

ASISA Standard on the Fundisa Fund

1. Overview

The Fundisa fund is a partnership between Government and the Collective Investments industry. The objective of the initiative is to create an incentive to encourage investors to save, specifically for education. This is accomplished by rewarding individuals who have saved through the Fundisa Fund for any recognised Post General Education Training (PGET) at a public institution, as approved by NSFAS, through matching a percentage of their savings in the form of a grant. The grant monies may originate from both the public and private sectors.

Strategic responsibilities:

- The Public sector's role is to:
 - o Provide a safe, effective means for the investments to be paid to recognised institutions through the National Student Financial Aid Scheme (NSFAS);
 - o Pledge grant amounts to Fundisa;
 - o Assist the private sector in managing the risk of a grant shortfall;
 - o Create awareness of the product.

- The Private sector's role is to:
 - o Provide a secure and cost effective means for investors to save for the purposes of education;
 - o Administer individual client records in terms of various laws and provisions in a cost effective manner;
 - o Administer the assets accumulated across the scheme;
 - o Seek grant amounts for Fundisa;
 - o Create awareness of the product.

- Exemptions:
 - o The Central Fundisa Fund of Funds has been granted an exemption from the Financial Services Board from using the term 'Fund of Funds' in the description and name of the fund i.e. it will be called the Central Fundisa Fund;

- o The Participating Managers' Fundisa Feeder Funds have been granted an exemption from the Financial Services Board from using the term 'Feeder' in the name and description of the Participating Fundisa Funds.

2. Structure

2.1 Central Fundisa Fund

- 2.1.1 The Central Fundisa Portfolio is a collective investment portfolio established under a scheme regulated by the Collective Investment Schemes Control Act (CISCA).
- 2.1.2 A Collective Investment Schemes (CIS) company will host the fund.
- 2.1.3 The Central Fundisa Fund will be a non-branded Fund of Funds.
- 2.1.4 The Host Collective Investment Scheme Administrator will:
 - a. be awarded the administration contract as a result of a tender process;
 - b. be regulated by a service level agreement with the ASISA;
 - c. host the Central Fundisa Fund of funds through its existing license;
 - d. administer the bulk unit holder accounts.
- 2.1.5 The Central Fundisa Fund is:
 - a. an institutional fund, only accepting investments from NSFAS and participating Fundisa Funds;
 - b. administered by a Host manager in terms of this Standard and appointed by the ASISA;
 - c. fees of the central Fundisa Fund to be in terms of the ASISA Fundisa Standard;

2.2 Participating Fundisa Funds

- 2.2.1 CIS Managers wishing to participate in the initiative will establish their own Feeder Funds to maintain their investors' records, but will invest fully in the Central Fundisa Fund as per the mandate.
- 2.2.2 Apart from necessary liquid assets, the feeder portfolios will invest solely in participatory interests in the Central Fundisa Fund.

2.2.3 Participating CIS Managers :

- a. Will register a feeder fund, which will be named “[Name of the Manager] Fundisa Fund”;
- b. Will invest their investors’ assets via this feeder fund;
- c. Will ensure the Participating Fundisa Fund only holds units in the Central Fundisa Fund;
- d. The Participating Fundisa Fund will have its own fee structure, set in accordance with provisions as detailed in section “7 Fee Policy”, of this document;
- e. The Central Fundisa Fund will distribute income to the feeder funds, which the feeder funds will in turn distribute and automatically reinvest on behalf of their investors;
- f. Participating Fundisa Funds will have their own bulk inflow and pay-away accounts;
- g. Invest funds in terms of the mandate agreement.

2.2.4 Each Participating Fundisa Fund will consist of two classes - one for the investor’s contribution and the other for the grant portion, on condition that:

- a. the grant portion, which shall always be the property of NSFAS, will be registered in the name of the investor, for illustrative purposes only;
- b. the grant allocation will however be disclosed to the investor in order to quantify to the investor the advantages of continued investment and ultimate education; and
- c. the grant portion, which shall never accrue to the investor, will only be paid by NSFAS to an educational institution as determined in this standard only if the investor or the beneficiary thereof redeems his or her investment for education as prescribed in this standard.

3. Donation rules

3.1 Both government and the private sector will be invited to act as donors for Fundisa. These contributions will form the basis of grants to beneficiaries.

3.2 Upon making a donation towards the grant, the donor loses all rights to the donation. Donors must upon having deposited the amounts donated into the relevant account, make the following declaration in writing to the manager of the Central Fundisa Fund and the Review Board-

- a. Name of donor.
- b. Amount donated.

c. Suggested worthwhile cause that may be supported in terms of clause 3.6 and clause 3.7 of this document.

d. The following disclaimer "The donor hereby forfeits all rights to this donation to the Fundisa Review Board to be utilized at their sole discretion."

3.3 Participatory Interest of the Central Fundisa Fund will be bought with these donations and registered in the name of NSFAS. These monies will be under the control of the Fundisa Review Board.

3.4 These amounts will be allocated to beneficiaries in terms of the process described below.

3.5 The Fundisa Review Board will at its sole discretion utilize donations from all the sources under its control in any proportion it deems to be justified, allocating these in any proportion to the requesting participating Fundisa Funds.

3.6 Should the Fundisa Review Board decide that unutilized donation amounts should/ could not be utilized in future, such amounts must be donated to deserving causes that would in their own right cause the original donor to qualify for any recognition under the Financial Sector Charter should such donor have donated the monies originally to that cause.

3.7 The Fundisa Review Board will consider input from the individual donors with respect to the cause that any monies may be donated to, should the circumstance contemplated in clause 3.6. come to effect.

3.8 NSFAS will not submit to clause 3.2, and clause 3.6

- 4.1.4 The name of the beneficiary will be recorded in the account designation field on both accounts for identification and to provide a link between the two accounts.
- 4.1.5 Where a client has more than one beneficiary, a separate entity record will be opened for each beneficiary.
- 4.1.6 The investor may change the beneficiary, for a maximum of once per calendar year.
- 4.1.7 The investment account must be linked to the eligible beneficiary:
- a. by recording the beneficiary name and ID Number (A full birth certificate in the case of a new-born) in reference fields at the client account level where details will be maintained on the account;
 - b. who must be a South African National or a Permanent Resident;
 - c. who does not have to be related to the investor.
- 4.1.8 All normal FICA controls must be complied with, taking into account exemptions issued to the industry.
- 4.1.9 Capital contributions up to a maximum amount (currently R2400 per annum) will be eligible for the grant, at the prevailing approved rate of the grant contribution.
- 4.1.10 Investors may contribute additional funds, which will not attract grant funding.
- 4.1.11 The minimum contribution will be set at R40 per transaction, including debit order charges.
- 4.1.12 Where the investor has a debit order running on his or her account, the preferred day of the debit order may only be between 1st and 19th of any month. This will ensure that all debit order investments are cleared before the grant is applied for.
- 4.1.13 The manager may not prevent an investor from accessing any participatory interests registered in the name of the investor, save for when the participatory interests are ceded, or where the account is frozen as part of the voucher process enumerated below, or other reasons as may be encountered from time to time.
- 4.1.14 The manager has the right to close any account, if after 2 years the investor has less than R40 in their savings account. This must be disclosed to the investor during the application process.
- 4.1.15 Each participating CIS Manager will follow their usual process in terms of treatment of dormant accounts, unidentified investments and unidentified deposits. This may include, at the

discretion of the manager, transferring unidentified deposits and untraced investors to the Fundisa portfolio for the benefit of other investors.

- 4.1.16 In the case of the death of the investor before the units have been withdrawn the funds fall into the estate of the investor. At best the appointed executor of the deceased's estate can regard the investment as an expression of wishes for the attached beneficiary where this was specifically noted in the application form.

4.2 Withdrawals from the fund

- 4.2.1 Early redemptions will only be allowed from the investor contributions and will result in the loss of the proportional grant amount.
- 4.2.2 Investors may transfer their holdings from one participating manager to another on the following terms:
- a. The grant allocated must be transferred with the client account to the new manager identified by the client;
 - b. It is the responsibility of the old and new manager to ensure that the disinvestment and investment legs of the transfer are not regarded as new investment money and do not appear in the files subsequently submitted by them to Finswitch in determining the 12 month net inflow;
 - c. The client must complete a Fundisa Transfer Form and submit this to the manager from which he/ she wishes to transfer the investment;
 - d. Annexure E is a template containing the minimum content of The Fundisa Transfer Form;
 - e. The manager from whom an investment is disinvested, must disinvest within the usual time frames and transfer such amounts to the relevant account at the receiving manager and submit the Fundisa Transfer Form to that manager along with all necessary documentation as supplied by the client;
 - f. Only Fundisa Transfer Forms received by the manager from which the transfer will be made during the first full week of January each year will be deemed valid;
 - g. Investor contributions/ withdrawals received from October up to and including the final payment made to the manager from whom the investor disinvests will not attract grant as the receiving manager will not include these flows in its calculation submitted to Finswitch later.

- 4.2.3 Turnaround time with regards to disinvestment will be done in terms of the Act, Main deed, and each CIS manager's internal processes.
- 4.2.4 Contributions that have been collected via a debit order system must first be cleared before this money can be redeemed (this can be as long as 45 days).
- 4.2.5 Where the manager receives a disinvestment request from an investor, the amount requested may not be paid to the client whilst an unclaimed/ uncancelled voucher has been issued to the investor. The manager must allow for a period of at least 5 working days between the cancellation of a voucher and the payment of any disinvestment requested by the client.

4.3 Income distributions

- 4.3.1 All distributed income is automatically reinvested into the same account from where they accrue (both A and B class units).
- 4.3.2 Frequency of distributions will be at least annually.

4.4 Tax

- 4.4.1 The grant portion of the account does not vest with the investor or beneficiary and remains the property of NSFAS, until disbursed in terms of the rules of the scheme.
- 4.4.2 There is no tax liability to the investor on the grant account.
- 4.3.3 The investor's income and capital growth on contributions is fully taxable.
- 4.3.4 Withdrawals are permitted (although discouraged), subject to normal tax rules on capital and income.

5. The grant

5.1 Grant calculation and process

- 5.1.1 The calculation of the grant per beneficiary will be as follows:
 - a. The sum of gross investment inflows over the course of a year (per beneficiary) between the periods of 1st October of the preceding year and 30th September of the current year. The timing is designed to coincide with the education calendar and to ensure that the grant is available before the start of the academic year (this excludes any reinvestments and any transfer amounts from other participating CIS Managers);
 - b. less ad hoc repurchases (for purposes other than for education per beneficiary) in this period;

- c. multiplied by the agreed grant percentage, as may be amended by the Fundisa Review Board from time to time;
 - d. Limited to R600 per annum per beneficiary, subject to amendments by the Review Board from time to time.
- 5.1.2 The grant amounts for all Fundisa investors will be switched from the NSFAS account at the Central Fundisa Fund to the account of the participating Fundisa manager in the Central Fundisa Fund. The participating Fundisa manager will register these additional units as per his records, creating units and issuing these under the name of NSFAS in the Participating Fundisa Funds. The NSFAS deadline for distributing the final allocation instructions will be 30th November of each year. The book over rand value of units will be based on the 1 December unit price of the Central Fundisa Fund.
- 5.1.3 The participating CIS Manager will account for the value by issuing units in the grant class to NSFAS by the latest 15th November of each year.
- 5.1.4 If there are any withdrawals by the investor, a proportional grant amount is repatriated to NSFAS by way of reversing the process described in 5.1.1.
- 5.1.5 The re-balancing process will be based only on the net inflow of contributions received from investors on behalf of each beneficiary.
- 5.1.6 Where the sum of net inflows results in a net negative amount, this will result in a proportional reversal of past grant funds allocated and paid back to NSFAS this will be paid back to the Central Fundisa Fund by offsetting the amount on the grant application. This will be taken into account in the whole rebalancing process as per 5.1.1.
- 5.1.7 The grant portion will be invested into the grant accounts as per the instructions issued in terms of 5.1.2 by the latest 15th December each year.

5.2 Grant rules

- 5.2.1 Currently the grant is set at 25% of the investor's contributions, and subject to the overall contribution limits of R2400 per annum (reviewed on a regular basis to reflect changes including Consumer Price Index, by the Fundisa Review Board).
- 5.2.2 The grant does not vest with the investor or beneficiary and remains the property of NSFAS.
- 5.2.3 The grant will in all instances only be paid to NSFAS except where the investor transfers his/her investment to another manager in which case a payment will be made to the receiving manager directly. Upon receiving a request for payment to a qualifying educational institution, the grant will be paid by the Participating Fundisa Fund to NSFAS. In instances where the beneficiaries do

not study further as per the rules of Fundisa, or where there is premature disinvestment of the individual's portion of the savings, the grant will be paid back to the Central Fundisa Fund where it will be applied to the accounts of other investors.

5.2.4 The grant is forfeited if no PGET at a public institution is pursued by the time an eligible beneficiary reaches 35 years of age and it is paid back to the State reducing the net annual amount required to rebalance the fund.

5.2.5 During the annual grant calculation process, in the year the beneficiary turns 35 years old:

- a. the total grant accumulated over the life of the investment must be declared lost to the client.;
- b. No grant allocation may be made to an account where the beneficiary's age exceeds 35 years;
- c. Information must be supplied to Finswitch in this regard.

5.2.6 No carry forward provisions are allowed - annual limits are available on a "use it or lose it" basis.

5.2.7 Anyone may use Fundisa to save, but only the targeted age group receives the grant.

5.2.8 Investors may remain invested in Fundisa without the grant:

- a. Participating CIS managers will have the right to transfer or close the account in such cases as per each manager's internal processes and procedures;
- b. The participating CIS Managers can decide if they wish to continue relationships with investors that do not qualify for the grant. In this instance the investors will become conventional collective investment scheme investors.

5.2.9 The grant portion will be re-balanced in total on an annual basis on 30th September each year as well as at the end of the lifecycle of each investment account.

5.3 Beneficiary tracking

5.3.1 Finswitch will provide beneficiary identity number upload functionality to the industry for this purpose. The integrated beneficiary tracking and grant allocation process may be viewed in annexure C. The times allocated are those discussed in Annual Grant Process - Time Lines.

5.3.2 Participating CIS Managers must supply Finswitch with a file containing the following fields:

- a. Contributor

- b. Beneficiary
- c. Beneficiary ID
- d. Net inflow for period
- e. Grant suggested

5.3.3 Finswitch will compare files and calculate the apportionment of grants where it finds duplicated beneficiaries. Finswitch will place their suggested figure on this file. This file will be sent to the participating CIS Management companies for approval.

5.3.4 Finswitch will inform each manager of the grant attributable to each investor.

5.3.5 NSFAS will also inform the Central Fundisa Fund as to the grant amount acquired by each participating CIS Manager.

6. Accessing for education

6.1 The fund is designed for use in Post Government Education Training (PGET) education programs such as Further Education Training (FET) and Higher Education Training (HET) programs. The grant portion may only be accessed should a public institution is attended.

6.2 Payments will only be made to NSFAS in response to a request from NSFAS when education is undertaken by the beneficiary.

6.3 Where no qualifying education is undertaken, the grant portion is forfeited in part or entirely and the investor is treated as a normal CIS investor.

6.4 Early withdrawals are paid directly to the client's authorised account.

6.5 Process for accessing for education as detailed in Annexure B:

- a. The investor submits a "Request for Educational Payment" to the Participating CIS manager;
- b. The Participating CIS manager issues the investor with a voucher. An example of a voucher can be seen in Annexure A. The voucher inter alia contains:
 - i. The current market value of investor contributions and grant amount combined
 - ii. Name of investor
 - iii. ID number of investor
 - iv. Name of beneficiary

- v. ID number of beneficiary
 - vi. Investor postal address
 - vii. Investor physical address
 - viii. Date of issue
 - ix. Expiry date
 - x. A unique number (unique by voucher and manager)
- c. The investor account is then frozen. No monies may be either repurchased or paid over at this time;
- d. Details of the voucher will be sent electronically to NSFAS;
- e. Both the beneficiary and the investor must sign the voucher;
- f. The beneficiary will present the voucher to the educational institution;
- g. The institution will give the beneficiary credit for the amount;
- h. The institution will claim the said amount from NSFAS, which will verify the voucher validity to the file of issued vouchers received from each CIS manager;
- i. NSFAS will claim the amount from the manager in question by sending an electronic file to each manager containing:
- i. Date of claim
 - ii. Voucher number
 - iii. Beneficiary name
 - iv. Beneficiary ID number
 - v. Amount claimed
- j. The manager will then withdraw amounts from the investor account in accordance with the instruction received. The manager must source funds to meet the instruction from both the investor contribution account and the grant account. The manager will first withdraw amounts requested in a ratio of 80:20 (client account: grant account) to meet the instruction. When the grant account has been depleted, the remainder of amounts needed, will be sourced from the client contribution account;

- k. The balance of the account, should any exist, will be unfrozen;
- l. The manager will send NSFAS a file, detailing the various amounts transferred to NSFAS in bulk;
- m. Should a voucher be destroyed or forfeited, any new voucher will have a new unique number. Cancelled numbers will be sent to NSFAS.

6.6 Access to information:

- 6.6.1 Each investor will extend to NSFAS, via the CIS manager, the full right to access his/ her investor information in any manner including online, along with a downloading functionality.
- 6.6.2 Participating Fundisa Managers will ensure that NSFAS has full access to the following investor record fields at all times:
 - a. Name of beneficiary;
 - b. ID number of Beneficiary;
 - c. Whether a voucher has been issued and its value where applicable;
 - d. Unique voucher number;
 - e. The download file format is to be advised by NSFAS.
- 6.6.3 Each manager will report in a manner those matters prescribed by the ASISA from time to time in such a manner so that the Fundisa Review Board can accurately project future trends.

7. Policy

7.1. The Fundisa Fund was designed in compliance with the objectives of the Financial Sector Charter, the prime constituency of which is the LSM 1-5 target market. Cost effectiveness is one of the Charter's access objectives and therefore central of Fundisa's value proposition.

7.2. Only in the following circumstances may any form of initial fee be charged (this includes a fee of any kind including those called upfront or entry fees as well as any fee that is charged separately and over and above the CIS product). The initial fee may not be more than 3% of the value of the saving,

- a. To remunerate distribution networks, other than those working directly for the CIS manager, for distributing the product;
- b. The initial fee may be utilised to remunerate a group company offering the fund where value is added by way of distribution and/or advice and it is subject to separate profit and loss accounting from that of the manager.

7.3 The total fee an investor of a participating feeder fund may be charged may not be greater than 1.25% plus VAT per annum. This annual fee will be used to cover all ongoing costs such as marketing and distribution costs, administration costs, fees paid to the host company for hosting the fund as well as the fund manager's fee. Fees authorised by the Collective Investment Schemes Control Act, No. 45, of 2002, such as audit and trustee fees are not included in the above. No other fees may be charged on any fund or product bearing the Fundisa name.

7.4 No entity may, apart from its rightful share of the initial and annual fees, generate any additional income streams relating to Fundisa from any of its financial service providers, levels, wraps/ layers or product structures. Cross selling of other non Fundisa related products and services may be undertaken at any time.

7.5 The institutional class of the Central Fundisa Fund will be offered at a fee of 20 bps per annum, subject to review by the Fundisa Review Board.

7.6 Where the holder of a participatory interest holds units on behalf of another party (for example as a bulked investor, institutional investor, under mandate from another party etc), the manager must have written confirmation that all fees, levies and charges:

- a. Do not exceed the maxima stated above and that the end client is in no way compromised by the agreements;
- b. Even if housed in another structure / wrap / or level, are disclosed in a manner consistent with all the Codes, Standards and Guidelines of the ASISA should they have been applicable on those layers and / or products, to the ultimate end client; and
- c. that no instruction will be accepted from any investor to pay amounts to third parties, other than in the above circumstances.

7.7 Points that may be claimed for purposes of the Financial Services Charter is in the process of being confirmed.

8. Fund Management

8.1 Return Objective

The purpose of Fundisa is to provide funding for education. Thus, the return objective should be linked to education inflation. However, the eventual monies available will depend on the level of the contributions made, the term, the government grant and additional funding sourced by NSFAS so the direct link between education inflation and required returns becomes less important.

As a minimum, returns after fees must exceed the inflation rate. Considering the real return requirement, the investable universe discussed later, and the risk appetite addressed below, we

target a higher nominal return than Mzansi Bank account at all times and a real return of 2% - 3% p.a. after fees over periods of 3 years or longer.

Benchmark: CPIX, net of fees (referred to as inflation in all marketing material)

8.2 Risk Objective

The target market is primarily LSM 1 - 5. Investment education is assumed to be very basic. Capital losses (primarily market risk) should therefore be avoided as far as possible. Ideally one should not expect capital depreciation over rolling 3-month periods, but definitely not over rolling 12-month periods.

8.3 Investment Vehicle

The Central Fundisa Fund of Funds will be a portfolio of a collective investment scheme.

The appointed Collective Investment Scheme Administrator will perform the daily pricing and other fund related functions.

Individual CIS Managers can launch Feeder funds into the Central Fundisa fund of funds. This structure is not usually allowed due to layers of costs but should be allowed for Fundisa because the total cost structure will be limited.

8.4 Investable Universe

The Central Fundisa Fund of Funds will invest in the ASISA's Domestic - Fixed Interest Income, and Domestic - Fixed Interest Money Market category of funds.

Back-testing indicates that the average of this category meets both the return and risk objectives of the fund.

Return:

The category average has consistently produced better nominal returns after fees than a bank account. It has also produced positive real returns over almost all rolling 1-year periods in the past 10 years.

Risk:

The category average has had positive returns over rolling 3 month periods in the past 10 years. Note that this assumes reinvestment of all income distributions.

See Annexure D for more details of back-testing.

8.5 Selection of Investment Managers

The Central Fundisa Fund of Funds will hold an equal-weighting of all funds in the ASISA's Domestic - Fixed Interest - Income category, subject to the filter described below. The portfolio should be rebalanced at least half-yearly.

The manager of the Central Fundisa Fund may include portfolios that are categorized as Domestic-Fixed Interest-Money-Market. Only one money-market portfolio of each manager may be included. Only those portfolios that comply to all the requirements of the filter may be considered for inclusion

Reasons for using the whole category:

- Category average meets the return and risk objectives;
- The category is homogeneous with tightly clustered returns. Standard deviation of returns 0.5% in each of last 2 years;
- Fund of fund structure allows for diversification even when total assets are small;
- There is no need for an independent consultant;
- Fund category is small (currently 8 funds);
- The industry cannot be accused of selecting managers based on last year's winners - something we discourage in the media.

There is no investment-based reason to exclude funds. Back-testing shows that selecting last year's top performers in this category is as likely to under-perform as to out-perform the category average.

8.6. Filter

For practical reasons funds will be included or excluded based on the following filter:

	Filter criterion	Comment / Reason
a	Exclude 3 rd -party funds.	Fundisa is an industry initiative with the aim of getting Charter Access points for CIS Managers. Thus only CIS Manager's proprietary funds should be included.
b	Exclude Fund of funds	This is to avoid an extra layer in the structure and to limit TER.

c	Exclude CIS Manager duplicates	At present excluding fund of funds already handles this criteria. If a CIS Manager has two eligible funds they can nominate one.
d	Managers who distribute the Fundisa product or who contribute 50% or more of their SRI spend to Fundisa grant matching fund.	Appointed managers should be drawn from participating CIS Managers ¹ .
e	Managers who agree to have their Income fund used in Fundisa Fund of funds at a fee of 10bps + VAT. This requires either a separate unit class or a rebate.	Limit TER on the triple layer structure.
f	Domestic Fixed Interest Income funds that have a 3-year track record	This protects against proliferation of income funds. It gives us an independent, objective way of reducing fund numbers if necessary without needing independent consultants or just taking "last year's top performers". Morningstar (Micropal) consistency of return rating requires 36 months of data.

9. Marketing and distribution

9.2 Marketing

9.2.1 Marketing material must be simple and easy to understand.

9.2.2 The ASISA will avail generic marketing material containing the following minimum content, which all marketing material, advertising Fundisa must conform:

- a. Description of Fundisa - care must be taken to ensure that Investors are not misled into thinking that their savings will in all likelihood meet the total costs required for the Learner's post school education;
- b. Information and examples pertaining to the grant;
- c. Eligibility requirements for both investor and beneficiary;
- d. Requirements to open a Fundisa Fund account;
- e. Minimum investment amount;

¹ Managers that wish to make available their portfolios for the purposes of Fundisa must in the first quarter of each year submit to the industry association details of the latest SRI spend to enable the association to make representation to the Fundisa review board on the matter.

- f. Costs including the annual fee. Information on charges if the services of a financial advisor are used, clearly indicating that not more than 1% of the annual monthly fee may be charged, and that bank charges such as debit order fees will be charged separately by the bank;
- g. The procedure to be followed by a learner to enroll for further education including the involvement of NSFAS;
- h. Places at which a Fundisa account may be opened;
- i. Information regarding the pilot nature of the project including information that during the pilot phase grant allocations will be made on a first come first serve basis;
- j. Applicable statutory and ASISA disclosures;
- k. Mandatory branding; and
- l. Information that investors may contact the ASISA or the FSB (contact details must be provided) if they are unhappy about the manner in which their account are handled.

9.2.3 Should the participating CIS manager's marketing material deviate from the generic material, such manager must submit the material for approval by the ASISA before distribution. The ASISA will endeavor to approve the material before within 48 hours.

9.2.4 The ASISA will avail the generic marketing material in some of the other South African official languages. If a participating manager's material in these other languages deviates from the generic material, the procedure stipulated in paragraph 9.2.3 above must be followed subject further that the manager concerned will bear all translation costs associated with approving the marketing material.

9.3 Trade Mark

9.3.1 The Fundisa trade mark, in the class for financial services, is the property of the ASISA and the use thereof will be permitted exclusively in terms of this Standard.

10. Offences and Penalties

10.1 Any member who contravenes or fails to comply with any of the provisions of this Standard is guilty of an offence provided that failure to comply with individual requirements in the Standard constitutes a separate offence for which separate fines may be issued.

- 10.2 Breaches of this Standard shall be dealt with in accordance with the procedure set in the ASISA Procedures and Penalties for Breaches of the Code of Conduct, Practice and Standards.
- 10.3 Any member who in terms of this Standard is guilty of an offence is liable to a fine prescribed for grade 3 offences in the ASISA Procedures and Penalties for Breaches of the Code of Conduct, Practice and Standards. Notwithstanding this paragraph the ASISA Disciplinary Committee or any appeal body thereof has discretion to decide on the amount of the fine to be imposed.

Annexure A

FUNDISA VOUCHER

Mr XX
PO Box X
XX
XX

Voucher Issue Date: 2007/10/04
Voucher Balance Date: 2007/10/01
Voucher Expiry Date: 2008/12/04
Voucher Number: XXXXXX

Dear Mr XX

We have pleasure in issuing this FUNDISA voucher as per your request. Please forward this to the nominated beneficiary and ask him/her to present this voucher to the applicable public tertiary institution.

Please note that this voucher has to be submitted to the public tertiary institution before the expiry date.

Nominated Beneficiary
Beneficiary Name: YY Beneficiary ID Number: XXXXX

Portfolio Summary
Total value of portfolio as at balance date: RX.00

Acceptance of voucher:

Stamp of public tertiary institution: _____

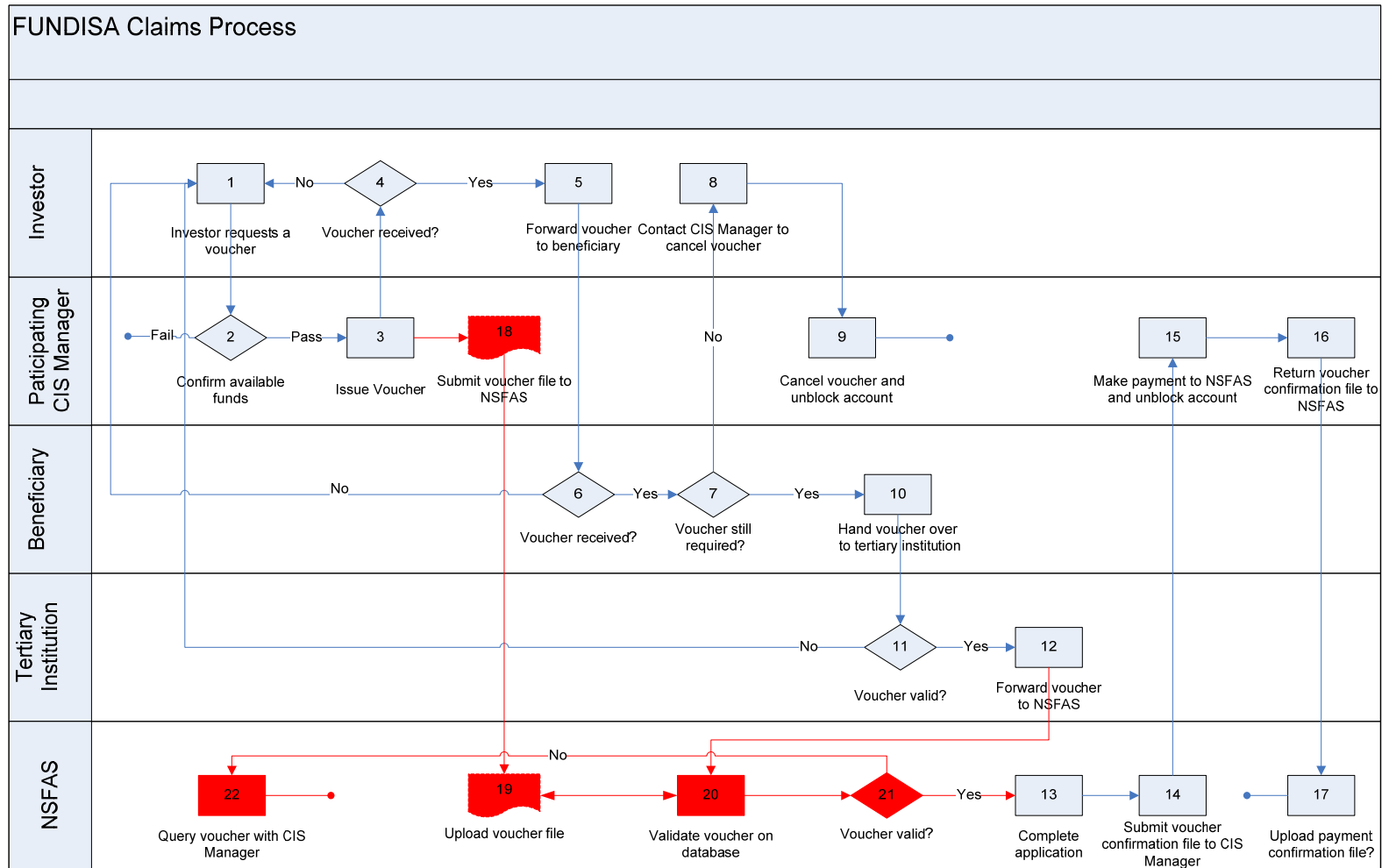
Signed by public tertiary institution on: DD/MM/YYYY

Actual FUNDISA funds to be claimed for the year: R _____

General information regarding the FUNDISA voucher:

1. This voucher has to be presented in person to the financial aid office of the relevant public tertiary institution.
2. The investor's account will not be available for withdrawals until the relevant amount has been paid over to the National Student Financial Aid Scheme.
3. If the expiry date has been reached before this voucher has been submitted to the public tertiary institution, then the investor may contact the host company for a new voucher.
4. For further information, please contact the XXX contact centre.

Annexure B

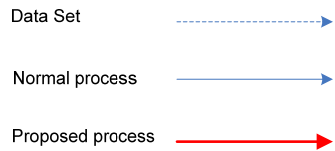
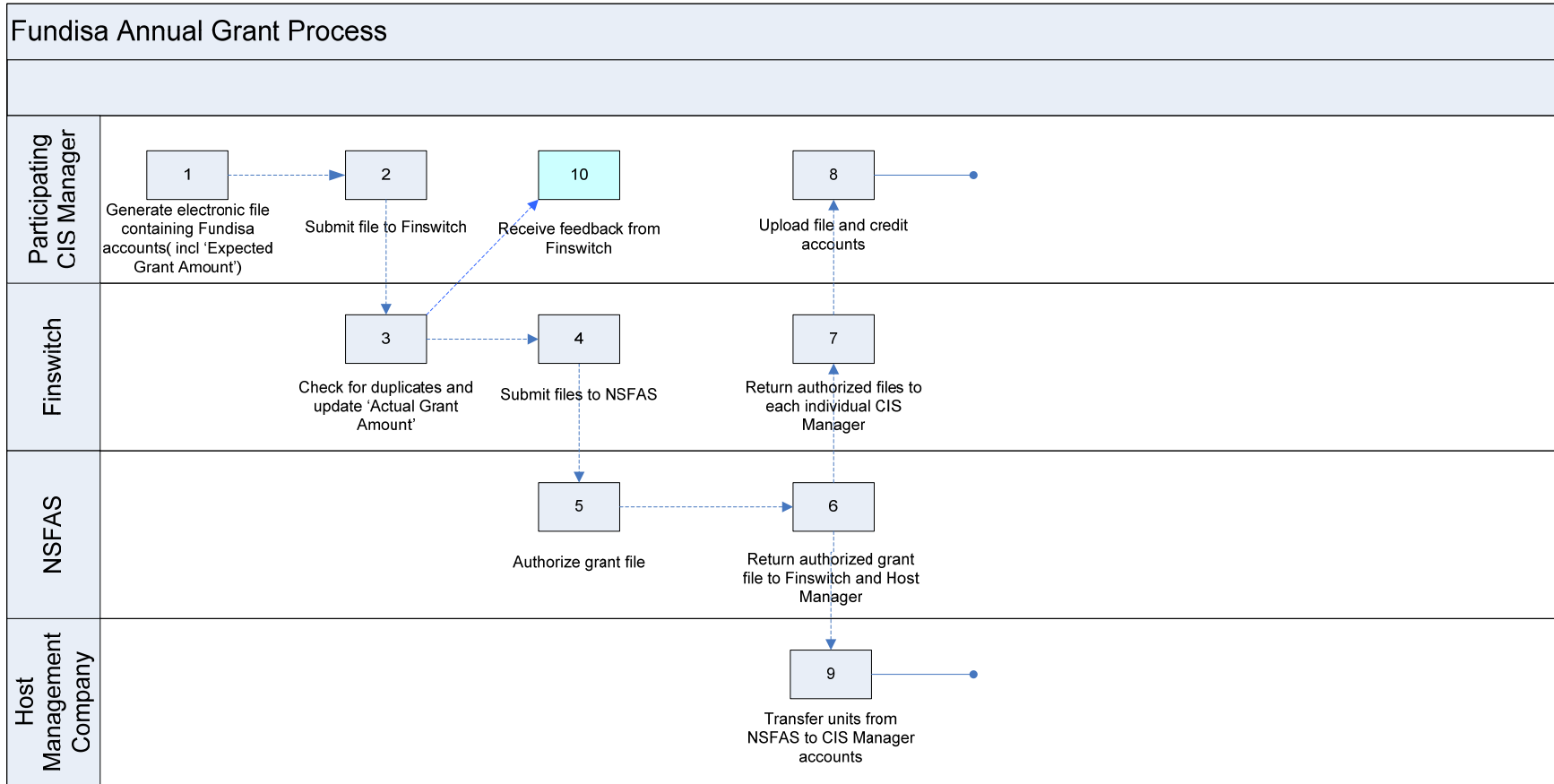


FUNDISA Claims Process Notes

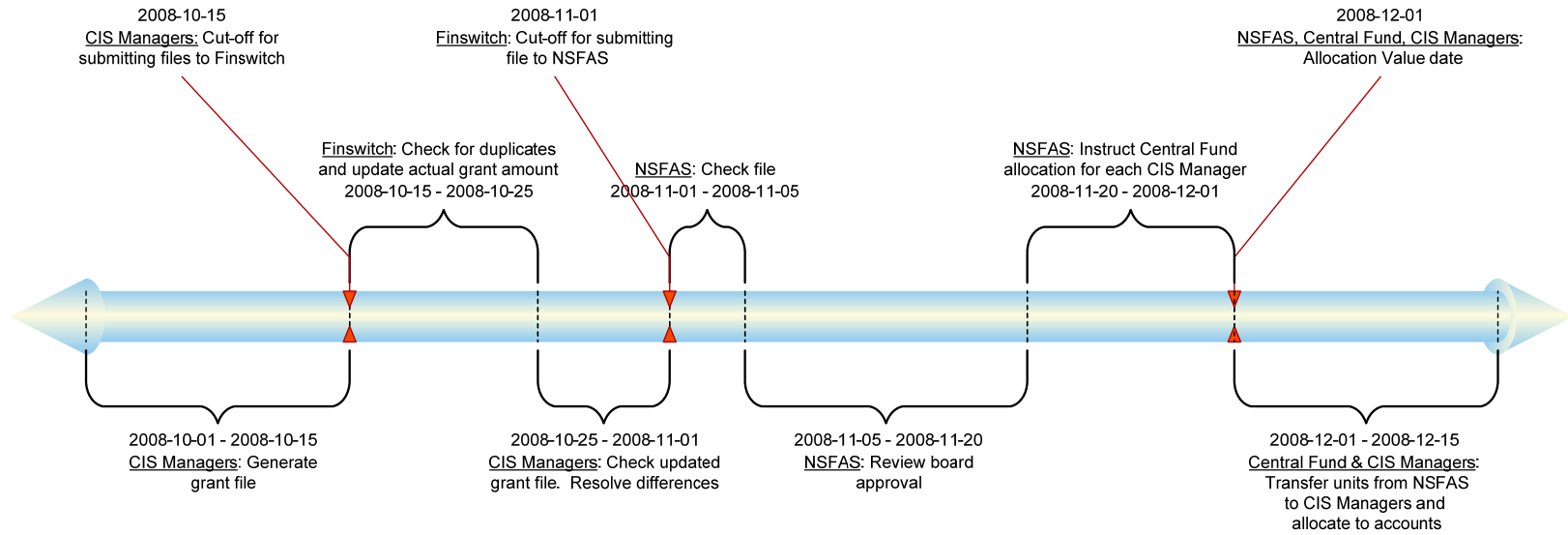
Process Number	Process Description	Notes
1	Investor requests a voucher	<ul style="list-style-type: none"> This could be by telephone, email or fax. The investor must confirm the details of the beneficiary before the voucher is issued. This is to cater for cases where the investor wants to change the current beneficiary. At this stage the contact centre will also have to confirm if this is a first time request or a request to re-issue a lost voucher.
2	Participating CIS Manager confirms available funds	<ul style="list-style-type: none"> The participating CIS Manager will have to check if there are funds available in order for a voucher to be issued. If no funds are available, then the process will end.
3	Participating CIS Manager issues the voucher	<ul style="list-style-type: none"> The voucher will be posted to the investor. The accounts linked to the beneficiary will be blocked as soon as the voucher has been issued.
4	Has the investor received the voucher?	<ul style="list-style-type: none"> If the investor has not received the voucher, then they will contact the participating CIS Manager again. There is not much the participating CIS Manager can do during this phase.
5	Investor forwards the voucher to the beneficiary	<ul style="list-style-type: none"> This could potentially be a problem as this could cause a delay in getting the voucher to the beneficiary.
6	Has the beneficiary received the voucher?	<ul style="list-style-type: none"> If the beneficiary has not received the voucher, then a new one will have to be issued, but the CIS Manager will not know this until the investor again makes contacted. It is at this stage that the participating CIS Manager might have to fax/ email a new copy to the beneficiary.
7	Is the voucher still required?	<ul style="list-style-type: none"> If the beneficiary no longer requires the voucher, he/she will have to inform the investor of this decision.
8	Investor contacts the participating CIS Manager to cancel the voucher	<ul style="list-style-type: none"> Self explanatory
9	Participating CIS Manager cancels the voucher and unblocks the account(s)	<ul style="list-style-type: none"> The voucher will be listed as 'cancelled' at the participating CIS Manager and the account will be unblocked.
10	Beneficiary hands voucher over to the public tertiary institution	<ul style="list-style-type: none"> The beneficiary will have to hand the voucher over to the public tertiary institution in person (as he/she has to submit other documents to the institution in any case)

Process Number	Process Description	Notes
11	The public tertiary institution validates the voucher	<ul style="list-style-type: none"> The only thing that the public tertiary institution can check is the expiry date. If the voucher has expired, then the investor will have to request a new one. The CIS Manager will have to fax a copy of the voucher through to the public tertiary institution.
12	The public tertiary institution forwards the voucher to NSFAS	<ul style="list-style-type: none"> At this stage the public tertiary institution will forward the voucher (with all the other documents) to NSFAS
13	Complete application	<ul style="list-style-type: none"> If the voucher is valid, then NSFAS will complete the application on their system.
14	NSFAS submits the voucher confirmation file to the CIS Manager	<ul style="list-style-type: none"> NSFAS will submit an electronic file to the participating CIS Managers containing the voucher number and the actual amount that is to be paid by the participating CIS Manager.
15	Participating CIS Manager makes payment to NSFAS	<ul style="list-style-type: none"> The file in step 14 will be imported and payment will be made for that amount to NSFAS. The participating CIS Manager will also unblock the account(s) at this stage
16	Participating CIS Manager returns the voucher confirmation file to NSFAS	<ul style="list-style-type: none"> Once the participating CIS Manager makes the payment to NSFAS, the original voucher confirmation file (as discussed in process 14) needs to be returned to NSFAS containing an extra field next to each transaction which states "Paid". If this field is left as blank, then it means that the CIS Manager has not paid that amount.
17	NSFAS uploads the payment confirmation file	<ul style="list-style-type: none"> To be defined by NSFAS
18	CIS Manager submits a voucher file to NSFAS	<ul style="list-style-type: none"> This file will be submitted to NSFAS on a daily basis. This file will be used by NSFAS to keep track of all vouchers that are currently in circulation and will also be used for validation purposes. The file layout will be determined by NSFAS.
19	NSFAS uploads the voucher file	<ul style="list-style-type: none"> To be determined by NSFAS
20, 21 and 22	NSFAS validates the voucher on their database.	<ul style="list-style-type: none"> After receiving the application from the relevant public tertiary institution, NSFAS will validate the voucher on their database. If the voucher is valid, then the process can continue. If it is not valid then NSFAS will have to query the voucher with the relevant CIS Manager.

Annexure C



2008 Annual Grant Process – Time Lines



FUNDISA Annual Grant Process Notes

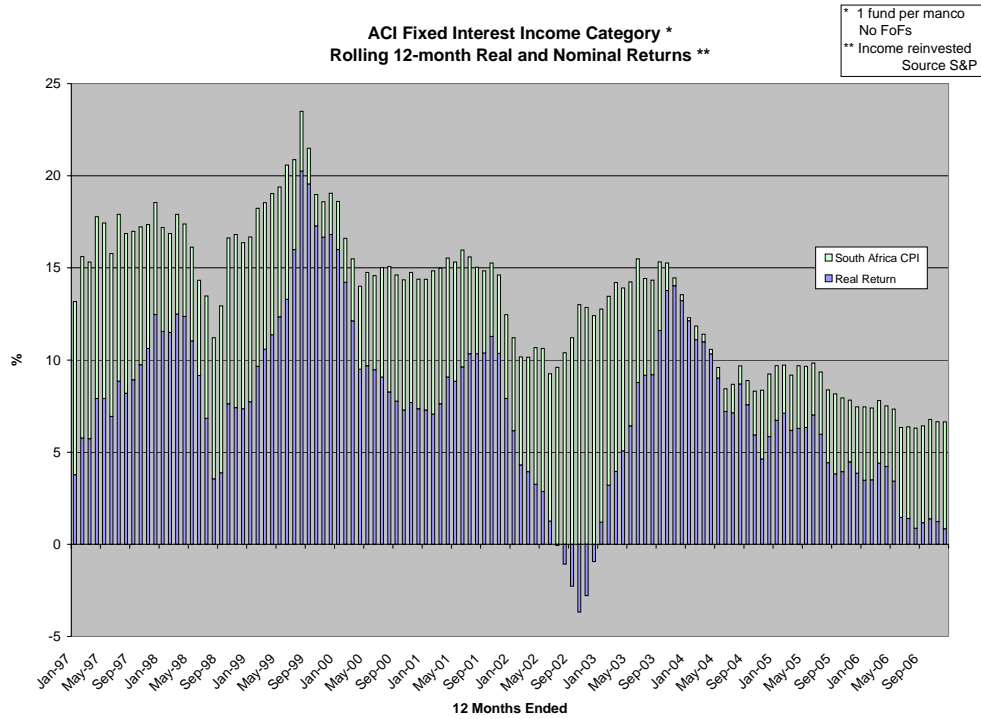
Process Number	Process Description	Notes
1	Participating CIS Manager generates an electronic file containing Fundisa accounts (including 'Expected Grant Amount')	<ul style="list-style-type: none"> • The amount of an account will be the net inflow from 1 October (previous year) to 30 September (Current year) • The layout of this file needs to be defined by Finswitch, but the following fields are important for each account: <ul style="list-style-type: none"> ○ Account number (As held by participating CIS Manager on the administration system) ○ Name of beneficiary ○ Name of investor ○ Investor RSA ID number ○ Beneficiary RSA ID number ○ Net inflow amount for the year ○ Expected grant amount ○ Actual grant amount (this field will only be populated by Finswitch once they have checked for duplications in process step 3)
2	Participating CIS Manager submits the file to Finswitch	<ul style="list-style-type: none"> • Once the file has been checked, it will be submitted to Finswitch
3	Finswitch checks for duplicates and calculates actual grant amount	<ul style="list-style-type: none"> • Finswitch will collate the information and check for duplicates between the CIS Managers. If there is a duplication then they will update the 'Actual Grant Amount' field with the correct amount: <p>Example: A beneficiary has an account with CIS Manager 1 and CIS Manager 2:</p> <p>Net Inflow with manager 1 = R2400, Expected grant amount = R600 Net Inflow with manager 2 = R1200, Expected grant amount = R300</p> <p>The problem is that the maximum grant amount for a beneficiary can only be R600. Finswitch will now calculate the grant amount proportionately:</p> <p>Manager 1 portion = 66.66%, therefore, Actual grant amount = R399.96 Manager 2 portion = 33.34%, therefore, Actual grant amount = R200.04</p>
4	Finswitch submits the files to NSFAS	<ul style="list-style-type: none"> • Finswitch will submit the files from each CIS Manager to NSFAS

Process Number	Process Description	Notes
5	NSFAS authorises the file	<ul style="list-style-type: none"> The only function that NSFAS has to do is to authorise the file.
6	NSFAS returns the authorised file to Finswitch and submits a copy to the host manager	<ul style="list-style-type: none"> To be defined by NSFAS, Finswitch and the Host manager The file include a value date for the transactions - 1st December or first business day after
7	Finswitch returns only relevant accounts back to participating CIS Managers	<ul style="list-style-type: none"> Finswitch will split the consolidated file back into organization specific files before sending the files back to the participating CIS Managers. The file include a value date for the transactions - 1st December or first business day after
8	CIS Managers upload files and credit accounts	<ul style="list-style-type: none"> The CIS Managers will upload the files and credit the accounts in the Unit Trust administration systems for the value date.
9	Host account manager transfers units from NSFAS to CIS Manager accounts	<ul style="list-style-type: none"> To be defined This happens for the value date
10	Finswitch to submit a copy of the grant file to the CIS Managers	<ul style="list-style-type: none"> This step will give the CIS Managers a chance to check exception cases (where duplicates are found) upfront.

Annexure D: Fund Return and Risk Objective Backtest

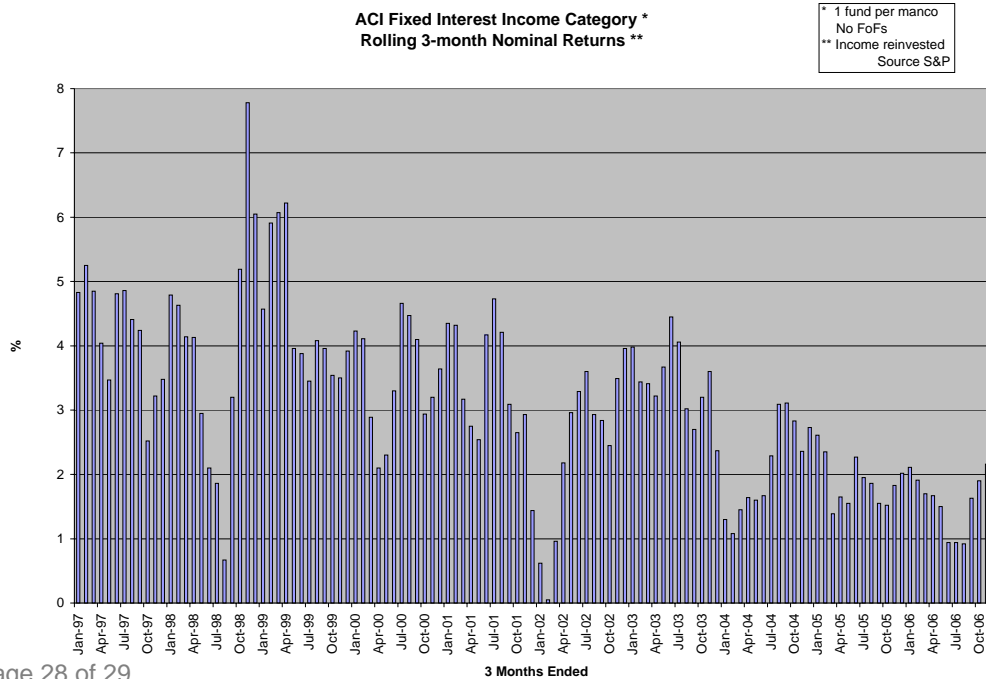
Return

The category average has consistently produced better nominal returns after fees than a bank account. It has also produced positive real returns over almost all rolling 1 year periods in the past 10 years.



Risk

The category average has had positive returns over rolling 3 month periods in the past 10 years. Note that this assumes reinvestment of all income distributions.



Annexure E: Fundisa Transfer Form

In principle, the following information needs to be communicated:

FUNDISA TRANSFER FORM

Details of account holder:

Client number:

Name:

Surname:

Address:

Telephone number:

My bank account is at:

My bank account number is:

It is a savings/ cheque/ Mzansi

Please transfer my investments held in your Fundisa Fund to

Name of manager I want to transfer to:

I want the beneficiary to remain:

Name:

Surname:

ID:

Relation:

I have attached my:

ID

Water and lights account

Copy of my bank account details

ID of the Beneficiary

I understand that I will not be allocated the grant for at least the past four month's contributions.

Please instruct the manager I am transferring to carry over my debit order.