

7. TERMS AND CONDITIONS OF A TAX-FREE PARTICIPATION BOND INVESTMENT:

The following Terms and Conditions are disclosed in terms of the rules for the administration of a Collective Investment Scheme in Participation Bonds.

1. The Fedbond Fund (the Fund) forms part of Fedbond Nominees Pty Ltd (the Nominee Company) and has been managed by Fedgroup Participation Bond Managers Pty Ltd (the Manager) since January 1991. Both companies are wholly owned subsidiaries of Fedgroup Financial Holdings Pty Ltd (Fedgroup).
2. The Fund, the Nominee Company and the Manager are governed inter alia by the Collective Investment Schemes Control Act 45 of 2002 (the Act) and subordinate legislation issued by the Financial Services Board from time to time.
3. Terms and conditions specific to Participation Bonds:
 - 3.1. In terms of the Act, investments in the Fund are subject to availability and the Fund may be closed to new investments from time to time. Investment applications received during periods of no availability will not be accepted and any investment received will be refunded to the investor without interest.
 - 3.2. Investments are secured by all the participation mortgage bonds included in the Fund and the debt owing under such bonds is owed to the investors pro rata to their investment balance and not to the Manager or the Nominee Company. Neither the Manager nor the Nominee Company guarantees the repayment of the debt.
 - 3.3. Upon the Manager's consent, the Investor may cede, transfer or encumber his or her investment, subject to the following:
 - 3.5.1. The Investor must make a request to the Manager in writing
 - 3.5.2. The request will not be enforceable against the Manager unless the Manager has confirmed same in writing
 - 3.5.3. The Manager may impose fees and charges on either the Investor or his or her successor to the investment
 - 3.5.4. The Manager may refuse the request if, once the investment is ceded, transferred or encumbered in favour of more than one person, the resultant investment held by each person will be less than the minimum requirement of the Manager
 - 3.5.5. Where an investment (or a portion thereof) is ceded, transferred or withdrawn during the course of the month, the Manager will recover the interest paid in respect of that month, on a pro-rata basis.
 - 3.4. Interest paid by the bondholders to the Manager (less the Manager's administration fees, which shall be determined and subsequently communicated by the Manager from time to time), is paid by the Manager to the investor monthly in advance, or reinvested, at the investor's discretion. Where an investment is made during the course of the month, the first payment of monthly interest will be made on a pro-rata basis.
 - 3.5. Where the investor elects to reinvest the interest earned on the capital amount invested, the reinvestment will be regarded as a separate (new) investment made on the same terms and conditions as the initial capital investment.
 - 3.6. At intervals of not more than three months, the Manager will furnish the investor with a statement of account disclosing the amount of capital invested in the Fund and indicating how the net amount of interest paid has been calculated.
 - 3.7. Interest and capital will only be paid into a bank account in the name of the Investor. Third-party payments are not permitted.
4. Terms and conditions specific to the Tax-Free Investment Option:
 - 4.1. The Tax-Free Investment Option is only available to South African taxpayers
 - 4.2. There is no set term for the investment in the Tax-Free Investment Option
 - 4.3. The investor may withdraw all or part of his or her investment, subject to receipt by the Manager of five days' written notice and such other documentation as may be required by the Manager. No fees are charged for a withdrawal
 - 4.4. The investor warrants that they understand the rules set by National Treasury and the SARS in respect of Tax-Free Investments and the consequences of non-adherence to these rules
 - 4.5. No Tax-Free Investment transfers to and from another service provider will be permitted until such time as the regulator has issued subordinate legislation in this regard
 - 4.6. Interest payable by the bondholders may fluctuate and therefore interest payable to investors in the Tax-Free Investment Option may also fluctuate.
5. Both the Manager and the Nominee Company hold adequate levels of professional indemnity insurance and fidelity cover.
6. All employees or subsidiaries of Fedgroup may invest in the Fund.
7. Complaints may be lodged as per the complaints resolution policy which can be obtained at www.fedgroup.co.za.
8. The investor is responsible for providing the Manager with correct and up-to-date information. Should information become outdated or invalid, any scheduled payments may be suspended. Unpaid monies will remain in a non-interest bearing account, until either the payment can be made or the Manager, at its own discretion, reinvests the unpaid monies back into the Fund.
9. The Manager subscribes to the principles and standards set by the Association for Savings and Investments South Africa (ASISA). The standard regarding unclaimed monies is followed, including the tracing of investors of unclaimed monies and the passing on of administrative, management and tracing fees directly to the investment.
10. The investor hereby consents to the Manager sharing his or her personal information, for administrative purposes, between subsidiaries of Fedgroup and with external tracing companies, should the tracing of unclaimed monies be required.
11. The investor warrants that the investment, as per Section 2 of this application form, is obtained from legitimate sources and that the investor has complied with and will continue to comply with all applicable legislation, including but not limited to those related to money laundering and income tax.

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7. TERMS AND CONDITIONS OF A TAX-FREE PARTICIPATION BOND INVESTMENT (CONTINUED):

12. By agreeing to these terms and conditions, the investor consents to the Manager using any form of electronic communication to communicate and transact with the investor, to receive instructions from the investor and issue statements of account. The investor warrants that he or she understands the risks related to electronic communication and transactions. No additional costs will be levied by the Manager for electronic communication and transactions. Where the Manager transacts with the investor by telephone, the telephone calls are recorded and retained, along with other relevant electronic communication and transactions, for a period of five years. Fedgroup reserves the right to verify the identity of any person involved in any form of communication related to the investment.
13. The Manager reserves the right to update these terms and conditions, which may be required as a function of legislative and regulatory updates. The latest terms and conditions, as well as additional information, can be obtained free of charge at www.fedgroup.co.za

8. CONTACT DETAILS:

Gauteng	:	011 305 2300	Email	:	investments@fedgroup.co.za
Western Cape	:	021 949 2100	Website	:	www.fedgroup.co.za
Kwa-Zulu Natal	:	031 202 1903			
Eastern Cape	:	041 365 6525			

9. COMPLIANCE:

The Compliance Officer
Fedgroup Participation Bond Managers (Pty) Ltd
89 Bute Lane, Sandown

PO Box 782823
Sandton
2146

Tel: 011 305 2300
Email: compliance@fedgroup.co.za
Website: www.fedgroup.co.za

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TAX-FREE INVESTMENT COLLECTION INSTRUCTION

1. BANKING DETAILS:

Name of investor

Name of bank Account number

Name of accountholder/company name

ID number/company registration number (Attach a copy of the ID/company registration document)

Account type Branch code/name

- The only accounts accepted by electronic banking are: savings, current and transmission accounts. Payments to and from credit cards, money market accounts, call accounts and third-party accounts cannot be accepted. **Please provide proof of bank account not older than three months.**
- Depending on the payment method I have chosen, I authorise the Manager to collect any money from the bank account I have specified.
- If I am signing on behalf of an institution, I declare that I am duly authorised to do so. I undertake to inform the Manager of any change in my bank details and I authorise the Manager to verify my current and/or future bank account details with my bank.
- I agree that the Manager may debit my account on a date other than the date I specified. I acknowledge and understand that the Manager may act on an investment instruction received from myself before the Manager receives cleared funds on a debit order instruction.
- If I selected the Tax-Free Investment Option, I will monitor my contributions so as not to exceed the prescribed annual and lifetime limits. I understand that Fedgroup is not responsible for the tax penalty I may incur as a result of excess contributions made by me.

2. INVESTMENT DETAILS:

Lump-sum investment amount

Monthly investment amount

Debit order are only done on the 1st of every month

Preferred date of collection*

Monthly contribution will be deducted on the first day of the month commencing on

*If, for any reason, we do not collect the investment on the preferred date, we will collect it on the first possible date thereafter. Funds collected will only reflect in FedGroup's bank account after three to five working days.

SIGNATURE OF ACCOUNTHOLDER

Date