

# Minimum Disclosure Document

Tax-Free Savings | July 2022

Participation Bonds

## GENERAL INFORMATION:

Registered manager	Fedgroup Participation Bond Managers (RF) (Pty) Ltd
Auditors	Deloitte South Africa
Fund size	R 5.575 billion*
Inception	1 January 1991
Risk profile	Low
Fedgroup fees	0%
Fund objective	To earn a higher level of income than money market instruments while protecting capital.
Tax exemptions	Individuals are allowed to invest up to R36 000 per annum in a tax-free savings account (collectively), up to a maximum of R500 000 over their lifetime. All the interest earned in this account is 100% tax free.

The information is provided for information purposes only and should not be construed as the rendering of investment advice to clients.

\*Fund size as of 30.06.2022

## PRODUCT OPTIONS:

FEATURE	TAX-FREE OPTION
Minimum investment	R 5 000
Minimum debit order	R 500
Maximum investment	R 36 000 per financial year or R 3000 pm.
Term	No set term
Rate	Fluctuating rate
Interest earned monthly in advance	Reinvested
Capital withdrawal or redemption	Permitted with 5 working days' written notice
CURRENT RATE	
Nominal rate	5.5%
1-Year effective rate	5.64%
5-Year effective rate	Varies based on term

## FEE DISCLOSURE

### Total Expense Ratio (TER) 0.00%

Expenses related to the administration of the financial product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs.

### Transaction Costs (TC) 0.00%

Costs relating to the buying and selling of the assets underlying the financial product

### Total Investment Charges 0.00%

Transaction costs are a necessary cost in administering the financial product and impacts financial product returns. It should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

### Portfolio Fees

Initial fee: N/A

Performance fee: N/A

Annual service fee: 0.00% (Excl. VAT)



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This product, backed by participation bonds, is fully secured; therefore Fedgroup Participation Bond Managers (RF) (Pty) Ltd does not provide any guarantee with respect to the capital or the return of the fund. Independent financial advice should be sought as not all investments are suitable for all investors.

<b>About Fedgroup Participation Bonds and FedBond</b>	Fedgroup Participation Bonds is a registered Collective Investment Scheme in participation bonds. Fedgroup Participation Bond Managers (RF) (Pty) Ltd ("the Manager") manages the FedBond Fund ("the Fund") and has done so since 1 January 1991. Participation bonds allow investors to invest in a fund that holds a portfolio of first mortgage bonds over commercial, industrial and retail property in South Africa. The fund lends up to 75% of the value of the property to a borrower and charges interest on the loan. The loan is secured against the title deeds of the property. The loan amount is limited in respect of the value of the property, and the remaining balance of 25% serves as additional security, which can be used as a recovery mechanism in the event that the borrower defaults. The investment is fully secured. Participation bonds are governed by the Collective Investment Schemes Control Act 45 of 2002 and are strictly regulated by the Financial Sector Conduct Authority, which adds to the already low risk associated with investing in a participation bond. The Manager or its directors may periodically have an interest in a property. Potential conflicts of interest are managed through our conflict of interest policy, ensuring that all transactions are concluded on an arm's length basis in the interests of the investors. The annual financial statements of the Manager and the Fund are subject to an external audit by their auditors on an annual basis.
<b>Fund objective and investment strategy</b>	The objective of the Fund is to earn a higher level of income than money market funds, while protecting the capital value. The investment strategy is structured to achieve this objective.
<b>Risk profile</b>	Fully secured and very low risk. A maximum of 75% of the value of the property is bonded and the property acts as security for the loan.
<b>Fedgroup fees</b>	Zero fees. As the interest and costs are charged to the bondholder, the Fund is able to offer investors the opportunity to invest without charging any fees. All or part of the investment may be repurchased by the manager, after receipt by the manager of written notice and all necessary documentation as determined by the Manager. The Manager will charge an early withdrawal fee.
<b>Capital withdrawal and redemption</b>	In accordance with the requirements of a collective investment scheme, the investment period is fixed for five years, whereafter the investor may choose to reinvest for a further five-year period or withdraw their investment. The investor may choose to receive interest payments on the capital amount, or may choose to reinvest the interest.
<b>Interest rates</b>	The fixed rate is applicable to the secured investment is determined by the manager from time to time. It is not linked to the prime lending rate although it may move in accordance with it.

