

Terms and Conditions of a 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 Sector Conduct Authority 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:
 - 3.3.1. The investor must make a request to the Manager in writing
 - 3.3.2. The request will not be enforceable against the Manager unless the Manager has confirmed same in writing
 - 3.3.3. 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. Where an investment (or a portion thereof) is ceded, transferred or withdrawn during the course of the month, the Manager will recover the interest paid in respect of that month, on a pro-rata basis.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. 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.
 - 3.6. 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 Tax-Free Savings:
 - 4.1. Tax-Free Savings is only available to South African taxpayers
 - 4.2. There is no set term for the investment in Tax-Free Savings
 - 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. Please refer to each fund fact sheet for all information pertaining to your selected portfolio(s), including fees, minimums, benchmarks and mandate details.
 - 4.3.1. Tax-Free Investment is only available to SA taxpayers
 - 4.3.2. The annual contribution limit is R36 000 and lifetime contribution limit is R500 000. It is the investor's responsibility not to exceed these limits. If the investor contributes more than the limit, a tax penalty may be payable to SARS in respect of the year of assessment in which that excess is so contributed.

- 4.3.3. The investor warrants that they understand the rules set by National Treasury and the South African Revenue Services in respect of Tax-Free Investments and the consequences of non-adherence to these rules.
- 4.3.4. No Tax-Free Investment transfers to and from another service provider will be allowed before 1 March 2016. 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.
- 4.4. Interest payable by the bondholders may fluctuate and therefore interest payable to investors in Tax-Free Savings 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 the 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.
 12. 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
 13. The manager is obliged by regulation to collect information around your tax residency and in certain circumstances we are obliged to share information about your account(s) with SARS.

Fedgroup Financial Holdings (Pty) Ltd

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