

Tandem

BENEFITS:

- **Earn a monthly income** for 3 years.
Then you have the flexibility to:
 - continue receiving a fixed monthly income for 2 more years; or
 - access half your capital.
- **Earn unlimited returns** from a market index.
- **Protect your capital** every 5 years.
- **Minimise tax** on your income and capital.
- **Reinvest automatically** after 5 years or withdraw your capital.

WHO CAN INVEST?

- **Any South African resident**, (such as a natural person, retirement fund, trust or company) who needs an income and would like to preserve their capital.
- **Investors may invest in rands** (a minimum of R50,000 applies).
- **Investors who have a lump sum** from non-retirement funds (also referred to as discretionary money).

*Earn a regular income,
protect your capital and
earn unlimited returns
from a market index.*



Summary

Tandem pays you a monthly income and offers you the opportunity to earn unlimited returns from a market index.

KEY INFORMATION

NATURE OF THE INVESTMENT	A term certain annuity provides income and an endowment provides capital protection, both underwritten by Cadiz Life Ltd. (FAIS Product Category - Long Term Insurance Category C)
UNDERLYING INVESTMENT	The underlying linked investments held by or on behalf of the Underwriter for the purposes of this policy are backed by interest-bearing investments.
INVESTMENT CURRENCY	South African rand
MINIMUM INVESTMENT	R50,000
UNDERLYING CREDIT RISK	We invest with financially strong blue chip institutions.
MINIMUM INVESTMENT TERM	5 years which can be extended.
CAPITAL PROTECTION	Your capital is protected at maturity.
ACCESS TO YOUR MONEY	<ul style="list-style-type: none"> - You have a 30 day cooling-off period to change your mind about your policy. If you change your mind within this period, we will sell the instruments at market value and pay you this plus any financial adviser fees that have been included in the cost of the investment. This value may be lower than the initial amount you invested. - If you surrender your investment after the 30 day cooling-off period, we will sell the instruments and pay you the market value, which may be lower than the initial amount you invested. <p>You may not take a loan or make ad hoc withdrawals from the investment.</p>
FIXED INCOME	At the start of each 5 year period, the monthly income payments are set for the first 3 years. If you do not withdraw half of your capital after 3 years, we will communicate a new income payment to you for the remaining 2 years. The income may be higher or lower than the income you are currently receiving. At the end of each 5 year period we will communicate your new income payments to you.
VARIABLE INCOME	At the end of each 5 year period, you may receive an unlimited variable income payment that depends on the performance of the market index. The variable annuity payment varies from nil (if the performance of the index is negative over 5 years) to an unlimited amount which may be equal to or more than the original capital amount which is used to determine the variable annuity. This payment is in addition to the return of the capital payable to you at the end of each five year period. Under all conditions, the value of the variable annuity has no influence on the value of your capital which is protected and payable to you at the end of the five year period.
FEES	<p>We invest 100% of your money. The following fees are included in the investment pricing:</p> <p>Administration fee: 0.25% per annum</p> <p>Financial adviser fees that you agree with your adviser:</p> <ul style="list-style-type: none"> - 2.00% initial only; or - 1.00% initial and 0.25% per annum; or - 0.50% per annum. <p>If you agree on any other fee options, the annuity income rate is adjusted up or down accordingly.</p>
IMPORTANT ADMINISTRATIVE DATES	<p>Closing date for applications: 4th business day of each month</p> <p>Implementation date (the start date of your policy): 9th business day of each month</p> <p>Fixed income payment dates: 1st business day of each month</p> <p>Variable income payment dates: within 10 business days of the end of each 5 year period</p>

THE CADIZ SA RISK CONTROLLED INDEX - MSCI

The variable income payable after 5 years on Tandem Equity Income is linked to the performance of the Cadiz SA Risk Controlled Index - MSCI (the Index). The Index follows a set of rules to:

- Provide exposure to the MSCI South Africa Equity Index universe. This index is a global benchmark for South African equities, comprising large and liquid JSE listed shares and its components are reviewed quarterly.
- Determine the daily exposure to equities (MSCI South Africa Equity Index) by measuring actual volatility (risk) against a target volatility of 15%.

The Cadiz SA Risk Controlled Index - MSCI provides dynamic exposure to the MSCI South Africa Equity Index. The MSCI South Africa Equity Index is a global benchmark for South African equities giving exposure to the largest JSE listed shares by market capitalisation. The main differences from the FTSE/JSE Africa TOP 40 index is the inclusion of 48 shares currently and excludes foreign domiciled companies (such as BHP Billiton and Old Mutual). Because there is always a trade-off between risk and reward, the Cadiz SA Risk Controlled Index - MSCI uses risk (volatility) as its key input to accumulate returns from equity when they are stable. By applying the rules daily, the equity exposure will be determined to control the risk. When equity risk is high, it will have lower exposure, and when equity risk is low, it will have higher exposure.

COMPARING TANDEM TO CASH IN THE BANK

	MONEY MARKET / BANK DEPOSIT	TANDEM
LIQUIDITY	Liquid	Minimum 5 year term (with access to half of capital after 3 years)
YIELD	Variable rate	Fixed rate on half the investment for 3 years. The other half is exposed to a market index with security of capital protection.
CREDIT RISK	Low (depends on the counterparties)	Low (only blue-chip counterparties)
TAXATION	Interest income is fully taxable	Annuity is favourably taxed in terms of Section 10A of the Income Tax Act

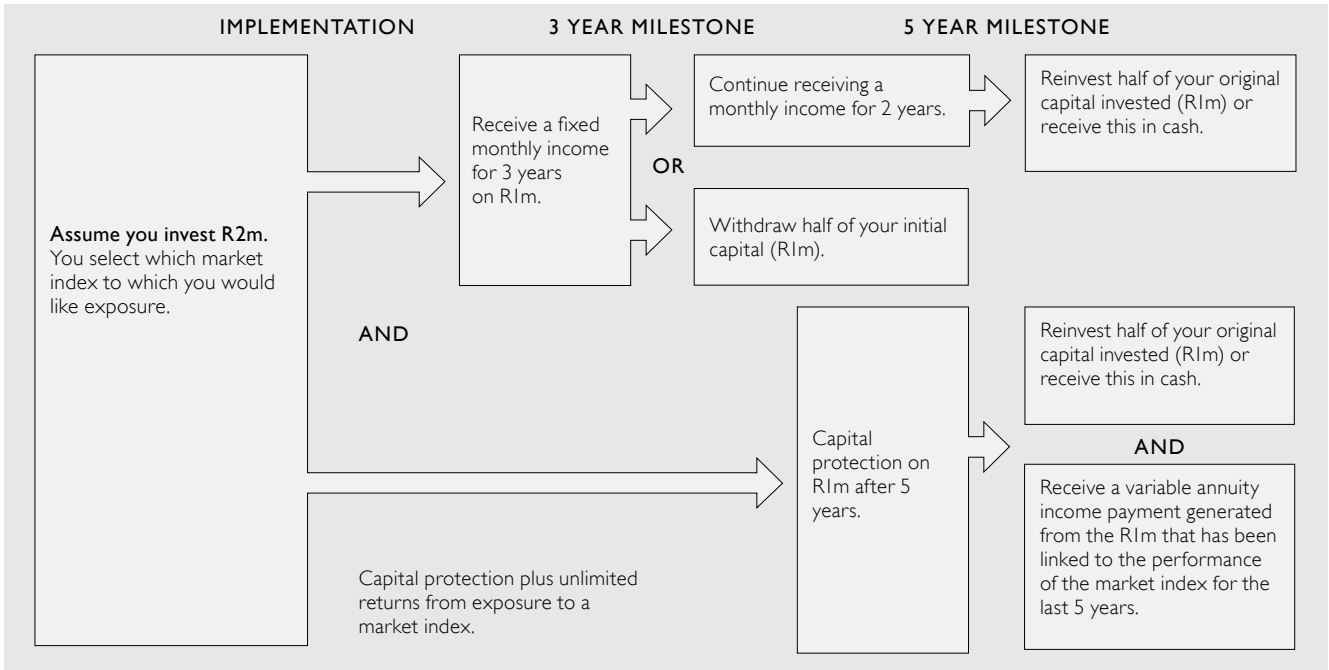
How Tandem works

Tandem pays you a monthly income for 3 years and then you have the flexibility to:

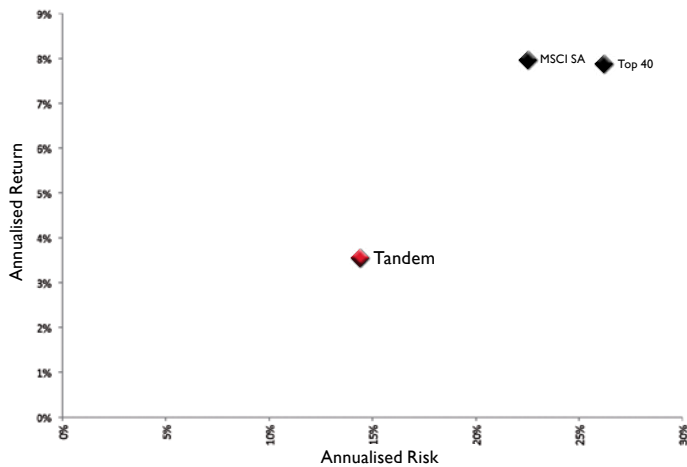
- continue receiving a fixed monthly income for 2 more years;
- access half of your capital.

It also provides an income linked to a market index and protects your capital every 5 years.

This diagram illustrates how Tandem works for every 5 year period.



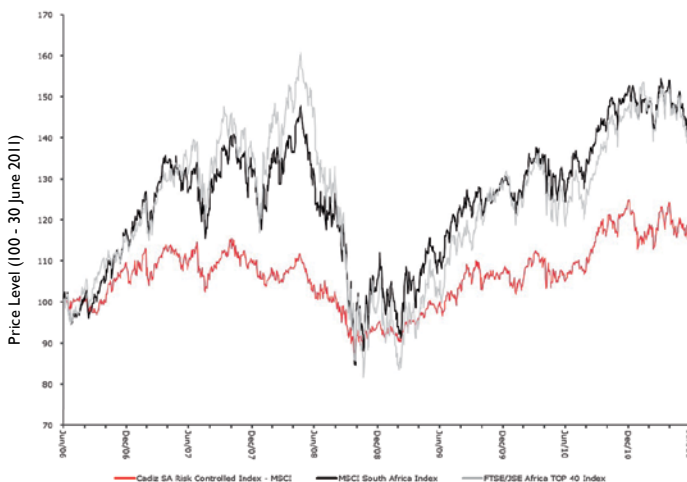
5 YEAR RISK-RETURN FROM SA EQUITIES (FOR VARIABLE ANNUITY CALCULATION)



In addition to providing a fixed annuity, Tandem gives you a variable annuity income payment. The performance of the market index determines the variable annuity income payment. Tandem has the potential to deliver equity-like returns whilst keeping risk under control. The graph shows the 5 year risk-adjusted return of the variable annuity compared with equities.

*Stated returns are before tax.
Past performance is not necessarily a guide to future returns.*

5 YEAR EQUITY PERFORMANCE WITH & WITHOUT RISK CONTROL



Tandem provides for a fixed annuity and a variable annuity linked to the 5 year performance of the Cadiz SA Risk Controlled Index – MSCI. This index provides dynamic exposure to the MSCI South Africa Equity Index and uses risk (volatility) as its key input to accumulate returns from equity when they are stable. When equity risk is high, it will have lower exposure, and when equity risk is low, it will have higher exposure.

*Stated returns are before tax.
Past performance is not necessarily a guide to future returns.*

Source: Bloomberg, Cadiz Wealth, since 30 June 2006
Dataset: MSCI South Africa Index, FTSE/JSE TOP 40 Index, Cadiz Risk Controlled Index – MSCI (Tandem Equity)

Questions and answers

How much income will you get each month?

We will give you a quote to show you the level of income that you may be able to get from your investment. The income rates change monthly for new investments, but this will not affect the terms and conditions of any income investments you already hold. If there are any significant, unexpected market movements before the start of your policy, we reserve the right to revise the annuity rates up or down.

How can you access your money during each 5 year term?

In each 5 year term, you can elect to withdraw half the amount you invested after 3 years. You will still benefit from a variable annuity payment at the end of the 5 year period and the remaining capital will be available for you to reinvest.

If you don't choose to access your capital, what fixed income will you get for the last 2 years?

In the third year of each 5 year term, we will communicate a new income payment to you for the remaining 2 years.

What is the amount you may get as a variable annuity income payment after every 5 years?

The variable amount is linked to the performance of a market index.

- The Index for Tandem Equity Income is the SA Risk Controlled Index – MSCI (the Index) which gives you exposure to South African equities.
- The Index performance is based on the Final Price Level minus the Initial Price Level, divided by the Initial Price Level.
- The Initial Price Level is the price of the Index on the implementation date.
- The Final Price Level is the official closing price level of the Index at the end of each 5 year period.
- The amount of variable annuity income payable is determined by multiplying the Index performance by half of the initial invested capital.
- If the performance of the Index is negative, no variable annuity income is payable. Your original capital invested to provide the variable annuity will be paid to you.

What is volatility and why is it important?

Risk (volatility) and return are linked. It is generally understood that to get more return you must take more risk. Volatility represents how much the price can change over a given measurement period. The Cadiz Risk Controlled South African Equity Index measures actual price volatility against a volatility target of 15 % to determine exposure to equities.

This means that on average, on an annual basis, you should expect the returns to be 15 % above or below the previous year's return. Controlling risk allows you to invest in riskier (volatile) assets and enjoy the upside benefits without placing your entire investment at risk.

What happens after you complete an application form, sign the quote, and invest?

1. When we receive your money, we will invest this in our South African rand client account. This will accumulate interest on your behalf until the 4th business day of the month. We will write to you and your adviser to acknowledge receipt of your application within 5 working days.
2. We buy underlying instruments with fixed terms to provide you with a monthly income, access to your capital and the flexible options described above.

3. We will issue your policy document within 21 business days after implementation, and your financial adviser will give this to you.
4. We will pay your income directly into your bank account on the 1st business day of each month.

How will we keep you informed?

We will send you a statement for the 6 months to June and December each year showing the details of your investment. You may also access this information online via our secure website at www.cadizwealth.co.za

What happens to your investment in the event of your death?

We will transfer the policy to your estate, or beneficiaries, depending on your instructions and legislation. They may decide to keep or surrender the policy.

What happens every 5 years?

Within 3 months of each 5 year period, we will write to inform you of your new level of annuity income. We will automatically reinvest your capital and provide you with monthly income, unless you ask to receive your capital back.

What are the tax implications of this investment?

Individual investors: The income you earn is in the form of an annuity. Only a portion your annuity income is taxable in accordance with Section 10A of the Income Tax Act.

We deduct and pay tax on your behalf and issue you with annual tax certificates. In order to determine the tax payable we assume that the income payments you receive are your sole source of income and:

- apply tax tables to the taxable portion of your investment;
- pay the tax across to SARS; and
- issue you with tax certificates every year so that you can include these in your tax return.

You may also provide us with a tax directive or a specific rate of tax that we should withhold on your behalf.

Pension fund and non-profit companies: Investments are tax free.

Company, close corporation and trusts: Investments do not benefit from the favourable tax treatment of Section 10A.

What are the risks associated with this investment?

Indices move up and down and could be affected by changes in interest rates, as well as international economic and political developments during the investment term. This will only affect the variable annuity that you may receive at the end of each five year period and has no influence on the payment of your original capital which is protected and payable to you every five years.

We don't compromise on risk and we carefully select financially strong blue chip institutions to invest with. They include ABSA, Nedbank, RMB, Standard Bank, BNP Paribas, JP Morgan and the Macquarie Group. These top-rated banks sometimes don't pay as high a level of income as those with a worse credit rating, but in tough times, they have remained standing. It is unlikely that these institutions would be unable to meet their obligations, but if this were to happen, you could lose some or all of your investment.

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