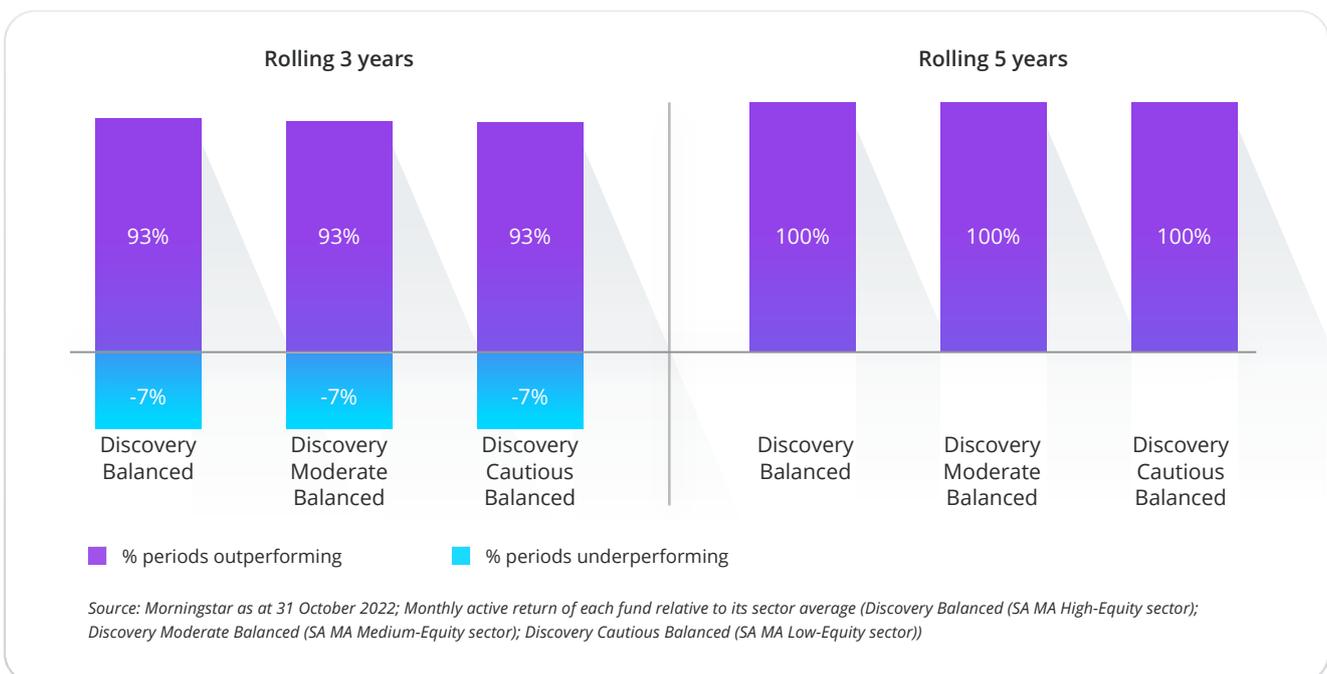


# The Balanced Investor

## Edition 2 – December 2022

### Our formula for consistent investment returns

The Discovery Balanced range has an exceptional long-term track record of delivering consistent performance whilst managing downside risk responsibly. Over the last 10 years, the Discovery Balanced Fund range outperformed its peers by an average of 93% over all 3-year rolling periods, and 100% over all 5-year rolling periods.



### Four key levers help us achieve consistent returns

#### Asset allocation

We actively decide on appropriate asset class exposure (equity, cash, bonds), depending on the risk profile of the fund and current market conditions.

#### Asset selection

Equity selection (the shares bought) is actively managed based on our unique philosophy and process that capture the change in sentiment towards the outlook for profits. We invest in reasonably valued shares where expectations of future profits are being revised upwards (positive revisions). This philosophy is very well suited to the SA market and is exceptional in “avoiding the laggards”.

## Geographic allocation

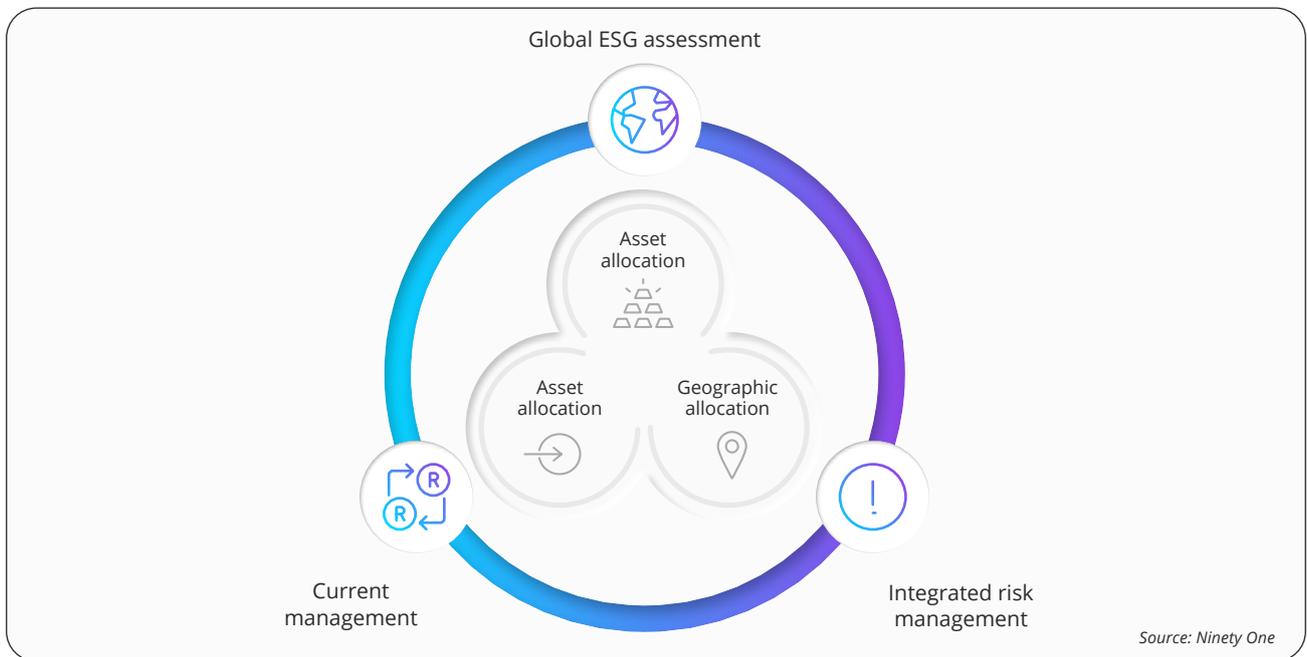
We believe that simply 'adding on' offshore is not good enough. Offshore assets have to enhance risk-adjusted returns and complement what is held on the domestic side. This is why the Discovery Balanced Fund range is managed in an integrated, holistic manner across all geographies.

Decision-making in the fund rests on the shoulders of an experienced investment team within the only truly globally integrated asset manager in South Africa.

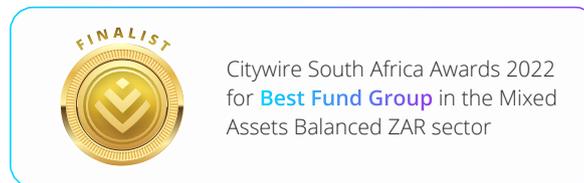
While portfolio managers are highly qualified and experienced professionals, we believe the ability of the team responsible for managing the Discovery Balanced Fund range is enhanced through their depth of insight. Regular interaction of idea sharing and scrutinising of research between the Funds' portfolio managers and multiple research platforms in South African and around the world, translate into informed investment decisions to the benefit of our investors.

## Effective risk management

Our investment process can be defined as one with high conviction, but risk aware. Outperformance can only be achieved by backing well-researched investment opportunities with conviction. However, we are acutely aware of the risks associated with any investment holding. Evaluating and mitigating these risks is only possible by having a systematic process that constantly manages the balance between investment conviction and risk. Prudent currency management, risk management and careful consideration of ESG factors are integral to the DNA of the funds.



The Discovery Balanced Fund has been managed by the same team for more than 16 years, boasts a long-term track record of delivering consistent returns with limited drawdowns, and ultimately can be summarised as a wellconstructed balanced portfolio of our best ideas.



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For the full CIS disclosure and risk statement, go to:

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