
SILKE FINANCIAL SERVICES

Terms of Engagement

Important information about Silke Financial Services, our services, fees, investment and risk philosophies, and the legislative disclosures governing our industry.

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01 Purpose

The information in this document provides important information about Silke Financial Services, our services, fees, investment and risk philosophies as well as specific legislative disclosures governing our industry.

This document should be read in conjunction with our Client Advice Record and product supplier literature and documentation.

02 About us

We are a well established, independent financial services company based in Cape Town. Operating since 1990, we offer a proven financial planning process. Our Integrated Wealthcare™ model offers a combination of personal financial coaching and financial advice. We are a proudly independent family business, serving fourth generation clients.

Our founding partners are the Late Advocate Ken Silke, a well-known persona in the South African investment world, and Shane Thom, a leading Capetonian financial planning specialist. Shane started working for Adv. Ken Silke in 1994 and took on the role of managing partner in 2007, developing the Integrated Wealthcare™ offering we use today. Chris Norris joined Shane in the role of Wealthcare™ Adviser in 2015 and they now share the responsibility of managing and overseeing the practice in their capacity as Key Individuals. Both Shane and Chris are Certified Financial Planners and members of the Financial Planning Institute and subscribe to the FPI code of ethics and practice standards.

Not having the constraints of operating in a large group with the inherent conflicts of interest, enables our Key Individuals to maintain a long-term focus and to build relationships based on mutual trust.

At a time when the ability to adapt is more vital than ever, we are able to meet the challenges of tomorrow by drawing on our experience and diversity of talent within the company and create new financial solutions to meet your needs and the demands of the age we live in.

03 Bio: Shane Thom, CFP® GTP (SA)™

Shane graduated from the University of Stellenbosch after completing a Post Graduate diploma in Financial Planning. He is a Certified Financial Planner®, General Tax Practitioner (SA)™ and Financial Coach (COMENSA). Shane is actively involved in community projects and is committed to finding solutions to uniquely South African challenges.

04 Bio: Chris Norris, CFP® CA (SA)

Chris was admitted by the South African Institute of Chartered Accountants as a CA(SA) after completing his Articles in 1992. He is a registered Tax Practitioner and Certified Financial Planner®.

05 Contracting with you

Silke Financial Services CC Reg No. 2004/063390/23 is an authorised Financial Service Provider (registration number 12462) and is authorised to provide advice and intermediary services in respect of Long-Term Insurance (Life risk policies), Retail Pension Benefits, Medical Aids and Unit Trusts. Silke Financial Services hold a Category 1 license issued by the Financial Sector Conduct Authority ("FSCA").

Silke Financial Services has been accredited as a Health Care brokerage in terms of section 65 (4) of the Medical Schemes Act.

It is our duty under the Financial Advisory and Intermediaries Services (FAIS) Act, as a registered Financial Service Provider, to act with honesty and integrity, with due skill, care, and diligence, which is within your interest and the integrity of the financial services industry.

We will provide you with advice based on the information that you supply to us, and we accept responsibility for advice given, on the basis that you provide all reasonable information to us so that we can properly assess your entire financial position.

Silke Financial Services has no shareholdings directly in any investment or life office and is accredited with many of the life assurance and medical scheme companies in SA. In the past calendar year Silke Financial Services has placed more than 30% of life assurance and medical-based business with Discovery Holdings.

We act as an independent intermediary for our clients and reputable product suppliers.

It is important to note that we do not accept any responsibility for any unlawful actions or delays caused by product suppliers. Neither can we be held responsible for a failure in performance or breach of this terms of engagement caused by circumstances or an event beyond our control, including any interruption, malfunction, breakdown or failure of power supply, the internet, a product supplier website, any telecommunications systems, or any computer hardware or software.

Any dispute relating to an alleged unlawful action of a product supplier shall result in the client engaging their own legal action at their own cost against the product supplier.

We have adopted a policy to provide for the management of conflicts of interest. Our conflict-of-interest management policy is available for inspection at all reasonable times. Silke Financial Services may from time to time receive non-cash incentives and/or other indirect consideration from product suppliers. Details of any non-cash incentives received will be supplied to you on request.

06 Your protection

Professional Indemnity

Silke Financial Services holds Professional Indemnity Cover of R10 million. The cover is provided by Santam Limited FSP No. 3416. Professional indemnity insurance is a FAIS requirement and covers all sums that an FSP may become legally liable to pay as a result of any negligent act, error or omission in the performance of professional activities.

Protection of personal information

We must, in terms of the FAIS General code of conduct, keep all the information that you provide us strictly confidential, unless you provide written consent for Silke Financial Services CC or a product supplier to disclose information or the disclosure of information is required in the public interest or under any law.

During the financial planning engagement, we may, on occasion, be required to consult with other third-party professionals at which time we would obtain your written permission to disclose your personal information.

Compliance

Silke Financial Services is a member of Moonstone Compliance (Pty) Ltd, which provides Compliance and Risk Management services to independent financial advisers. Moonstone conducts regular monitoring and provides independent assessments of the effectiveness of internal compliance processes. This ensures that Silke Financial Services remains compliant with the relevant Financial Sector laws and requirements.

The Internal Compliance Officer for Silke Financial Services is Michelle Freudiger who can be contacted on 021 683 3380.

07 Our vision, mission and values statement

Our vision is to be an insightful, adaptable and sustainable South African business serving our clients and future generations.

Our mission statement is to Serve Others with Excellence (SOWE) through professional, independent financial planning.

Our passion is to help you manage your "money" in a way that will make your life more meaningful. We tailor a program to your specific financial needs and goals to create wealth over the long term. The meaning of wealth comes from the Old English words "weal" (well-being) and "th" (condition) which taken together means "the condition of well-being". To be genuinely wealthy one must develop a system that aligns your values and principles with the actual conditions of your wellbeing (personal, professional, spiritual, environmental, and financial).

Our Integrated Wealthcare approach is based on your personal priorities and aspirations. This process is designed to give you a clear course of action for pursuing your goals that span various time horizons and life stages. We believe that with a disciplined goal orientated financial planning strategy focusing on your personal, family, and work-related goals; financial "wealth" can be attained.

Integrity, accountability and a long-term vision are the values which underpin the culture and management of our business.

08 What we do and how we do it

SIX-STEP FINANCIAL PLANNING PROCESS

Plan

Silke Financial Services

PROTECTION OF WEALTH

Protect and preserve

Assurance analysis & planning,
pre- and post-retirement planning,
tax and fiduciary planning

CREATION OF WEALTH

Prosper

Silke Model Portfolios

Working together, we will take the time to understand exactly where you are today and where you hope to be in the future. This knowledge will help us home in on the most important aspects of your finances and gives us the information we need to build a plan which addresses each of the key areas of your financial life:

Plan

Your present financial position helps us to understand what you own and owe as well as your current challenges and opportunities.

We follow a well-considered financial planning process comprised of six steps:

- 1 You will meet with us for an initial introductory meeting where we will explain our financial planning process and services. We explain the touch points of how we envisage an ongoing relationship with you, what your responsibilities would be and how we earn our fees. After this initial meeting you (and us) will have the opportunity to decide whether we want to establish a professional relationship.
- 2 If you feel our Integrated Wealthcare™ approach is right for you, we will talk about your current financial situation and gather relevant and appropriate information as well as an understanding of your financial goals, including timeframes.
- 3 We will analyse and assess your financial status and consider all aspects of your financial situation to determine what you need to meet your goals. This includes an assessment of your Assets, Liabilities, Investments, Personal Risk coverage, Tax strategies and Fiduciary needs.
- 4 We will present our financial planning recommendations to you, explaining our rationale so that you can make an informed decision. This is an opportunity for you to voice any concerns that you have and for us to ensure that you understand our recommendations.
- 5 Once you are satisfied that our recommendations will meet your needs and objectives you will need to agree to them so that we can carry out our recommendations. All our recommendations are documented in a Client Advice Record which is emailed to you following our meetings.
- 6 We will meet with you annually to review your situation and monitor your progress to make sure you are staying on track. You will receive an Investment Overview as part of your annual review as well as quarterly statements from Allan Gray. Ad hoc meetings may be necessitated by a change in your personal circumstances.

Protect and preserve

Protection planning is to ensure that you have the proper assurance coverage (risk benefits) to protect that which is most important to you, beginning with your family.

Protection of Wealth (Risk Benefits): Our recommendation is Discovery Life. Why? Our houseview is that Discovery Life encourages one to live a healthier life and one can enjoy premium discounts and accelerated payback options through their product integration feature.

The links below provide additional information on Discovery Life risk benefits:

- Life Cover ensures that your family are financially protected in the event of death and pays out a lump-sum which can be used by your loved ones to cover financial obligations;
- Severe Illness Benefit Cover provides you with a lump sum if you become severely ill;
- Capital Disability Benefit offers cover that ensures the financial security of your family through a lump-sum payout if you become disabled and are unable to work;
- Income Protection Benefit protects your income if you are no longer able to work.

Protection of Wealth (Medical Aid): Our recommendation is Discovery Health Classic Comprehensive or in-hospital cover at 200% but allowing for the Classic Comprehensive premium in your budget (for out of hospital expenses). Why? Our houseview is that if you need to upgrade due to ill health, the cost is already catered for in your budget. Any alteration to this is not recommended. Discovery Health is also the biggest open medical scheme in South Africa and their core purpose is to make people healthier and enhance and protect their lives.

The current thinking is that Medical Gap cover should be taken out to cater for additional in-hospital medical expenses that are not covered by one's medical aid. We do not however offer this product as it is a short-term insurance product.

The links below provide additional information on Discovery Health medical plans:

- [Guide to selecting your Discovery Health Medical Plan](#)
- [Please click here to view all the Discovery options](#)

Retirement planning aims to provide you with multiple streams of income and help ensure you will not outlive your money no matter how long you live. The result is a care-free retirement where life is affordable, and work is optional.

Pre-Retirement Planning (Creation of Wealth): to build up enough capital for your post-retirement income needs.

Post-Retirement Planning (Protection of Wealth): establish realistic drawdown levels at retirement to sustain your retirement capital for different life expectancies. With income cash flow planning and strict budgeting, the appropriate investment plan can be structured to lower the overall portfolio risk of you outliving your capital. How long your capital lasts will depend on the percentage of income that you draw from your investment, as well as the investment returns you achieve on your capital during retirement.

Tax planning helps to minimize taxes both before and after retirement, and forms part of financial planning. Please note that Silke Financial Services does not provide tax advice or tax compliance services.

Estate and Fiduciary planning (Protection and Creation of Your Wishes and Future Care): gives you the peace of mind that what you have spent a lifetime accumulating is efficiently passed on to the people you love. We can assist in providing fiduciary services to you, which includes Estate Administration, Last Will and Testament, Living Will and Power of Attorney.

It is important that you review your Last Will and Testament regularly.

A Living Will is a document to give to your doctor and family if there is no reasonable prospect of your recovery from illness or impairment. It is not a direction for euthanasia but rather a direction for your Doctor to administer medication to keep you comfortable and free from pain or to take you off life-support if there is no prospect of a rational existence.

A Power of Attorney is a document in which you (the principal) appoint another person to act as an agent on your behalf, conferring authority on the agent to perform certain acts or functions on your behalf and with your specific permission.

Prosper

Investment planning will help you make investment selections and decisions that support your personal goals as they evolve over time.

We use Allan Gray Investment Services (Pty) Ltd's platform as our linked investment service provider platform (LISP). The benefits of the Allan Gray LISP are its easy access, flexibility and simplified administration. The investment platform offers a range of funds, pre-screened by Allan Gray and enables us to build bespoke local and offshore model portfolios and to switch between investments at a low cost.

Our unique Silke model portfolios which are offered through the Allan Gray LISP, are designed to align with your pre and post retirement investment objectives and time horizon goal risk profiles.

We are satisfied that these portfolios are managed according to a well-considered process, applied consistently.

Each model portfolio is comprised of carefully selected Collective Investment Schemes or 'Unit Trusts', which are all FSCA approved for marketing in South Africa. The Fund Managers administer their schemes in accordance with the Collective Investment Schemes Control Act and produce Minimum Disclosure Documents also known as Fact Sheets. Fact sheets contain all the information and disclosures as required by the Act and set out the characteristics and objectives of each 'Unit Trust' to help you understand their nature and risks.

By making use of our unique, proprietary-owned quantitative models we can illustrate graphically the outcome of various investment scenarios. All the potential highs, lows and sentiments associated with investing can overshadow the ultimate goal – achieving your lifestyle goal. To focus

on the latter and eliminate the former, the 'quantitative' approach to investing seeks to pay attention to the numbers instead of the intangibles.

09 Our Associates

We have associations with the following professionals who we call upon to help our clients with specific professional services:

- Legacy Fiduciary Services: Legacy assists with the provision of fiduciary services to our clients which includes Estate Administration, Last Will and Testament, Living Will and Power of Attorney drafting, Trust Administration, and any other Legal Services as and when required;
- Ross Munro & Associates: Professional Accountants and Income Tax Services;
- Elise Burns-Hoffman: referral of risk claim applications, claim dispute complaints and/or other related risk and individual client matters.

10 What we need from you

Allow us to conduct a Financial Needs Analysis for you

We strongly advise a comprehensive financial needs analysis of your circumstances and prefer to meet with you for annual reviews. We take reasonable steps to obtain relevant information so that initial and ongoing financial planning is appropriate to your risk profile and financial needs.

Please understand that if all the information requested is not provided or if you request that only certain aspects of financial planning are addressed, it will mean that a full analysis was not undertaken, and the appropriateness of any advice dispensed to you might be limited. You will then need to consider whether the advice received is appropriate considering your objectives, financial needs, and circumstances.

Stay in touch

Subscribe to our Communiqué, like our Facebook page and follow us on Twitter. We communicate important information such as annual reminders to review your medical aid needs or information regarding tax deadlines. We also want to hear from you, particularly if there are any changes to your personal circumstances.

Ask clarifying questions

We encourage you to engage with us so that you understand your financial plan and can make informed decisions. The fair treatment of our clients is central to what we do, and as your Financial Adviser it is important to us that you understand how our financial recommendations can help you meet your goals and objectives.

Provide customer due diligence

We will request customer due diligence requirements from you as required in terms of the Financial Intelligence Centre Act (FICA). For example, a copy of your identity document to verify your identity.

Confidentiality

We ask that you agree that we, mutually, shall not during our relationship, or after its termination (however caused), disclose or use in any manner whatsoever, any confidential knowledge, information, intellectual property, or any financial trading information.

Understand Capital Gains Tax

It is important that you understand the material tax considerations of Capital Gains Tax (CGT). When an investment is sold for more than for what it was bought, the profit is called a capital gain on which income tax may be payable. All discretionary investments (non-retirement savings) such as Unit Trust Goal Funds or Offshore investments may give rise to capital gains on disposal.

There are many transactions which can result in a capital gain being realized, and these will be discussed with you as and when they arise. For example, a capital gain event is triggered whenever an investor re-balances or switches portfolios or sells units (known as a "withdrawal" or "repurchase"), including where underlying investments are "sold" by the administrator to cover administration and adviser fees.

Your role in managing your exposure to this tax is important as you are not liable to pay CGT simply because your investments grew in a tax year. Therefore, you primarily decide when to become liable for CGT, allowing you to defer tax and to plan your investments appropriately. You could avoid paying CGT for as long as you remain in a fund, however, do not lose sight of your overall investment goals and objectives when considering 'deferring' CGT. CGT is merely one aspect to consider as part of your investment decisions.

11 Our standard fees and charges

Investment management fees

Silke Financial Services' annual investment management fee is prorated and charged monthly, based upon the value of your portfolio managed by Silke Financial Services. The product supplier will deduct fees by selling units from the unit trust and will pay the amounts to Silke Financial Services. Our annual fee is exclusive of and in addition to administration and investment management, transaction fees and other related costs and expenses which are incurred by you. Silke Financial Services does not receive any portion of these other commissions, fees or costs.

The annual fees earned by Silke Financial Services are for the furnishing of advice and the rendering of intermediary services as well as maintaining a Governance Framework as required by the FAIS Act.

All fees are earned by Silke Financial Services CC and not directly by the individual advisers and/or owners of the business. All fees include Value Added Tax (VAT) at the applicable VAT rate from time to time (currently 15%).

Investment management fees are based on the nature of the assets being managed, and are either 0.29% or 1.15% (inclusive of VAT), as follows:

PORTFOLIO	ANNUAL INVESTMENT MANAGEMENT FEE (INCL. VAT)
All Model Portfolios except for Cash Management Portfolios	Initial Fee: 0% / Annual Advice Fee 1.15%
Cash Management Portfolios / single money market funds	Initial Fee: 0% / Annual Advice Fee 0.29%
Silke Financial Services staff	Initial Fee: 0% / Annual Advice Fee 0.29%

Silke Financial Services, in its sole discretion, may negotiate a lesser management fee based upon certain criteria for example, anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, pre-existing client, account retention or pro bono activities. All fees may be changed and/or waived at the Key Individual's discretion without prejudice.

MIN / MAX	INVESTMENT MANAGEMENT	ADMINISTRATION (ALLAN GRAY)	ADVICE (SILKE FINANCIAL SERVICES)	TOTAL
Minimum	0.06%	0.23%	0.29%	0.58%
Maximum	1.62%	1.15%	1.15%	3.92%

Commission

We earn commission on risk business in terms of the Long-Term Insurance Act. Guides to the calculation of commission and how it gets paid are available for Discovery Health, Life and Vitality on request.

Consultation fees

Silke Financial Services may charge fees where we consult with you on matters outside of the scope of our six-step financial planning process. Our consultation fee is set at R820 inclusive of VAT per hour, payable on presentation of an invoice.

Fiduciary charges

SERVICE	FEE (INCL. VAT)
Silke Financial Services admin fee	R820
Living Will	R350
Power of Attorney	R350
Simple Wills, where the spouse failing whom children are the heirs	R750
Codicil	R350

Fiduciary charges are payable on presentation of an invoice.

12 Invoices and payment

All fiduciary charges and consultation fees are payable on presentation of an invoice. Interim invoices may be issued where the work is of a continuous nature. Please note that interest (at prime plus 2%) will be charged on outstanding fees and charges. All payments are to be made into

Silke Financial Services' bank account as follows:

ACCOUNT HOLDER	Silke Financial Services CC
BANK	Investec Bank Limited
BRANCH NAME	Investec Johannesburg
BRANCH CODE	580105
ACCOUNT NUMBER	10011005138

Reference: Surname/Invoice number. Please provide proof of payment to engage@silke.co.za.

13 Product supplier contact details

Allan Gray Unit Trust Management (RF) (Pty) Ltd & Allan Gray Investment Services (Pty) Ltd

Physical address: 1 Silo Square, V&A Waterfront, Cape Town 8001

Postal address: P O Box 51605, V&A Waterfront, Cape Town 8002

Tel: 0860 000 654 or +27 (21) 415 2301 — Email: info@allangray.co.za

Allan Gray complaints: write to the Compliance Officer at the address above.

Discovery Holdings

Postal address: P O Box 786722, Sandton, 2146

Physical address: 1 Discovery Place, Sandton, 2146

Compliance department — Tel: +27 (11) 529 2980 — Email: compliance@discovery.co.za

Discovery Health Medical Scheme complaints: www.discovery.co.za/corporate/contact-us

Discovery Life complaints: life_complaints@discovery.co.za

14 Complaints

In terms of the FAIS general code of conduct, you have a right to complain about our service and/or advice. Should you wish to exercise this right, you are required to lodge the complaint in writing to the Internal Compliance Officer together with all relevant information. A copy of the complaints resolution process and complaints policy will be made available to you on request.

If a complaint is not resolved to your satisfaction, you may contact the Ombudsman for Long-Term Insurance:

Ombudsman for Long-Term Insurance — Private Bag X45, Claremont, 7735. Tel: +27 (21) 657 5000 or 0860 103 236. Email: info@ombud.co.za

Or the FAIS Ombud:

FAIS Ombud — P O Box 74571, Lynnwood Ridge, 0040. Tel: +27 (12) 762 5000. Email: info@faisombud.co.za

Internal Compliance Officer: michelle@silke.co.za

15 Contact us

Physical address: The Cottage, The Oval, 1 Oakdale Road, Newlands, 7700

Postal address: P O Box 158, Newlands, 7725

Tel: +27 (21) 683-3380 — Email: engage@silke.co.za

We recommend that you stay in touch with the latest news by signing up to receive the Silke Financial Services Communiqué Newsletter. Please let us know should you wish to subscribe to our newsletter.