



CILSA Investments (Pty) Ltd

Trading as Capital International SA

FINANCIAL SERVICES

Investment Mandate | Part 2

Create tomorrow.
Start today.

Platform | Investment | Treasury

Financial Services Account Opening Procedures

Capital International SA is the trading name for CILSA Investments (Pty) Ltd, a licensed Category I & II Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act (FAIS) in South Africa. Funds managed by Capital International SA locally are held with a nominated Stock Broker registered as a member of the JSE, and licensed as a category III Financial Service Provider.

Funds managed by Capital International SA offshore are held with a custody and settlement agent, Pershing Securities Limited. The buying and selling of securities is executed through Capital International SA's nominated Broker in the Isle of Man, Capital International Limited. Both Capital International SA and Capital International Limited are members of the Capital International Group of companies.

Pershing and Capital International Group are both members of the London Stock Exchange and are licensed to conduct Investment Business. They are regulated by the Financial Conduct Authority in London and the Isle of Man Financial Services Authority, respectively.

Procedure

A Client wanting to invest needs to return by email:

- Signed Capital International SA Application Form
- A certified copy of a passport or identity document
- One certified copy of a utility bill, identifying their residential address
- Copy of a bank statement
- Verification of Income Tax No on SARS letterhead

Transfer of Funds/Shares

Once the account is open, Capital International SA will submit the appropriate bank details and account reference number to the Client. The Client should then instruct the transfer of their funds/shares to the Stock Broker account.

Contact

Please direct any queries to Lee Basson at Capital International SA.

Telephone: +27 (0) 21 201 1070

Email: applications@capital-iom.com

Physical address for courier documents:

Address: Office NG101A
Great Westerford
240 Main Road
Rondebosch 7700

Postal Address: PO Box 26
Newlands 7725

Financial Services

The Service

The Discretionary Financial Services Provider is a licensed Category I & II Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act (FAIS). We are therefore able to offer a range of Investment Products and Services.

By completing the application form accordingly, you explicitly authorise The Discretionary Financial Services Provider to act in a discretionary manner to open and manage accounts on your behalf with the relevant Brokers, Banks, Custodians and Financial Services Providers dealing in the listed products.

Capital International SA

Fees

Terms

- a) Our agreed fees are those that appear in Section 11.2 Fee Schedule of Part 1 of the Investment Mandate.
- b) The total portfolio value will be calculated at the close of trade on the last business day of the completed calendar quarter, and on which discretionary management fees will be based.
- c) Performance Fees will be levied quarterly within five working days of the end of the quarter, and the Client agrees to pay such fees immediately.
- d) The Discretionary Financial Services Provider may, in certain circumstances, receive commission or fee reductions or rebates for placing Client's funds with a LISP, collective investment scheme or a member of a licensed exchange. These commissions are not paid by the Client or deducted from the initial capital investment or cash accruals.
- e) The Discretionary Financial Services Provider does not receive any form of soft commission from any third-party provider. (Soft commissions relate to non-financial incentives to induce The Discretionary Financial Services Provider to invest into a certain product. For example, overseas trips.)
- f) Administration fees will be incurred on a transaction basis. This fee is standard brokerage charged by the Stock Broker for every transaction. In addition, the Stock Broker may make a charge for the custody of your assets. We may or may not elect to share in these charges.

Payment of Fees

Fees are taken from the trading account. Should it arise that there is insufficient cash in the account, the Client authorises The Discretionary Financial Services Provider to sell shares, at The Discretionary Financial Services Provider's discretion, in order to create sufficient cash in the account from which to take the fees.

Undertakings of the Client

The Client authorises The Discretionary Financial Services Provider to:

- Manage certain investments on behalf of the Client.
- Open accounts on behalf of the Client and in the name of the Client, with certain brokers and investment banks as necessary to fulfil the requirements of this mandate with respect to the selection of investment products as indicated by the Client in Section 11.1 of the Investment Mandate.

The Client warrants that:

- It is not on a sanction list or located in any sanctioned country and it will ensure that the Transactions are not used to directly or indirectly finance the activities of any person or entity which is on a sanctions list or for the purpose of financing directly or indirectly the activities of any person in a sanctioned country, and/or the contribution or making available of amounts paid from an account to any person or entity or a person or entity on a sanctions list, in each case to the extent that such financing or provision of funds would be prohibited by sanctions where:
 - o Sanctions means trade, economic sanctions, laws, regulations, embargoes or restrictive measures administered, enacted or enforced from time to time by any sanctioning body.
 - o Sanction list means any of the lists of specifically designated nationals or designated persons or entities (or equivalent) held by a sanctions authority, each as amended, supplemented or substituted from time-to-time, and/or any other sanctions lists that The Discretionary Financial Service Provider may from time-to-time deem necessary or be required to screen against.
 - o Sanctions authority means any one or a combination of the following entities-
 - The Office of Foreign Assets Control of the Department of Treasury of the United States of America;
 - The United Nations Security Council;
 - The European Union;
 - Her Majesty's Treasury of the United Kingdom; and/or

- Any other equivalent body that may from time to time impose sanctions.

- o Sanctioned country means a country which is subject to general sanctions by a sanctions authority.

The Client shall:

- Advise The Discretionary Financial Services Provider in writing of his/her intention to pledge, sell or grant any option in respect of the listed securities, Bond and Unit trusts, which comprise the investment portfolio prior to the implementation of such decision.
- Assume responsibility for its own compliance with the Exchange Control Regulations, 1961 (Exchange Control Regulations).
- Provide The Discretionary Financial Services Provider with all documents as required for the purposes of ensuring that The Discretionary Financial Services Provider complies with its duties under its agreements with its Brokers, Banks and other providers, including but not limited to providing:
 - o All documents which may reasonably require for the purposes of a Transaction;
 - o Providing accurate and up-to-date information for purposes of the Financial Intelligence Centre Act, 2001, the US Foreign Account Tax Compliance Act and other applicable laws and regulations;
 - o Confirmation that the Client is not in contravention of the Exchange Control Regulations;
 - o All information required in order to enable The Discretionary Financial Services Provider to comply with any obligations to report to any tax authorities under any applicable law or inter-governmental agreement, with such obligations arising pursuant to a Transaction.

The Client acknowledges that:

- The Discretionary Financial Services Provider shall not be responsible for the payment of any tax which is payable, or which may hereafter become payable by the Client in respect of any transaction undertaken by The Discretionary Financial Services Provider on the Client's behalf in terms of this agreement.

Undertakings of The Discretionary Services Provider

The Discretionary Financial Services Provider shall:

- a) Manage the Client portfolio in accordance with information given, including, but not limited to, Sections 6 to 10 of Part 1 of the Investment Mandate, duly signed by all parties, together with Part 2 of the Investment Mandate.
- b) Deposit funds intended for investment with the Stock Broker, investment bank, Unit Trust Company or LISP (Linked Investment Service Provider).
- c) Save as may be otherwise required by statute, any investments held on behalf of the Client in safe custody by the Stock Broker shall be registered in the name of the Stock Broker's nominee company approved by the Registrar. Unit Trusts to be registered in the name of the Client.
- d) Open accounts on behalf of the Client and in the name of the Client with certain brokers as necessary to fulfil the requirements of this mandate with respect to the selection of investment products, as indicated by the Client in Section 11 of Part 1 of the Investment Mandate.
- e) In order to render an intermediary service to Client, utilise the services of its own staff or that of another approved FSP.
- f) Maintain a record of all transactions undertaken on behalf of the Client.
- g) Furnish the Client with a written quarterly statement.
- h) Account for and authorise payment instructions for dividends and interest, as per the instructions of the Client.
- i) Vote on behalf of the Client in respect of listed, local and foreign held securities.
- j) Have the authority to instruct any member of an exchange to deal on any such exchange on the Client's behalf in any exchange-traded Security or Derivative Instrument.
- k) Enter into a portfolio management agreement as representative of the Client with any trading member of SAFEX or any other exchange, for the purpose of executing transactions in respect of Derivative Instruments.

- l) Clients can elect for the Discretionary Financial Service Provider to manage the portfolio on an execution only basis in accordance with a 3rd party "DFM Model" strategy, which will be specified in Part 1 of the Investment Mandate, Sections 10.3 and 11.1.

DFM Model strategies will be applied to a portfolio by the Discretionary Financial Service provider on a best endeavours basis and subject as appears below you authorise us to execute such trades on your portfolio as are necessary to follow the specified DFM Model. The Discretionary Financial Service Provider relies on the 3rd party DFM Model providers to publish strategy updates and we will only act on updates as and when they are received and acknowledged by us. In addition we will apply a tolerance of 5% on all positions around the DFM Model weightings and unless agreed otherwise review and any consequential rebalancing of DFM Models will occur monthly. We reserve the right not to implement DFM Model changes where because of the size of the portfolio positions are restricted or may be difficult or impossible to execute.

Unless specifically agreed otherwise, we will not advise you on a DFM Model and it is recorded that the Discretionary Financial Service provider is not responsible for the investment decisions of 3rd party DFM Model strategies. 3rd party DFM Model providers are entitled to earn a fee for the provision of their strategies. These fees are typically based on client assets under management. The Discretionary Financial Services provider is entitled to apply fees to the client investments in accordance with the Fees specified in Part 1 of the Investment Mandate, Section 11.2.

The Discretionary Financial Services Provider shall not:

- In its capacity as a Financial Service Provider be entitled to, and undertakes not to, take a position against the Client, or to sell for its own account any Investments owned by it to the Client or to buy from the Client any investments owned by the Client.

Financial Services Risk

The Client is advised that at times the markets can be very volatile. This volatility can be company specific, market specific or currency specific. Although The Discretionary Financial Services Provider only invests in instruments where it anticipates generating a profit for its Clients, adverse conditions, both locally and offshore, may occur leading to unexpected losses for the Client.

Client's funds will be invested in instruments such as equities, gilts, physical commodities and currencies. The Client's risk is limited to the capital amount to which this mandate applies. This does not apply to Clients who have selected Derivative Instruments as their investment product. Clients invested in Derivative Instruments can experience losses greater than the capital invested.

Financial Services Indemnity

The Discretionary Financial Services Provider endeavours to achieve best results for the Client, but will not be held responsible or be liable for any losses which the Client may sustain unless attributable to fraud, bad faith, dishonesty or gross negligence on the part of The Discretionary Financial Services Provider and/or its members/employees.

Unless the Client's claim is attributable to fraud, bad faith, dishonesty or gross negligence on the part of The Discretionary Financial Services Provider and/or its members/employees, the Client hereby indemnifies The Discretionary Financial Services Provider and/or any of its members/employees acting within the course and scope of their employment with The Discretionary Financial Services Provider in the operation of the Client's account, and holds The Discretionary Financial Services Provider and or aforementioned members/employees harmless from and against any and all claims, damages, liabilities, costs and expenses. This includes reasonable attorney's fees on the attorney and own Client scale.

Tax Obligations

The Client hereby indemnifies The Discretionary Financial Services Provider in respect of any income tax or other tax or levy of whatsoever nature in respect of which the Client may become liable, or which may become payable pursuant to anything done by The Discretionary Financial Services Provider on the Client's behalf in terms of this mandate, including:

- Tax on interest accruing for the Clients benefit on any cash amount deposited by The Discretionary Financial Services Provider, and
- Tax on the increase in value of any investment administered or managed by The Discretionary Financial Services Provider.

Furthermore, the Client undertakes to refund to The Discretionary Financial Services Provider on demand any amount which The Discretionary Financial Services Provider may be called upon to pay by any revenue authority in respect of the above, and further authorise The Discretionary Financial Services Provider to pay any such amount out of the investments or realised proceeds of the Clients investments managed by The Discretionary Financial Services Provider, or under The Discretionary Financial Services Provider control.

Financial Services Termination of Agreement

This agreement may be terminated by either party after notice in writing of thirty days to the other party, provided that this agreement and the mandate granted therein shall terminate forthwith upon The Discretionary Financial Services Provider ceasing to be an approved Financial Service Provider, whereupon The Discretionary Financial Services Provider shall account to the Client forthwith.

The Discretionary Financial Services Provider shall not initiate any market transaction in any investment on behalf of the Client after notice of termination has been given or received by The Discretionary Financial Services Provider. Any transaction initiated on behalf of the Client prior to receipt of notice of termination shall be completed.

Upon receipt of notice of termination from the Client, all outstanding fees due to The Discretionary Financial Services Provider shall immediately become due and payable from the monies held in the Stock Broker's Trust account. This fee shall be deducted prior to the final transfer of funds and securities. Any management fee paid in advance shall not be refundable.

Financial Services Confidentiality Clause

Capital International SA's use of the company information that the Client supplies to The Discretionary Financial Services Provider will only be used for the express purpose of fulfilling the terms of this mandate.

Disclosure of company or Client information to third parties will only take place in the following circumstances:

- Where The Discretionary Financial Services Provider is required to do so by law; or
- Where the Client has expressly authorised The Discretionary Financial Services Provider to do so.

Controls are in place to prevent unauthorised access, modification or destruction of the Client's stored information.

Capital International Group

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