



FedGroup

Participation Bonds

FedGroup Participation Bond Fund



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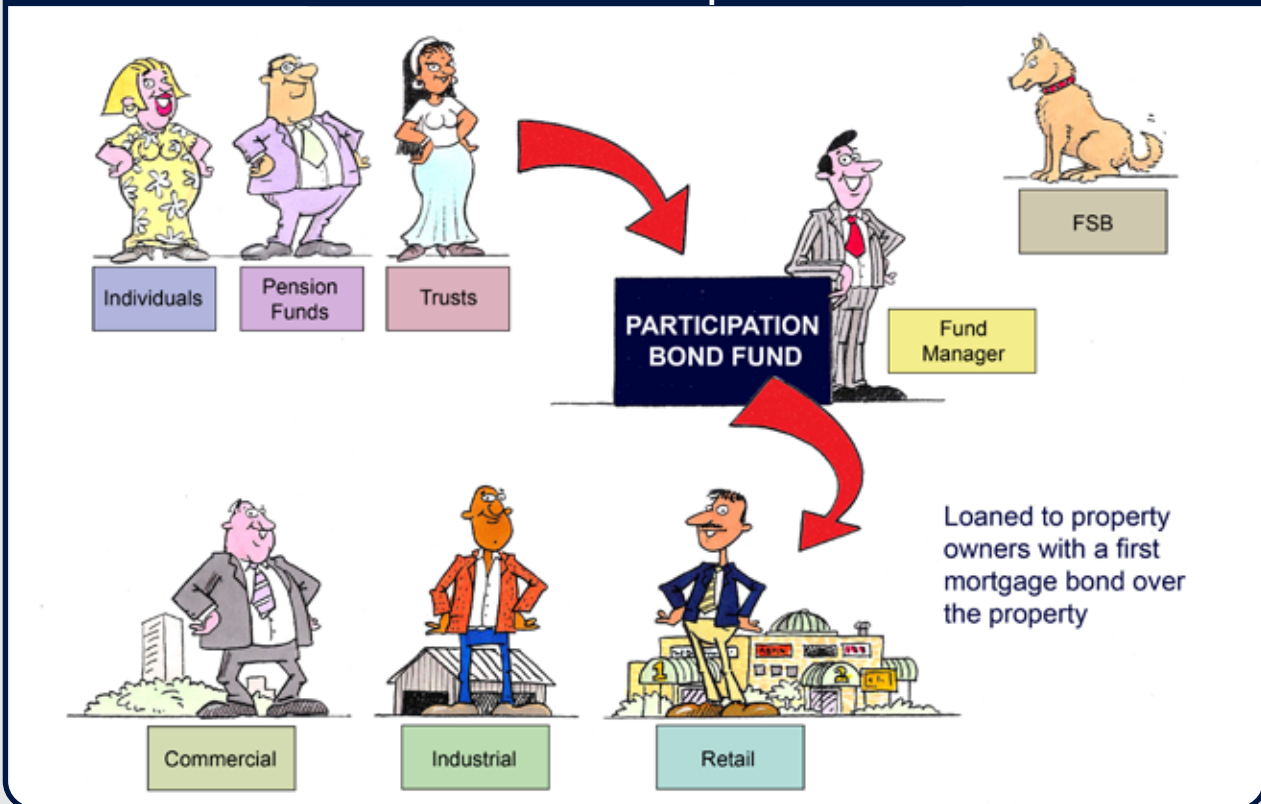
FedGroup is a leading independent South African financial services group, offering a range of financial products and services for individuals and institutions. The group was established in 1990 as a family owned investment and trust company and has now grown into a well established, professional organisation providing client service of the highest standard. We believe that through our people and our innovative range of products we are able to offer our customers individually structured solutions suited to their current financial circumstances and future goals.

Participation Bonds

Participation Bonds offer a secure investment

The Participation Bond Fund, holds a portfolio of first mortgage bonds over South African commercial, industrial and retail properties. Each investor owns an undivided, pro-rata share in the total portfolio of loans. On a monthly basis the property owners pay interest on their loans and this interest is paid by the Fund to the investors. Investors can choose to either have the interest re-invested or paid out to them on a monthly basis.

Structure of a Participation Bond



Participation Bonds are regulated

Participation Bonds are regulated in terms of the Collective Investment Schemes Control Act (CISCA). FedGroup Participation Bond Managers (Pty) Ltd is registered with the Financial Services Board as a Participation Bond Manager.

Benefits to the investors

- Capital is fully secured
- Interest is earned monthly in advance and can either be paid out or re-invested for growth
- 100% fund allocation
- No fees are charged
- 1% Commission paid to the Financial Planner at no cost to the investor
- Your investment can be ceded as security for a loan

Performance

The objective of a Participation Bond is to offer a higher level of income than money market funds, while protecting the capital value. FedGroup benchmarks against the Short Term Fixed Interest (STeFI) index, which approximates the performance of money market instruments. The FedGroup Participation Bond Fund has consistently outperformed this benchmark since its inception in January 1991.

The FedGroup Participation Bond Fund offers three options:

	Super Care	Matured	Fixed
Minimum initial investment	R10 000		
Minimum additional ad-hoc investment	R500	R500	Not applicable
Minimum additional monthly investment	Not applicable	R500	Not applicable
Term	5 Years	Matured	5 Years
Rate	Super Care Rate	Matured Rate	Fixed Rate
Fees	None		
Security	Fully Secured by all Participation Bonds in the FedBond Fund.		
Upfront commission (FedGroup)	1%	Not applicable	1%
Upfront commission*	Up to 3% (capped at 1.5% where trail commissions are more than 0.5%)		
Trail commission**	Up to 1.5%p.a. (capped at 0.5% where upfront commissions are more than 1.5%)		
Statements	Monthly / Quarterly statements		
Tax Certificates	Annual IT3b tax certificate		
Tax Exemptions	The first R22 300 p.a. of all interest income earned (R32 000 if aged 65 or older as at the end of February 2011) is exempt from income tax		
Termination notification	Three calendar months written notice	Three calendar months written notice	No early termination
Early withdrawal fee	0.5% p.a. remaining	Not applicable	Not applicable
General	All amounts are quoted excluding VAT, notification of any changes will be given by three calendar months written notice		

* Subtracted from Client allocation ** Subtracted from Client yield

How to invest

Contact your Financial Planner or FedGroup direct on **011 305 2424** or partbonds@fedgroup.co.za

OR

STEP 1: Complete the application form

STEP 2: Attach a certified copy of you ID, proof of residence and bank account

STEP 3: Deposit money into the following bank account and keep proof of payment

First National Bank | 4 Merchant Place | 200607 | Fedbond Nominees (Pty) Ltd | 62256583727

STEP 4: Send above documentation to FedGroup

Administration platform and Client Support Services (CSS) team

FedGroup, as a registered financial services provider, recognises the importance of data and has an administration system which was developed using both internal and external experts; ensuring reliable, relevant information is available as and when needed. This was done to minimise risk and ensure continual improvements and support. The name of this custom built system is AzuriteKey. This platform allows for the correct handling of both administration information and financial data. Additionally it includes a number of advanced features and full audit capability on any changes made on the system.

FedGroup has a team of dedicated Participation Bond administration personnel, with many years experience in the Participation Bond industry. Bringing the expertise of these various individuals together, we can confidently manage Participation Bond Investments and comfortably communicate with clients all 11 official languages of South Africa. In addition to this CSS team, FedGroup has a centralised legal, accounting and IT function. All staff are informed of new developments in the market and executive management is hands-on.

Contact us

FedGroup

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