



27 November 2009

Dear Financial Planner

Transfer of the Ovation retirement funds administration from Ovation to Intervest

Interinvest and the Trustees of the Ovation retirement funds wish to communicate a set of questions and answers to assist financial planners and members with their understanding of the process in respect of the pending transfer of the retirement fund assets to the new administrator.

The trustees of the Funds and Intervest worked closely on the matter of planning and executing a successful transfer. It is the intent of the trustees and the new administrator to communicate regularly and keep financial planners and members informed of the progress of the transfer.

On the 13th November 2009, curator and Intervest introductory communication was released with respect to the transfer.

This is a friendly invitation to direct any questions you might have to Intervest. The contact details are provided in this communication.

1. When will the transfer take place?

The following was communicated in a letter by the Ovation Curators to yourselves and members:

“The transfer process will commence on 04 December 2009, with the transfer of unit instructions to management companies, from Ovation. EFS, and their auditors, will check and confirm all unit instructions and then upload onto their platform, to complete the transfer process.

From Monday 16 November 2009 there will be a freeze period for ALL transactions. This is to provide sufficient time for the two companies to prepare for the migration of the data to the new administrator and implement the transfer of the administration to Intervest.”

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Interinvest is a division of EFS Investment Solutions (Pty) Ltd · Registration No. 1999/014522/07
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The current indication is that the transfer process, which includes the reconciliation of the units transferred by Ovation and the units received by Intervest, should be completed by the end of December 2009. Intervest will keep everyone informed as to the progress of the transfer by sending regular electronic updates and posting details on the Ovation Global Investment Services website. Please ensure that your email details are up to date by informing Intervest directly via direct@intervest.co.za to ensure that you receive all correspondence.

2. When will financial planners and members be able to view their details and transact on the Intervest platform?

- Ovation instructs the management companies on Friday the 4th of December, to transfer the retirement fund assets from the Ovation bulk accounts to the Intervest bulk accounts.
- Management companies usually start producing confirmations of unit transfers within 48 hours, thus from Tuesday the 8th we will start receiving statement confirmations.
- From the 8th a recon process will commence to ensure that the unit transfer instructions from Ovation match with the unit transfer confirmations from the management companies.
- Between the 15th and the 17th of December auditors BDO Spencer Steward Jhb Inc, will oversee the transfer process.
- Communication of Intervest account access information to all financial planners will commence from the 18th of December after which time planners will be able to view the transfer details and transact. Members may also request their own access information via their financial planners.
- On the 15th of January, Intervest will make it's first annuity income payment to annuitants.

3. Which transactions will be allowed on Intervest?

Paragraph 7.1 of the Court Order dated 15 October 2009 reads as follows:

"The assets transferred pursuant to paragraphs 2(a) and (b) and 4 of this order shall not, prior to the discharge of the curatorship, be withdrawn, transferred or otherwise disinvested without the prior approval (which will not, for the avoidance of doubt, be constituted by the approval of the first respondent as contained in Directive 135 of 18 August 2000,

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amendment 1/2001) of the first respondent in his capacity as the registrar of financial institutions. Any policyholder who may be entitled, in terms of the policy concerned, to implement changes to the selection of investments comprising the policyholder's portfolio under the policy, shall remain so entitled to implement such changes in terms of the policy;"

Underlying unit trust funds/investment instruments switches will be allowed. Retirement, death and disability claims will be processed, but as a result of the retention amount that remain with the curators of Ovation, any amounts due from these claims will be invested in a voluntary investment plan with Intervest and or a living annuity until such time as the curatorship is finally discharged,

Section 14 transfers of retirement funds to other administrative platforms will until the discharge of the curatorship not be allowed in terms of paragraph 7 of the court order.

4. How will the member and financial planner know that the same amount of their member share was released by Ovation and captured by Intervest?

The member and financial planner will receive a statement from Ovation reflecting the transfer out and another statement from the new administrator reflecting the transfer in. This way a match between the units that was released by Ovation and the units captured by Intervest can be made.

Once the transfer has taken place and a username and password issued, the financial planner and members will be able to check the value of his/her member share 24/7 via Intervest.co.za.

5. Was there a due diligence done on Intervest to ensure a safe and secure administration environment for members and the financial planner's?

The approval process required EFS to satisfy stringent audit and due diligence requirements submitted by the curators, trustees of the Ovation funds and the Financial Services board. These included:

- a) A full due diligence performed by external consultants appointed by the curators.
- b) A full IT audit performed by the specialised IT division at BDO Spencer Stuart.

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- c) A FAIS and FICA audit that included a risk assessment performed by senior individuals at the FSB.

All of the aforementioned were completed to the satisfaction of all parties to the agreement. The following reasons were part of the curators' application to court on their choice of administrator:

We "The court appointed Curators" reported to the FSB that in our opinion Intervest was eminently suitable to take over the administration of the Ovation retirement funds for the following reasons:

- a) The trustees have agreed that Intervest take over the administration of their funds.*
- b) The administration platform used by Intervest is based on proprietary technology which is considered to be of the best in the industry. Accordingly Intervest is able to offer a proven administrative service using well regarded and appropriate technology.*
- c) The Intervest administration fees are competitive.*
- d) The FSB have authorised us to accept the Intervest proposal and the trustees have confirmed in writing that Intervest is acceptable to them as the administrator of the funds.*

6. Will transactions done via the Intervest website be secure and safe?

The financial planner and member details are protected by a username and password combination. All electronic data that is sent to us are encrypted to ensure that the highest levels of security are maintained. When you use the INVEST/SWITCH and PORTFOLIO sections, you will see a locked padlock symbol at the bottom of your screen. That indicates that our website is secure. Clicking on the padlock will bring up the details of our digital security certificate.

Transacting on an account will require knowing the user name and your password. All member bank accounts are verified and any income or redemptions can only be paid into a bank account owned by the member.

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As with all linked investment services providers, retirement fund assets are kept in safe custody via a nominee company. The Intervest custodian has been set up in accordance with the directives of the Financial Services Board and approved for retirement fund assets. The money in the nominee account can only be used for the purpose for which it was designated, i.e. purchasing the investment instruments specified. The custodian company, EFS Nominees (Pty) Ltd, has an independent board of directors and is audited by BDO Spencer Steward (Johannesburg) 13 Wellington Road, Parktown, Johannesburg, Gauteng and has been the nominee since inception of EFS Investment Solutions (Pty) Ltd trading as Intervest.

As an additional precaution we always advise that usernames and passwords are kept safe, just like you would do for internet banking purposes and that you always have the latest security software installed.

7. Which products are being transferred and what happens to the underlying investment funds?

The administration of the Ovation Retirement Annuity, Ovation Preservation Pension Fund, Ovation Preservation Provident Fund and Ovation Funded Living Annuity will be transferred to Intervest.

Barring any investment structures that might no longer have an asset value such as Common Cents or any structures that were “unwrapped” prior to the transfer, all unit trust funds and personal share portfolios will be transferred to Intervest. Wrap funds underlying unit trust assets will be transferred to Intervest, but the wrap fund structure would no longer exist. Wrap fund managers can after the transfer has taken place apply to have the wrap funds re-instated according to the due diligence procedures of Intervest.

The transfer of all units that were approved by the court to be released will be in the same form as it currently reflects on member statements and no action is required from any financial planner or member during the unit transfer process.

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8. What happens to the retention amount kept by the curators?

A portion of the member share of the Ovation retirement funds will remain under curatorship and under administration at Ovation until the discharge of curatorship. According to the court order the following applies to the retention amount of R240 million:

“Mr Levin further avers that an amount of R240 million should be retained to make provision for these unknown losses of systemic errors and ongoing running costs represented as follows.

- 1. R75 million to make provision for as yet undetected errors and reconciling the cash clearing and bank reconciliation clearing accounts;*
- 2. R75 million to make provision for potential errors between the records of Ovation and the records of the various management companies to hold the assets;*
- 3. R30 million to make provision for losses which may yet emerge on so call “cash hole”;*
and
- 4. R60 million to fund Ovation’s operational costs until the discharge of the curatorship.”*

“The applicants (curators) are authorised to retain to the value of R240 million (“the retained assets”) until the discharge of the curatorship or such earlier time as the applicants(curators) may deem fit. Such retention shall comprise assets belonging to investors on the Ovation platform to be contributed by them in the proportions which the value of each investor’s portfolio of assets bears to the total value of all assets held on the Ovation platform as at 2 March 2007 as determined by the applicants.”

9. Many of my clients don’t have internet access, how will Intervest communicate with them?

The relationship is first and foremost the one between the financial planner as the accountable institution and the administrator. We are obliged by the rules of the Retirement Funds to send bi-annual member statements. We have identified those members that do not have electronic details for and until such time as we have received electronic contact details EFS will send such statements via the postal service. All other communication will be via email and the financial planner should ensure that the member is informed.

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We urge all financial planners to assist us with updating their own and their member email details in order for us to ensure that they receive personal detailed statements electronically on a quarterly basis as required by the FSB.

10. Will I be required to register as a financial planner with Intervest before the transfer?

No, but we would advise that you do register as it will ensure that we have your latest details on record and that you will not have to be subject to a waiting period for your username and password, once the transfer has taken place.

All financial planners already registered with Intervest will be able to log into their accounts immediately after the transfer and view the member details.

11. How do I register as a financial planner with Intervest?

To open an account click on 'REGISTER' on our Intervest.co.za page, and follow the easy steps.

Accreditation Process:

Step 1 Open an account on www.intervest.co.za or contact our professional service centre on 0860 22 33 33 or via direct@intervest.co.za for guidelines.

Step 2 Submit the required FICA documents and financial advisor application forms.

Step 3 An Intervest administrator activates the financial advisor account, client rights and advisor functionalities.

Step 4 You are now able to invest on behalf of your clients, by completing the relevant application forms, available under 'FORMS' on the website. You can fax or e-mail completed forms to us.

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Step 5 Detailed transaction statements are available on-line. Commissions are transferred to a commission portfolio upon transacting and can be redeemed by the advisor at any time.

12. Will financial planners and members need to submit FICA documentation again?

We will receive all documentation on record at Ovation and will be able to establish if any documentation/information is outstanding. We will then communicate with financial planners individually on the matter over a period of time.

13. Will historical information also reflect with Intervest?

No, only the member share released by the curators will reflect with Intervest. Intervest will not be able to answer any queries relating to any transactions pre the transfer of the assets.

14. I have sold my brokerage (Ovation book)/acquired a brokerage (Ovation book), what should I do?

Ovation did not register any new financial planners or broker houses whilst under curatorship. Intervest will thus not have any information in this regard upon transfer. You should inform the Intervest service centre as a matter of urgency and provide proof of such transactions in order for the new administrator to adjust any incorrect relationships and ensure that fees are paid correctly.

Kind Regards

Catherine M v/d Merwe
Chief Operating Officer
EFS, Intervest

Hunter Thyne
Trustee
Ovation Retirement Funds

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Intervest contact details

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	Professional Services Centre	Call Centre	direct@intervest.co.za	0860 22 33 33
	Business Development Manager	Cobus du Plessis	cobus@intervest.co.za	082 750 1739
Western Province	Business Development Consultant	Wihan van Huyssteen	wihan@intervest.co.za	082 847 9314

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