



TERMS AND CONDITIONS OF A PARTICIPATION MORTGAGE 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.

- The FedBond Fund ("the Fund") is managed by FedBond Participation Mortgage Bond Managers (Pty) Ltd ("the Manager").
- Investments in the Fund must remain invested for a period of no less than five (5) years. After expiration of such initial investment period, the investment is regarded as a Matured Participation Bond and as such will receive the ruling rate of interest applicable to Matured Participation Bonds at that time.
- Notwithstanding the second bullet above, all or part of the investment may be repurchased by the Manager within the initial five (5) year period, provided that the repurchases will only be effected one (1) calendar month after receipt by the Manager of written notice and all necessary documentation as determined by the Manager.
- Upon the expiration of the period mentioned in the second bullet, the Participant may, upon the Managers consent, withdraw all or part of his or her investment, subject to receipt by the Manager of three (3) months written notice and other documentation as may be required by the Manager.
- The investor may transfer (sell), cede or encumber ("transfer") his or her participatory interest within the initial five (5) year period. Such transfer is only enforceable against the Manager if the Manager has confirmed in writing that such transfer has been noted. In addition, the Manager is only obliged to note such transfer provided that:
 - the Manager has been informed in writing thereof;
 - fees and charges, as may be determined by the Manager, have been paid in full; and
 - the Manager can refuse to note such transfer, cession or encumbrance if the investment is transferred, ceded or encumbered in favour of more than one person with the result that the extent of any investment held by such person is less than the minimum investment set out in the application form.
- In the event of an investor transferring any unmatured investment, an early withdrawal fee, as determined by the Manager, is payable on the capital amount so transferred.
- In terms of the Collective Investment Schemes Control Act 45 of 2002, 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.
- Interest and capital will only be paid into a bank account in the name of the Participant. Third party payments are not allowed.
- Interest payable by the mortgagors may fluctuate and, therefore, interest payable to the investor may also fluctuate.
- The investment is secured by all the participation bonds included in the scheme and the debt owing under such bonds is, to the extent of the participatory interest granted to such Participant, a debt owing to such participant and not to the Manager or Fedbond Nominees (Pty) Ltd ("the nominee company").
- Neither the Manager nor the nominee company guarantees the repayment of debt.
- Interest paid by mortgagors 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, if so chosen.
- At intervals of not more than three (3) 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.
- The Manager holds professional indemnity insurance and fidelity cover.

CONTACT DETAILS

Contact details:

Johannesburg: 011 305 2301
Cape Town: 021 949 2100
Durban: 031 202 1903
Port Elizabeth: 041 365 6525
Garden Route: 044 690 4064

E-mail:

partbonds@fedgroup.co.za

COMPLIANCE

The Compliance Officer
FedBond Participation Mortgage Bond Managers (Pty) Ltd
89 Bute Lane
Sandown

PO Box 782823
Sandton
2146

E-mail: compliance@fedgroup.co.za
Website: www.fedgroup.co.za