracted Financial Adviser

The Contracted Benefit Consultant may refer member advice services to a third party, who will be appointed as the Contracted Financial Adviser to the Sub-fund. This adviser must be compliant in

terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002, but does not act on behalf of the Fund or Trustees.

The Contracted Financial Adviser is responsible for the following services:

- To provide individual members with financial advice and a retirement needs analysis as required,
- To advise members of the importance of completing beneficiary nomination forms,
- To advise members on their options in case of retirement, withdrawal or disability,
- Be available to advise beneficiaries of deceased members on their options,
- To advise members on investment choices and providing them with financial advice when selecting individual investment portfolios for their assets,
- To obtain a personal access code to the Retirement Fund Web that will allow the Contracted Financial Adviser to obtain any information required in order to provide advice to members.

Accredited Investment Consultant

The Trustees can accredit investment consultants to provide investment consulting services to Joint Forums as an additional consulting service on a fee-for-service basis which is charged to the Sub-fund as an additional fee.

For good governance reasons, Sub-funds that implement a Tailored Default Investment Strategy must (unless exemption from this requirement has been granted by the Trustees following a written application) appoint an Accredited Investment Consultant to provide tailored investment consulting advice and reporting in line with standards approved by the Trustees.

Other Sub-funds can choose to appoint an Accredited Investment Consultant to provide a bespoke investment consulting service.

The Trustees have agreed minimum services to be provided by the Accredited Investment Consultants, and have negotiated standard fee scales that apply in respect of such services.

The current Accredited Investment Consultants are:

- Simeka Consultants & Actuaries
- Independent Actuaries and Consultants

13 New Business Terms and Conditions

Validity

Quotations are valid for 90 days from the date of issue and are subject to Sanlam Employee Benefits' standard terms, conditions and assumptions.

Membership Data and Details

The quotation is based on the details and data provided by the employer. The fees are subject to change, if the details and data that were supplied were incomplete or differ on commencement.

In addition, the quotation excludes members (unless otherwise stipulated in the quotation):

- who are contract workers,
- who are past the cover cease age,
- in respect of whom no salary was provided at quotation stage,
- in respect of whom no date of birth was provided at quotation stage, and
- who currently receive disability income benefits.

Quotation Conditions

A suspensive condition of the quotation is that the Administrator will conduct a reconciliation of data to ensure that it is compatible so as to ensure a smooth take-on. The take-on date will only be confirmed after this reconciliation has been completed and once the Administrator is satisfied with the status of the information.

Quotation requests for Sub-funds that have previously been underwritten, and comprising more than 300 members (200 members for quote requests from Capital Alliance Group Risk), must be accompanied by claims experience from the previous Administrators.

When a new claim is received during the transitional period before all assets are transferred:

- The Administrator will calculate the part of the benefit that accrues to the member for the period since the take-on date, arrange for a tax directive and pay the claimant,
- The previous Administrator remains responsible for the payment of the benefit that accrues to the member for the period before the take-on date.

Administration Conditions

Membership Data

- The correct membership data must reach the Administrator before or on the commencement date. Thereafter, it must be submitted within two working days before the end of the month.
- To ensure a smooth take-over, there will be a full reconciliation between the number of members and member credits received by the Administrator and the number of members and member credits transferred by the previous administrator. Any differences will need to be explained by the previous administrator.
- It is a legislative requirement that all existing eligible, permanent employees be given the opportunity to join the Fund on commencement date. This option must be exercised within 12 months of such date. All new eligible employees who enter service on or after the commencement date must be registered as members of the Fund with the Administrator.

Contributions

- Employer and employee contributions must be paid over to the Fund within seven days of the end of the period for which the contributions are due. Interest is payable according to legislation on late payment of premiums.
- The Employer can make application for monthly contributions to be deducted from the company's bank account via a debit order facility. Debit order payments are deducted

on the first working day of each month in respect of contributions due at the end of the previous month. The Employer must advise the Administrator in writing of any membership or salary changes no later than 7 working days before the end of each month in order that the necessary data updates can be affected on the Fund's administration system such that the correct monthly contribution is debited. Where incorrect debit orders are processed because the Employer has not timeously provided advice of such changes, then the Employer will be required to settle any underpayment by electronic funds transfer into the Fund's bank account, and interest will be payable according to legislation.

- Contributions will be allocated to individual member accounts on a monthly basis.
- The contribution payment received must reconcile fully with the final contribution data.
- In the case of temporary absence, e.g. maternity leave, the employer must continue to pay the contributions for insured benefits and operational expenses for these members.

Claims

All documentation in respect of new claims must be submitted to the Administrator before the end of each month. The assets of members who exit the Fund and for whom claim documentation has been received will be disinvested and transferred to an interest-bearing investment at the end of each month.

General and Special Rules

The Sanlam Umbrella Fund is governed by a set of General Rules registered with the Registrar of Pension Funds. Once a quotation has been accepted, a set of Special Rules for each Sub-fund will be drafted based on the Confirmation of Acceptance document. The Special Rules will be signed by the Trustees within one month of the commencement date, and thereafter submitted to both the Registrar of Pension Funds and the Commissioner for the South African Revenue Services. The Trustees will ensure that both the General Rules and all Special Rules comply with the requirements of both these institutions.

Participating Employers have access to the General and Special Rules via Retirement Fund Web.

Guarantees

On commencement, the Administration Fee and insured benefits premium rates are guaranteed for 12 months, and thereafter are subject to review at 1 month's notice. This guarantee will cease to apply in the event that there is, in the sponsor's opinion, a material change in the membership profile or Sub-fund data from that employed for purposes of determining the quoted fees.

Maxima

The maxima in respect of insured benefits are reviewed at each Annual Revision Date.

Installation

It is a requirement that the Administrator receives completed and signed documentation for installation by the 15th of the month prior to the month of intended participation.

All contributions received in the first month of participation will be invested as per the Sub-fund's selected default investment strategy. Investments of members who elect to make use of the alternative investment choice options will be moved to their chosen portfolios in the second month of participation (and only on receipt of signed investment instruction forms).

The Administrator is not permitted to process benefits until the Special Rules applicable to the new Sub-fund have been registered by the Financial Services Board.

Amendments

Rates quoted on amendments affected during the year will only be valid until the next annual revision date of the Fund.

Additional/non-standard Services

- Certain prescribed fees are payable by the Fund to the statutory authorities. These fees are debited against the Central Contingency Reserve Account.
- The standard administration fees make provision for English correspondence. The Sanlam Umbrella Fund can accommodate correspondence in a second language, and this will be quoted for separately on request.
- Special fees can be negotiated for additional services. These fees will depend on the nature of the requested additional services, and the associated additional resource requirements and costs.

Correspondence

Communication between the various parties will as a general rule be done by e-mail.

Termination Conditions

The notice period for terminating participation in the Sanlam Umbrella Fund is two calendar months.

The cost involved in establishing a new Sub-fund is recovered over a period of 36 months. If a participating employer terminates its participation in the Fund within the first three years, a take-on fee will be payable. This is an amount equal to 30% of the total monthly administration fee in respect of each of the remaining months of the 36-month period and payable on the date of termination. This applies if the termination does not arise from breach of contract by the Sponsor, the Administrator or the Fund.

A dissolution fee equal to three months' administration fees will be payable on the date of termination. If the dissolution is not finalised within three months for reasons that cannot be attributed to "delays" on the part of the Sponsor, the Administrator or the Fund, any additional costs incurred may be recovered. These costs will be based on a reasonable fee per hour. The dissolution fee is in addition to any charges that may be levied by the liquidator or any statutory charges payable.

In the event of a partial termination of a Sub-fund, or where the Sub-fund's benefit structure changes materially, a pro rata fee based on the take-on and or dissolution fee will be payable.

Disclosure

Enquiries

On acceptance of a quotation, the employer enters into a contract/agreement with Sanlam Employee Benefits. Any queries about the administration of the Sub-fund should be addressed to the broker/consultant or local Sanlam Employee Benefits office.

After the acceptance of a quotation, any complaint in respect of the Fund or the introducing intermediary may be sent in writing to The Compliance Officer, Sanlam Employee Benefits: Compliance, PO Box 1, Sanlamhof, 7532, alternatively via fax at (021) 957-2255.

Complaints

Complaints can be addressed in writing to the Sanlam Umbrella Fund Complaints Sub-committee, which is a special sub-committee of the Board of Trustees. Both the Principal Officer and the Fund Secretary serve on this sub-committee. The sub-committee will investigate your complaint and help resolve your concerns.

The contact details are as follows:

CONTACT DETAILS
Sanlam Umbrella Fund Complaints Sub-committee **Fax:** 021 957 1105/2143 **E-mail:** SanlamUmbrellaFund@sim.sanlam.com

Should an participating employer or a member's concerns not be addressed and resolved to his or her satisfaction within a period of thirty days, he/she may lodge a complaint with the Pension Funds Adjudicator. The contact details are as follows:

CONTACT DETAILS
Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Pretoria **Tel:** 012 346 1738/012 748 4000 **Fax:** 086 693 7472 **E-mail:** enquiries@pfa.org.za

Claims Notification

Prescribed claim forms must be completed and sent to the Administrator. The Administrator and or Insurers may, from time to time, insist on further requirements before considering a claim. This information will be requested in writing.

No benefit will be paid if the Insurers are not notified of the claim within six months of the event. In the case of the income disability benefit, no benefit will be paid if the Insurers are not notified of a claim or potential claim within six (three months in the event of a trauma claim) months immediately following the earlier of the event giving rise to a claim or the member's last working day.

Cooling-off Period

Should a quotation be accepted, there is no cooling-off period during which membership of the Fund can be reconsidered, and cancellation at a later stage could result in potential financial loss.

Replacement

Replacing an existing fund could be potentially detrimental to members. Detail of the actual and potential financial implications, costs and consequences of the replacement product should be disclosed in full by the intermediary and should cover:

- payment of new charges,
- loss of cover,
- change in investment risk,
- recoupment of unrecovered expenses under the replaced policy,
- loss of tax advantages (if any).

In terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS) Sanlam is a duly authorised licensed financial services provider and all its representatives must adhere to, inter alia, the following requirements:

- Give appropriate advice in accordance with the client's needs and financial situation,
- Keep proper record of the advice and request the client's signature to the record of advice.

Administrative Errors Rectification

The Administrator will be liable for, and will indemnify the Fund in respect of any loss or damage which arises as a result of the fraud, theft, dishonesty, negligence or breach of contract by the Administrator or any director, employee, officer, servant or agent of the Administrator. Such liability shall, however, be limited to direct damages actually suffered and loss incurred. Without derogating from the aforegoing, the Administrator shall place the members in the position they would have been had the aforementioned eventualities not occurred. The members will not be entitled to any windfall profits as a result of the aforementioned eventualities.

14 Standard Administration Services

This document is a summary of some of the service levels agreed between Sanlam Umbrella Fund and the Administrator.

The service levels are not intended to reflect performance guarantees, but rather the expected level of service deliveries against which the Sanlam Umbrella Fund Trustees can measure service provider performance delivery, and which clients can reasonably expect from the relevant service providers in most circumstances barring those where specific reasonable mitigating reasons apply.

1. INSTALLATION OF NEW EMPLOYER SUB-FUND
Time line and process as outlined in the Installation Guide. Until the Sub-fund is fully installed (i.e. the first month's contribution receipting cycle has been completed) the time-frames below are not applicable.

2. MONTHLY FUND CONTRIBUTIONS AND SCHEDULES		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Payment via debit order: Provide monthly electronic member data in agreed format, including information regarding exits, new members and relevant changes via the Retirement Fund Web or general e-mail inbox.	Employer	7 days before the end of the month
Arrange for debit order to be collected from Employer's bank account.	Administrator	1st day of the month (unless agreed otherwise)
EFT payments: Make an electronic funds transfer into the relevant bank account using the unique fund reference number supplied and provide the final matching contribution schedule electronically via the Retirement Fund Web, or general e-mail inbox.	Employer	By the 1st day of the month, but not later than the 5th
Reconcile the contribution and take up differences with the Employer.	Administrator	10 Business days in total
Receipt the contributions onto the administration system.	Administrator	
Allocate the net contribution for retirement benefits to member accounts and transfer to the selected investment managers in accordance with the selected portfolios of members/Board of Trustees.	Administrator	
Calculate interest on contributions received late and inform Employer of amount due in terms of Section 13A of the Pensions Funds Act.	Administrator	Monthly

Note:

If contributions are not invested in member accounts (or paid into the relevant bank account in respect of investments administered outside the Administrator's platform) within 10 business days from the date of receipt of both the contribution and matching schedule (including supporting documentation for new entrants), and the cause of the delay is attributable to the Administrator, then the full net interest earned in the bank account in respect of the net retirement funding contributions for the period beginning from the date the service level was breached and ending 30 days from the date of receipt of both the contribution and matching schedule shall be added to the member accounts concerned and all such bank account interest allocations shall be reported to the Fund Secretariat; and

If contributions are still not invested (or paid into the relevant bank account in respect of investments administered outside the Administrator's platform) beyond 30 days from the date of receipt of both the contribution and matching schedule, and the cause of the delay is attributable to the Administrator, then the administration errors rectification policy as specified in the then current version of The Fund in Detail shall apply, and any affected member accounts shall be accordingly rectified and all such rectifications shall be reported to the Fund Secretariat.

Otherwise bank account interest earned in respect of net retirement funding contributions is distributed periodically to members as set out in section 4 below.

3. SECTION 14 TRANSFERS IN		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Obtain all information and relevant documentation i.e. • Original Section 14 application • Approval letter from FSB • Schedule containing individual member asset allocation and values.	Fund Secretariat	
Issue written investment instruction in prescribed format.	Employer and Contracted Benefit Consultant	Within 5 business days of notification of approval
Investment of Section 14 assets received according to instruction.	Administrator	Within 10 days after receipt of assets in Fund's bank account and completed documentation

4. INTEREST ALLOCATIONS TO MEMBER ACCOUNTS		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Bank interest earned in respect of net retirement funding contributions: Interest accumulated on contributions received in the Fund's Bank account.	Administrator	Distributed periodically to member accounts
Bank interest earned in respect of insurance premiums and operating expenses (to the extent not paid to the relevant providers).	Administrator	Distributed periodically to Central Contingency Reserve Account
Bank interest on Section 14 transfers (in): Interest accumulated on lump-sum transferred received into the Fund's bank account.	Administrator	Allocated to these member accounts together with lump-sum transfer

5. MAINTENANCE OF MEMBER DATA		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Provide monthly electronic member data in agreed format via the Retirement Fund Web or e-mail.	Employer	By the 1st day of the month, but not later than the 7th
Update member records and make all applicable changes.	Administrator	Within 10 business days after completion of monthly data reconciliation process

6. PORTFOLIO SWITCHES		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Portfolio switches between standard portfolios: • On receipt of instruction for an individual member investment switch, validate information and execute the instruction. • Issue confirmation of switch to member and Contracted Financial Adviser.	Administrator	Within 5 days of receipt of valid switch request
Portfolio switches on Glacier and Sanlam Private Investments: On receipt of instruction for an individual member investment switch.	Service providers	Separate standards apply per service provider

7. MEMBER BENEFIT STATEMENTS		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Issue one statement for each member per annum.	Administrator	Within 8 weeks after completion of annual cycle
Receive statements and deliver to Employer's office.	Contracted Benefit Consultant	On receipt
Distribute statements to individual members in confidential manner.	Employer	On receipt

8. MEMBER BENEFIT PAYMENTS AT WITHDRAWAL OR RETIREMENT		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Submit the required official withdrawal forms and associated documentation to Administrator.	Employer	Within 5 business days from date of the member's exit
• Reconcile schedules containing the member's last contribution, • Disinvest the member's share from the Fund. • Request a tax directive from SARS.	Administrator	Within 5 business days after receipt of all completed documentation and information and last contribution receipted
• Settle any applicable deductions, • Transfer the member's remaining benefit according to instruction.	Administrator	Within 3 business days of receipt of all necessary information, including the SARS tax directive
Provide breakdown of payment and tax certificate to member.	Administrator	Within 2 days after payment

9. BENEFIT PAYMENTS ON MEMBER'S DEATH (APPROVED BENEFITS)		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Notification of member's death in writing.	Employer	As soon as notice is received
Submit the completed required official death claim forms and associated documentation to Administrator.	Employer	Within 6 months of the death
Disinvest the member's share from the relevant investment portfolio.	Administrator	Within 5 business days after receipt of official notice of death and last contribution in respect of the member has been receipted
Board of Trustee death allocations sub-committee meets monthly to decide on allocation to beneficiaries.	Board of Trustees	Only death claims where all supporting documentation has been provided are reviewed
Payment instruction issued to Administrator in terms of 37C.	Administrator	5 business days after expiry of 30 day objection period from the Trustee resolution
Settle any applicable deductions, Transfer member's remaining benefit according to Trustee instructions.	Administrator	Within 8 business days of receipt of all requirements including tax directive from SARS
Provide breakdown of payment and tax certificate.	Administrator	Within 2 business days after payment

10. FUNERAL BENEFIT PAYMENTS		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Submit the required official funeral claim forms and associated documentation to the Insurer.	Employer	Within risk policy time frames
Settle the claim and pay the benefit to beneficiaries.	Insurer	Within 48 hours of receipt of all documents and requirements

11. MEMBER BENEFIT PAYMENTS IN CASE OF DISABILITY - LUMP SUM DISABILITY (APPROVED BENEFITS)		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Notification of the member's disability in writing.	Employer	Within risk policy time frames
Submit the required official forms and associated documentation to Administrator.	Employer	Within risk policy time frames
• Reconcile schedules containing the member's last contribution, • Disinvest the member's share from the Fund.	Administrator	Within 5 business days after receipt of all completed documentation and information
Assessment results and payment of disability benefit to the Administrator.	Insurer	10 business days turnaround time
• Settle any applicable deductions, • Transfer the member's remaining benefit according to instruction.	Administrator	Within 3 business days of receipt of all requirements including tax directive from SARS

12. MEMBER BENEFIT PAYMENTS IN CASE OF DISABILITY – INCOME DISABILITY		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Notification of member's disability in writing.	Employer	Within risk policy time frames
Submit the required official forms and associated supporting documentation to Administrator.	Employer	Within risk policy time frames
Reconcile schedules confirming member's contributions are up-to-date and provide documents to the Insurer.	Administrator	Within 5 business days after receipt of all completed documentation and current premiums
Receive assessment results from Insurers.	Administrator	Within 30 days after expiry of waiting period
Set up arrangements with Insurers and Employer for payment of the benefit.	Administrator	Within 5 business days of receipt of all requirements

13. AMENDMENTS PROCESS		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Request new quotation in line with required amendment.	Contracted Benefit Consultant	Prior to any amended contributions collected
Time lines and process outlined in Amendment request document.		

14. JOINT FORUM REPORT		
ACTION	RESPONSIBLE PARTY	TIME STANDARDS
Provide Joint Forum reports to Contracted Benefit Consultant.	Administrator	10 business days from receipt of request

15 General Fund Information

Regulatory Information for Sanlam Umbrella Pension Fund & Sanlam Umbrella Provident Fund

STATUTORY ALTERNATIVES	FUND STATUS	
Registered name	Sanlam Umbrella Pension Fund Sanlam Umbrella Provident Fund	
Registered as an	Umbrella Pension Fund and Umbrella Provident Fund (identical benefit and management structures)	
Umbrella sponsor	Sanlam Life Insurance Ltd	
 Registration date **Approval date**	**Pension Fund:** 19/09/2001 06/02/2002	**Provident Fund:** 19/09/2001 06/02/2002
 Registration number **Approval number**	**Pension Fund:** 12/8/36828 18/20/4/41146	**Provident Fund:** 12/8/36813 18/20/4/41147
Funding model	Defined Contribution Funds	
The Fund's financial reporting period	From 1 January to 31 December	
Fund exemptions	Valuation exempt, not audit exempt from 1 January 2008. Received permanent / full valuation exemption for Pension Fund and Provident Fund on 2 February 2012.	
The Fund's registered postal address	PO Box 1, Sanlamhof, 7532	
The Fund's registered physical address	2 Strand Road, Bellville, 7535	
Separate bank accounts are being maintained for each fund	**Pension Fund:** ABSA, Arcadia Acc no: 4067972456	**Provident Fund:** ABSA, Arcadia Acc no: 4067972383

Fund Officers for Sanlam Umbrella Pension Fund & Sanlam Umbrella Provident Fund

	PRINCIPAL OFFICER	RESPONSIBLE PERSON
Full name	Kobus Hanekom	Erina le Grange
Company	Simeka Consultants & Actuaries	Sanlam Umbrella Solutions
Postal address	PO Box 350, Sanlamhof, 7532	PO Box 1, Sanlamhof, 7532
Physical address	Simeka House, Farm 2, Vineyards Office Estate, 99 Jip de Jager, Bellville, 7535	2 Strand Road, Bellville, 7535
Telephone number	(021) 912-3311	(021) 947-6504
Email address	kobus@simekaconsult.co.za	erina.legrange@sanlam.co.za

Professional service providers

INDEPENDENT EXTERNAL AUDITOR	SANLAM UMBRELLA PENSION AND PROVIDENT FUNDS
Company	RSM Betty & Dickson
Postal address	PO Box 1734, Randburg, 2194
Physical address	Cross Street & Charmaine Avenue, President Ridge, Randburg, 2194
Telephone number	(011) 329-6000

Appointments for Sanlam Umbrella Pension Fund & Sanlam Umbrella Provident Fund

	ADMINISTRATOR	SPONSOR
Company	Sanlam Life Insurance Ltd (Business unit: Sanlam Umbrella Solutions)	Sanlam Life Insurance Ltd (Business unit: Sanlam Umbrella Solutions)
Postal address	PO Box 1, Sanlamhof, 7532	PO Box 1, Sanlamhof, 7532
Physical address	2 Strand Road, Bellville, 7535	2 Strand Road, Bellville, 7535
Telephone number	(021) 947-9111	(021) 947-1125
Reg number S13B / FAIS	24/85	

	SECRETARIAT	CONSULTANT : GOVERNANCE & COMPLIANCE
Responsible person	Erina le Grange	Kobus Hanekom
Company	Sanlam Umbrella Solutions	Simeka Consultants and Actuaries
Postal address	PO Box 1, Sanlamhof, 7532	PO Box 350, Sanlamhof, 7532
Physical address	2 Strand Road, Bellville, 7535	Simeka House, Farm 2, Vineyards Office Estate, 99 Jip de Jager, Bellville, 7535
Telephone number	(021) 947-6504	(021) 912-3311
Email address	erina.legrange@sanlam.co.za	kobus@simekaconsult.co.za
Reg number S13B / FAIS	N/A	Simeka FAIS Licence No. 13900

SPECIALIST INVESTMENT CONSULTING	SANLAM UMBRELLA PENSION AND PROVIDENT FUNDS	
Responsible person	Marcus Rautenbach	Victor Faria
Company	Simeka Consultants & Actuaries	Independent Actuarial Consultants
Postal address	PO Box 787439, Sandton, 2146	PO Box 1172, Cape Town, 8000
Physical address	4th Floor, Office Tower, Sandton City, 2143	6th Floor, Wale Street Chambers, 38 Wale Street, Cape Town
Telephone number	(011) 263-4343	(021) 422-4373
Email address	marcus@simekaconsult.co.za	victor@iac.co.za
Reg number FAIS	Simeka FAIS Licence No. 13900	IAC FAIS Licence No. FSP: 6832

RISK INSURER	SANLAM UMBRELLA PENSION AND PROVIDENT FUNDS	
Company	Sanlam Life Insurance Ltd	Capital Alliance Group Risk
Postal address	PO Box 1, Sanlamhof, 7532	PO Box 10499, Johannesburg, 2000
Physical address	2 Strand Road, Bellville, 7532	3rd Floor, Libridge Building, 25 Ameshoff Street, Braamfontein, Johannesburg, 2017
Telephone number	(021) 947-9111	(021) 526-1395
FSB approval number	24/185	17404
Type of risk	Group Life, Disability, Funeral, Accident, Spouses and Trauma Assurance	Group Life, Disability, Funeral, Spouses and Trauma Assurance

Board of Trustees for Sanlam Umbrella Pension Fund & Sanlam Umbrella Provident Fund

TRUSTEE MEMBER	DEREK SMORENBURG	MARIUS JÖNAS	PHELISA NGOMYAMA	IAN MCDONALD	DALENE WILLEMSE	ALEX PATERSON
Date Appointed	1/7/ 2007 1/8/2009 1/1/2013	1/8/2009 1/1/2013	1/2/2011 1/1/2013	1/1/2007	1/7/ 2007 1/8/2009 1/1/2013	1/8/2009 1/1/2013
End of term	31/12/2015	31/12/2015	31/12/2015	31/12/2015	31/12/2015	31/12/2015
Compliance with Trustee Training Protocol	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
Compliant with Governance Procedures (PF130)	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant	Fully compliant
Sponsor appointed	Yes	Yes	Yes			
Member elected				Yes	Yes	Yes
Status relative to the Sponsor	Non-Executive Entrepreneur with extensive experience in the adminis-tration of an umbrella fund.	Non-Executive Entrepreneur with extensive experience in the adminis-tration of an umbrella fund.	Executive/ employed by Sanlam	Independent	Independent	Independent
Trustee Fee	Contracted and remunerated by the Sponsor	Contracted by the Sponsor. Agreed trustee fee	Executive/ employed by Sanlam	Agreed trustee fee	Agreed trustee fee	Agreed trustee fee
Performance Assessment: 24 June 2013	Exceeds job requirements	Exceeds job requirements	Meets job requirements	Exceeds job requirements	Exceeds job requirements	Exceeds job requirements
Attendance at Trustee meeting: 17/10/2012	Yes	Yes	Yes	Yes	Yes	Yes
12 March 2013	Yes	Yes	Yes	Yes	Yes	Yes
24 June 2013	Yes	Yes	No	Yes	Yes	Yes
Attendance of 2012 AGM	Yes	Yes	Yes	Yes	Yes	Yes

Agreed Trustee Fee: The standard trustee fee payable in respect of the meetings of the 5 related funds (8:30 to 17:00) is R20 672 plus VAT (Sanlam Umbrella Fund R12 733, Sanlam Futura Umbrella Fund R4 631, Sanlam Plus Preservation Fund R3 308). Accommodation and transport costs are for the trustees' own account. The fee consists of an attendance fee of 50% and a preparation fee of 50% of the agreed fee. Fees for the attendance of the AGM are R6 946 plus VAT and travel costs. Sub-committees participation and additional research is remunerated at an hourly fee of R1 157. This is a very small percentage of the fees paid to independent trustees.

Annual Assessment of the Board, Subcommittees and service providers:

	ENTITY ASSESSED	RATING
1	The Board of Trustees	Exceeds job requirements
2	Chairmans	Exceeds job requirements
3	Principal Officer	Exceeds job requirements
4	Fund Secretary	Exceeds job requirements
5	Administration Sub-committee	Exceeds job requirements
6	Death Benefits Sub-committee	Exceeds job requirements
7	Audit Sub-committee	Exceeds job requirements
8	Investments Sub-committee	Exceeds job requirements
9	Complaints Sub-committee	Exceeds job requirements
10	Member Communication Sub–committee	Exceeds job requirements
11	Risk and Governance Sub-committee	Exceeds job requirements
12	Investment consultant	Exceeds job requirements
13	Administrator	Meets job requirements
14	Benefit Consultant	Exceeds job requirements
15	External auditor	Exceeds job requirements

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Why Choose the Sanlam Umbrella Fund? 1

Version: 1 January 2014

i1032 12/2013

Employee Benefits

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