



Client Service Agreement

www.accredo.co.za



Introduction

This document is aimed at providing you with a brief overview of our Firm, to introduce our services to you in more detail together with the charges for delivering those services and payment methods. You may then select the service and remuneration package that best suits your needs. We will discuss this with you so that you fully understand what is offered and how it will benefit you. This document should be read in conjunction with our Terms of Business also given to you which sets out the terms under which our services are provided. Should you have any questions on any element of this please do not hesitate to ask us.

The following areas are contained for your assistance:

- Firm Background
- Who Are We?
- What Do We Offer?
- Advice Process
- Cost Of Advice
- Ongoing Review Service
- Cost of Review Service

Company Background

Accredo Financial Solutions (Pty) Ltd is a financial planning company which provides Restricted Financial Advice to private individuals and business clients. Restricted advice means that we will only consider products and investments from a limited range of companies.

We will recommend investments from the whole of the market but **do not** advise on the following types of investment – structured products and exchange traded funds (ETFs). You may ask for a list of the types of products we do advise on.

Our advised protection planning services are suitable if you are looking for the best way to protect you, your family or your business through products such as critical illness cover, health insurance and life cover. We advise on non-investment protection products e.g. assurance, income protection and critical illness form a limited range of insurers.

The firm was established in September 2005 by Mark Biagi and Aleks Pesic. It has grown to two offices, Johannesburg and Durban.

We provide financial advice in the following key areas;

- Investments
- Savings
- Planning for retirement
- Retirement options
- Life assurance for family, mortgage or business protection
- Income protection
- Critical Illness cover
- Health cover



- Gap cover

Who are we?

We are a small company offering personal service on a face to face basis where possible.

The shareholders have been involved in the financial services industry for more than 15 years with the vast majority of this time involved directly in advising clients. This has provided them with invaluable experience of evolving legislation and changing economic conditions.

The company is a franchise of Momentum, an MMI Group company and is a member of the Financial Planning Institute of SA (FPI)

There is an administration team and day to day office management for the firm, acting as the lynch pin between ourselves and the product providers. Sandra has worked in the financial services industry for over 20 years, the majority of which has been within the Financial Advice sector.

Pat Alderson holds the invaluable position of Compliance Manager within the firm. She uses her significant experience to help us keep abreast of the ever changing regulations which apply to our business. Pat has worked in a similar capacity for the past 30 years or so and is a vital part of the team.

What do we offer?

You will have been presented with our 'Key Facts about our services and costs. This client service document expands on the information provided and explains in more detail the service to be provided and the associated costs.

We effectively offer two forms of advice services as follows;

- Transactional Based
 - Limited Advice
 - Full Financial Advice with No Ongoing Review Service
- Full Financial Advice with Ongoing Review Service

Transactional

Limited Advice

If you specifically instruct the Firm that you do not wish to discuss a particular area of financial advice, and that area should not form part of the advice given, this will be considered to be 'limited advice'. In which case, the standard advice process stages below will be followed but specifically in relation to the requested area.



You must be aware that if you limit the information provided, this may detract from the completeness of the advice given, and that any information not disclosed could affect how appropriate that advice is to your circumstances.

Full Financial Advice with No Ongoing Review Service

You may ask us to carry out a full review of your financial objectives followed by our recommendations, but once those recommendations have been put in place you do not require any ongoing service from us.

Full Financial Advice with Ongoing Review Service

Where full financial advice is to be undertaken, please refer to the advice process below which summarises the steps that will be taken.

Advice Process

We aim to provide all clients with clear financial direction. This is achieved by having a full understanding of your current financial position, your objectives and identified needs; this enables us to provide suitable solutions for you in order to treat you fairly. Our aim is to reduce future barriers to these objectives and to maximise the opportunities for achieving your goals.

Client Responsibility

The Client shall provide the Firm with such information as the Firm shall request to enable us to provide the advice and services requested by the Client. The Client shall not unreasonably withhold any information. Please note that all advice will be based on the information provided.

Initial Meeting

The initial meeting will leave you under no obligation and the costs will be met by us.

Background

The Adviser will introduce himself and the firm to you and provide you with a business card with his contact details.

As mentioned above, the Adviser will have discussed the 'Key Facts about our services and costs' and Terms of Business Letter.

It is at this meeting that you will usually be presented with this document detailing our services and our method of operation.

You will generally make a decision at this point as to how you wish to pay for our services, whether it is in the form of commission, adviser charge, a fee or combination of all three. You will become liable for our charges when you have agreed to our recommendation by signing the adviser charge declaration..

Fact Find Process



The main purpose of this meeting will be to obtain as much information as possible relating to your financial circumstances and objectives.

It is therefore beneficial if you can have available any details of policies, schemes, investments, mortgages, outgoings, wills, interests in trusts that you have.

This information will normally be collated by the adviser on our Confidential Financial Review form. This includes your basic personal details and an indication of your personal financial objectives.

A key area that the adviser will wish to fully understand is your 'Attitude to Risk' as this will have significant impact on the advice to be given. The impact that risk will have on your objectives will be discussed and recorded. We use a risk profiling questionnaire to assist us in arriving at a mutually agreeable Attitude to Risk.

Anti Money Laundering

As we are required by Anti Money Laundering legislation to know who we are dealing with, please have available evidence of your identity and address. This would normally include either your passport or driving licence and a utility bill in your name. If these documents are not available please speak to the Adviser who will confirm what alternatives would be acceptable.

Questions and Next Steps

Please note that should you have any questions during the process, please ask. Our adviser will be glad to discuss any queries you may have.

The Adviser will then explain the next steps in the advice process to you.

If any fees are due at outset these will be explained, together with any authority forms that may need to be signed so that we can act on your behalf, for example to obtain the current valuations and fund information for existing investments.

Time Line

The meeting will typically last between one and two hours, depending on the complexity of your situation. You may wish to include other parties such as spouse, children or other professional advisers.

Research and Report Preparation

Where necessary, we will forward your authorities to the relevant Product Providers. The additional details issued by the Provider will be analysed with the information gathered at the initial meeting. We may need to refer back to you for further information and ask your permission to liaise with your other Professional Advisers (accountant, solicitor, investment managers etc).



Using internal and external technical research we will prepare recommendations to suit your individual objectives. This will also be assessed against your attitude to risk, your time horizon, associated costs, past performance, asset allocation and expected returns.

Time Line

The research and report preparation may typically take 3-6 weeks to complete as we need to wait for responses from a number of different providers with whom you have existing provision. We will liaise with you during the preparation process to inform you of any delays.

Presentation of Recommendation (Second Meeting)

Depending on what is agreed with you, you will either be sent a report for you to review or we will arrange to meet again and discuss our recommendations.

The report will comprehensively outline your current position and will detail our professional observations in each area. By examining these observations against your stated objectives, we will recommend the actions we believe will, if followed, reduce the barriers to your objectives, minimise any risks we have identified and maximise the opportunities for achieving your goals.

These action points may cover various time horizons (immediate implementations and considerations for the future) dependent on any known or foreseeable events.

The report will also contain the supporting information behind the recommendation including where applicable, illustrations and product brochures (including key features documents).

Should you have any questions on any of the elements of the report please do ask as it is important you understand the reasons for the recommendations and how the recommended product(s), if applicable, works.

Time Line

The second meeting will typically last one hour, depending on the number of questions you may have. You may wish to include other parties such as spouse, children or other professional advisers.

Implementation

If subsequent meetings are required these will be discussed and agreed.

Where this is not necessary, and when we have received your instructions (generally a completed application form and payment) these will be forwarded to the relevant Provider by First Class Recorded Delivery to minimise the risk of time delays or loss of documentation.

Details of any transactions undertaken through the Firm will be recorded on our back office system.



We will write to you to confirm despatch of the relevant documentation as well as covering any specific procedures that may apply to your particular application.

We will monitor the progress of your application and keep you informed of any problems or delays should they arise.

Once the application process has been completed we will forward the appropriate policy documentation to you and confirm that the process is complete.

Cost of Initial Advice

We offer a variety of methods by which we can be remunerated so that you can select the method that best suits your needs. We will discuss your payment options with you and answer any questions you have. We will not charge you until we have agreed with you how we are to be paid. You will become liable for our charges when you have agreed to our recommendation by signing the adviser charge declaration. We will also tell you if you have to pay VAT and if there are other costs that might arise in connection with the services we provide to you.

Insurance service

If you would like us to arrange a non-investment insurance contract such as a fixed term life assurance policy we offer a choice of charging options

- A fee of £1,000 for advising and arranging a non-investment insurance contract. Any commission available will be used to offset this fee. Any surplus will be refunded to you.
- No fee.
- A fee of £1,000 for advising and arranging a non-investment insurance contract

If you decide to proceed on the commission basis, this will be clearly disclosed to you in the illustration and key features document before we carry out any business for you. Although you may pay nothing to us up front that does not mean our service is free – you still pay us indirectly through deductions from the amount you pay into your product

Non-investment related service

If we are carrying out work for you that does not include an investment element, then we will charge for this service on an hourly rate basis as follows;

| Position | Hourly Rate |
|-----------------|--------------------|
| Director | R500 per hour |



| | |
|---------------|--------------|
| Administrator | R75 per hour |
|---------------|--------------|

We will always present you with a personalised quote before undertaking any work that might be charged for.

Example of a non-investment related service charged at an hourly rate

The following example shows what our costs would be if you asked us to research and implement an appropriate Trust wording for an existing investment bond;

| Position | Hourly Rate | Time Taken | Cost | Total |
|---------------|---------------|------------|------|-------------|
| Director | £110 per hour | 3 hours | £330 | £375 |
| Administrator | £45 per hour | 1 hour | £45 | |

The following example shows what our costs would be if you asked us to research the most suitable Cash ISA;

| Position | Hourly Rate | Time Taken | Cost | Total |
|---------------|---------------|------------|------|-------------|
| Director | £110 per hour | 1 hour | £110 | £155 |
| Administrator | £45 per hour | 1 hour | £45 | |

You will be provided with an estimate of the approximate expected timescale in advance of the work being undertaken. If we find that the task is taking longer than expected we will advise you during the process so you are aware of potential additional costs.

Investment related advice

If we arrange a product which includes an investment element then our charges will be based upon a percentage of the amount invested as follows;

| Investment Amount | Advice Cost |
|-------------------------|-------------|
| Up to R100 000 | 2.00% |
| R100,000 - R999,999 | 1.50% |
| R1 000,000 – R2 499,999 | 1.00% |
| R2 500,000 + | 1.00% |

***subject to a minimum monetary amount of R1250**

This means that if you invest the minimum of R50 000 the charge will be R1 200.

You will be clearly informed of the options available to you with regard to paying for the advice and once again this will be mutually agreed at the outset of the recommendation process.

If you elect to pay by fee we will issue you with an invoice once the relevant documentation has been submitted to the provider(s) which we will require settlement of within 30 days. We do not offer any credit facility.



Regular contributions

Where you invest in a regular contribution contract only e.g. where contributions are made on a monthly, quarterly or annual basis you can choose to pay your adviser charge in instalments via the product (note that the option to pay in a single payment is still available).

Example:

We typically take our initial advice service charge from the first 12 monthly payments you make to your product. The example below shows how this works for a R500 per month savings product:

- Total cost of our initial advice service to set up the product is 2.5% of the first year's contribution so in the above example this would equate to 2.5% of R6 000 = **R150**. The payment is taken over the initial 12 month period, so we divide the total advice cost by 12. The monthly charge for the first 12 months is therefore **R150 divided by 12 = R12,5**
- Each month you pay your premium for the product of **£500**. Each month for the first 12 months your product provider pays us **£15** of that £500.
- So, each month for the first 12 months your payments are split as follows - **£500 per month contribution of which £485 is invested and £15 pays our initial advice charge.**

Please note that this will reduce the amount left for investment and may, depending on your circumstances, have other consequences. Although you may pay us nothing up front that does not mean our service is free. You still pay us indirectly through deductions from the amount you pay into your product.

Ongoing Review Service

We would very much like to provide you with an ongoing service following implementation of our recommendations. If you do not wish to benefit from this service you should advise us accordingly by completing the attached declaration.

It is our opinion that ongoing two way dialogue is vital to the success of our long term relationship and will prove invaluable to the outcome of our recommendations.

What services will we provided as part of the Ongoing Review Service?

1. Annual Review Meeting

We believe that it is important to regularly review your financial provision to ensure that the recommended products are still suitable as there may be a number of changes to your personal circumstances as follows;

- Attitude to investment risk
- Tax position
- Marriage/Divorce
- Birth of a child
- Employment
- Health
- Inheritance
- Alterations to your Will
- Income/Expenditure



There will also undoubtedly be other changes which may not have a personal impact on you but may require a review of your provision such as;

- Economic conditions
- Legislation changes
- Product improvements

We will agree a suitable review month with you and our automated diary reminder system will ensure that your adviser makes contact with you during that month each year to arrange the review meeting.

The meeting can be held at your home/business or at our offices and you should allow a minimum of one hour to enable your Adviser to cover all relevant aspects since the previous review meeting together with an assessment of your current objectives.

2. Portfolio Valuation & Rebalance

As part of the annual review meeting we will provide you with a valuation of your entire portfolio together with a detailed assessment of how the investments have performed over the preceding 12 months. We will reaffirm your attitude to investment risk and put forward recommendations to rebalance your portfolio in line with our current 'model' if appropriate.

3. Ad Hoc Contact

We may feel that there is a need to contact you at other points during the year due to significant changes that could have an impact on your financial provision.

Contact may be made in the form of an explanatory email or by telephone.

4. Telephone/E-mail Contact

Please feel free to contact us by telephone or e-mail at anytime if you have any queries or concerns. Our office lines are open from 8.30 until 5.30 Monday to Friday, but there is an answering facility if you call out of hours or in the unlikely event of the office being unmanned.

We will depend upon you to let us know as soon as possible if you have any concerns or grievances so that we are able to resolve the issue quickly and effectively.

If the office is closed for any other reason, such as Christmas holidays, we will advise you in advance.

We sometimes find it useful to make contact with you by e-mail for reasons of speed and efficiency so it would be an advantage if you could supply your e-mail address at the point of completing the Confidential Financial Review form. We will not pass this information on to a third party without your permission.

5. Liaise With Fellow Professionals

We recognise the importance of seeking professional advice so we will be happy to liaise with your other advisers such as accountants, tax consultants, attorneys, estate agents etc. With your



permission we will provide them with relevant information which will assist them in carrying out their duties.

6. Budget Summary and Tax Table

Following the Budget we will send you a summary of the main points together with our complimentary Tax Table which you can use as a reference point throughout the year.

What We Will *Not* Do

We do not offer a discretionary or tactical investment management service for clients. This means that we will not be able to carry out fund switches without your authority.

It also means that we are unable to continually monitor individual portfolios on a daily basis.

Although we aim to provide a personal and proactive ongoing review service we will rarely recommend changes to investment portfolios between reviews. We favour a longer term strategically asset allocated process when constructing investment portfolios.

If your attitude to risk or investment objectives alters between reviews you should let us know as soon as possible so we can take action if required.

We will rely on you to make contact with us if you have any concerns or queries regarding the performance of your investment.

Cost of Ongoing Review Service

The cost of the ongoing review service will be based upon a percentage of the total assets under our administration as follows;

| Portfolio Value | Cost of Service |
|------------------------|------------------------|
| Up to £74,999 | 1.00% per annum* |
| £75,000 - £149,999 | 0.75% per annum |
| £150,000 - £749,999 | 0.50% per annum |
| £750,000+ | 0.40% per annum |

****subject to a minimum monetary amount of £550 per annum***

This means that if your portfolio is valued at £100,000 the charge will be £750 per annum.

Please be aware that the amount of the ongoing charge may increase as the size of your portfolio grows or decrease as the portfolio value falls.

You will be clearly informed of the options available to you with regard to paying for the ongoing review service and once again this will be mutually agreed at the outset of the recommendation process.

If you elect to pay by fee we will issue you with an invoice at the annual review meeting which we will require settlement of within 30 days.



Should you opt for the charge to be deducted from your product we will ask you to complete the necessary documentation to instruct the provider to pay the charge to us. This will usually be paid to us on a monthly basis but the actual basis will be clarified to you at the point of confirming our recommendations.

If the type of service you require changes from the initially agreed level then there may be an alteration to the ongoing cost.

The Ongoing Review Service commences from the date you sign the Service Agreement declaration and may be terminated at any time, by either party giving notice in writing. You will remain liable for any fees already incurred.

The agreement will automatically cease when the agreed service has been provided.

Value Added Tax (VAT)

Our charges/fees will be VAT exempt unless the work we provide for you only involves advice and/or preparing a report, in which case VAT may be applicable. We will always tell you if you have to pay VAT before we undertake any work for you. Charges for the ongoing service will not be liable to VAT (unless the initial service was liable to VAT) where both the initial and ongoing services are part of the same package.

Summary

We hope that this document, together with the supporting literature, has provided you with a clear picture of what we can offer you and the associated costs of these services.

As we firmly believe in a two way relationship this document also clarifies what we require from you.

If there are any areas of this document which you are unsure of or do not agree with, please let us know as soon as possible.

We are always keen to hear from clients with ways of improving our service as sometimes it can be difficult to provide constructive criticism from within the firm.

You may receive a customer feedback questionnaire from Thertia Blundell following contact with our company and we would appreciate it if you could spare the time to complete and return it as your response provides excellent data for our management information.