Please insert details as per the email confirmation		
A	Policy number	
B	Entity number	
C	Process ID	
D	Bank reference number	

Discovery Invest

Contact us
Tel: 0860 67 5777, PO Box 653574, Benmore, 2010, www.discovery.co.za/invest

Application for Retirement Income Plan

Fixed Annuity
Linked Annuity

Content of this form	**Page**

This application form is part of your investment contract. Please read and understand the terms and conditions that apply to the product you select.

How to complete this application form

To enable Discovery to process the application form promptly and accurately, please ensure that it is completed in full and that you submit all required documents with this application form.

1. Please complete the form in black ink and print clearly
2. Write one letter per block
3. Where you need to make a choice between different options, please mark your selection with an X.

To make it easier to complete this form, we indicate with different icons which sections apply to specific products.

The icons are:

Fixed Annuity FA

Linked Annuity LA

Please see Appendix A for a list of the documents that you need to submit with this application form.

1. About the investor

1.1 Investor details

FA LA

Title ☐☐☐☐ Initials ☐☐☐☐☐ Surname ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

First name (as it appears on investor's ID) ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Previous or maiden name ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Date of birth Y Y Y Y M M D D

ID/passport number ☐☐☐☐☐☐☐☐☐☐☐☐☐

Nationality of passport ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Sex M F

Registered tax payer Yes ☐ No ☐

Please indicate your income tax reference number ☐☐☐☐☐☐☐☐☐☐☐☐☐ (compulsory to complete)

87267 (ARIPE 02/09)

1. About the investor *(continued)*

1.2 Investor contact details

FA LA

Contact person name and surname

Telephone (H) Telephone (W)

Fax Cellphone

Email

Residential/business address

Code

Postal address

Code

Preferred language of communication English ☐ Afrikaans ☐

Preferred method of communication Email ☐ Post ☐

1.3 Beneficiary details

FA LA

You may nominate one or more persons or institutions as beneficiaries to receive the proceeds of the Annuity in the event of your death.

- You must provide the identity/passport numbers of any person you nominate to receive the proceeds of the Annuity in the event of your death. Discovery cannot process the nomination without this information.
- If you nominate an institution to receive the proceeds, please provide its registration number so that it can be properly identified.
- Please review your beneficiary nomination regularly to take account of changed circumstances. You can change the beneficiary nomination at any time in writing or on the Beneficiary Nomination Form which is available on www.discovery.co.za/invest

Please complete the details of the beneficiaries you wish to nominate:

1. The beneficiary is a company/legal entity ☐ Natural person ☐

Title Full name

Date of birth Y Y Y Y M M D D ID/company registration number

Relationship Sex M F

Percentage allocation %

2. The beneficiary is a company/legal entity ☐ Natural person ☐

Title Full name

Date of birth Y Y Y Y M M D D ID/company registration number

Relationship Sex M F

Percentage allocation %

3. The beneficiary is a company/legal entity ☐ Natural person ☐

Title Full name

Date of birth Y Y Y Y M M D D ID/company registration number

Relationship Sex M F

Percentage allocation %

If more beneficiaries are required, please complete an additional Beneficiary Nomination Form.

2. About your investment

2.1 Choose an annuity product

FA LA

You can only apply for one product per application form. Please mark the product you are applying for with an X.

FA Fixed Annuity ☐ LA Linked Annuity ☐

Is this a transfer from another Linked Annuity? Yes ☐ No ☐

(If **yes**, the transfer will be done by means of a Section 37 transfer (Directive 135 transfer).

2. About your investment *(continued)*

2.2 Annuity details

FA LA

Source of funds (compulsory)

Please complete the section that relates to the product you are applying for:

FA **Fixed Annuity**

Investment amount	R * this amount is the amount estimated to be transferred from the retirement fund.
Income frequency	monthly ☐ quarterly ☐ bi-annually ☐ annually ☐
	All frequency selections (monthly, quarterly, bi-annually and annually) will by default be paid in advance (at the beginning of the month). However, if you selected to receive your income **monthly**, you have the option to receive your income at the end of the month (in **arrears**). If you want your income in arrears please indicate here: ☐ The commencement date of the Annuity will be the date that the investment amount is received by Discovery.
Day of the month for receipt of income	10th ☐ 20th ☐ 28th ☐
Annual income escalation rate	A fixed rate of % OR CPI ☐ OR no increase ☐ (choose any rate between 0% and 10%)
Guaranteed term (in case of death)	Please tick the box if you would like the guaranteed term ☐ If so, number of years your income would be payable for
Do you want to apply for a joint annuity Spouse* details (for joint annuity)	Yes ☐ No ☐ Surname First names (as on ID) Initials Title Date of birth Y Y Y Y M M D D Sex M F ID/passport number Nationality of passport
Income reduction	Should the income decrease on the first death? Yes ☐ No ☐ Income reduction % (Choose a percentage between 0% and 75%)
Annuity Integrator I would like to add the Annuity Integrator to my Fixed Annuity?	No ☐ yes (with my LIFE PLAN) ☐ yes (without a LIFE PLAN) ☐ (If you select the Annuity Integrator you will not be entitled to the Ill-health Booster for any condition that you were aware of or have received medical treatment for, before commencement of this investment policy.)
How would you like to fund the Annuity Integrator?	Fund through reductions in LIFE PLAN cover ☐ OR Pay an additional premium ☐
LIFE PLAN policy number (if applicable)	
Source of funds (compulsory)	Discovery retirement Optimiser ☐ Other source ☐
Would you like to apply for the LIFE PLAN?	Yes ☐ (If yes, please complete a Life Assurance Application form in consultation with your financial adviser)

LA Linked Annuity

Investment amount*	R * this amount is the amount estimated to be transferred from the retirement fund.
Income	R income from the investment value OR % from my investment value
Income frequency	monthly ☐ quarterly ☐ bi-annually ☐ annually ☐ The commencement date of the Annuity will be the date Discovery receives the investment amount
Day of the month for receipt of income	10th ☐ 20th ☐ 28th ☐

2. About your investment *(continued)*

LA Linked Annuity

Annuity Integrator I would like to add the Annuity Integrator to my Linked Annuity?	No ☐ Yes (with my LIFE PLAN) ☐ Yes (without a LIFE PLAN) ☐ (If you select the Annuity Integrator you will not be entitled to the Ill-health Booster for any condition that you were aware of or have received medical treatment for, before to commencement of this investment policy.)
How would you like to fund the Annuity Integrator?	Fund through reductions in LIFE PLAN cover ☐ OR Pay an additional premium ☐
LIFE PLAN policy number (if applicable)	
Source of funds (compulsory)	Discovery retirement Optimiser ☐ Other source ☐
Would you like to apply for the LIFE PLAN?	Yes (Please complete a Life Assurance Application form in consultation with your financial adviser)
Initial investment fee basis	100% allocation* ☐ OR Standard fee basis** ☐ *We will allocate 100% of your investment to your investment choices. This means that we will not deduct the initial or financial adviser's fee from the gross investment amount. An additional monthly fee will instead be levied over the first five years of the plan. **We deduct the initial financial adviser's fee and Discovery's fees from the initial investment amount before investing it.

3. Investment choices for Linked Annuity

Please select your investment choice options and complete one of the following sections:

1. If you would like to select your own investment choices, please complete 3a
2. If you would like to select the Dynamic Asset Optimiser, please complete 3b

3a Selecting your own investment choices

Please select your own investment choices from the appropriate section of the Discovery Invest Fund List. You will find detailed information about the investment choices in the Discovery Invest Fund Guide or on www.discovery.co.za/invest

		Percentage of net investment
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
		Total 100%

I hereby declare that I made the above investment choices out of my own free will and according to my investment objectives based on the product information relating to these investment choices and the advice given to me by my financial adviser.

Signature of investor

If you have selected either the RightChoice™ Investment or Escalator Funds, please read and sign the applicable declarations below:

<u>Invest Aware</u>

RightChoice Investments

I understand that:

- The dividends in the Discovery Equity Fund are used to provide the out-performance in the alternative investment choice
- Out-performance vests at the end of five years. I will receive the adjusted market value of the underlying assets backing the RightChoice™ Investment on withdrawal before five years.
- Additional out-performance through integration is based on my lowest level of LIFE PLAN premium during the five-year term and only vests at the end of five years if my LIFE PLAN is still active.
- The average monthly unit price over the first six months of the five-year term and the last six months of the five-year term, will be used to determine the RightChoice™ unit values.
- Discovery is only able to purchase units in these portfolios every two months. Your funds are held in an interest bearing account until the purchase date.

Signature of investor

Escalator Funds

I understand that:

- Escalator Funds include a riskier asset and a cash component. The value of the fund at any point in time is based on the market value of both the underlying riskier asset and the cash component.
- The 80% Dynamic Market Value guarantee level is based on the overall value of each Escalator Fund and not on the value of the riskier asset only. The guarantee applies at all times and not only at the end of a specified time period.
- For Geared Escalators, I understand that my exposure to the riskier asset may exceed 100%. This additional exposure is achieved by effectively borrowing money. If my additional growth on the additional exposure is less than the interest rate on the borrowed component, my overall fund value will decrease.
- Discovery is only able to purchase units in these portfolios on a weekly basis. Interest does not accrue to funds received before the purchase date.

Signature of investor

3. Investment choices for Linked Annuity *(continued)*

3b Dynamic Asset Optimiser

My risk profile is: Low-risk ☐ Moderate ☐ Aggressive ☐

a) I only want **Discovery Funds** in my Dynamic Asset Optimiser ☐

OR

b) I want to select my **own investment** choice in my Dynamic Asset Optimiser ☐

If you have selected b), please select your investment choices from the appropriate section of the Discovery Invest Fund List. You will find detailed information about the funds in the Discovery Invest Fund Guide or on www.discovery.co.za/invest. Please note that not all funds are available for the Dynamic Asset Optimiser.

SA Equity	Percentage of net investment
1.	
2.	
3.	
4.	
	Total 100%

SA Property	
1.	
2.	
3.	
4.	
	Total 100%

SA Fixed Income	
1.	
2.	
3.	
4.	
	Total 100%

SA Money Market	
1.	
2.	
3.	
4.	
	Total 100%

International Equity	
1.	
2.	
3.	
4.	
	Total 100%

I hereby declare that I made the above investment choices out of my own free will and according to my investment objectives based on the product information relating to these investment choices and the advice given to me by my financial adviser.

Signature of investor

3.1 Phasing-in

LA

You can decide to phase-in the investment over a period of between 3 to 24 months from the Discovery Money Market Fund to your selected investment choices.

The phase-in option is not available if you have chosen either the RightChoice™ Investments or the Dynamic Asset Optimiser.

Please indicate if you want to phase-in your **entire** investment amount, OR	☐
Please indicate if you want to phase-in a **percentage** of your investment	☐
Percentage of investment amount to be phased-in:	%
Months over which the investment must be phased in:	3 6 9 12 15 18 21 24

If you have special instructions about the phasing-in of the percentage of the investment amount, please complete the special instructions below.

Phase-in investment amount R

3. Investment choices for Linked Annuity *(continued)*

Phase-in investment choice selection

	Investment choice	Percentage
1.		
2.		
3.		
4.		
5.		
6.		
		Total 100%

Other special instructions:

- Where you wish to phase in your investment, the full investment amount will be invested in the Discovery Money Market Fund. The investment amount will be divided by the number of phase-in periods remaining and the amounts so derived will be withdrawn from the Money Market Fund (together with interest) and invested proportionately in the investment options selected.
- The first phase-in shall begin on the date of commencement of the investment. Thereafter the phase-in will continue on the day of the month on which the investment is made. Where the date is a non-business day, the phase-in will be on the following business day thereafter, unless otherwise specified.
- Please note that if any investment options selected have been capped, the investment amount specified for the capped investment option will default to an interest bearing investment option until you notify us of an alternate investment option selection. The details of the capped investment option will be communicated to you in the occurrence of this event.

Please see the rules that apply to “phasing-in” in the Business Practices Manual.

3.2 Investment choices for receiving income

If you want to receive your income payments from specific investment choices, please indicate which investment choices you would like to receive your payments from:
(Please note you can only include investment choices that are part of the investment portfolio you chose in section 3a)

Investment choice selection

	Investment choice	Percentage withdrawal
1.		
2.		
3.		
4.		
5.		
6.		
		Total 100%

4. Payment details

4.1 Bank details to receive the income

FA LA

- It is important that you provide us with the correct banking details so that we can pay the income. Discovery will not be liable for any loss or damage you may have suffered if you provide us with incorrect banking details.
- You need to inform us if your banking details change.
- A cancelled cheque or recent bank statement not older than three months or an official, stamped letter from your bank confirming the account details must accompany this application as proof of banking details
- Discovery will only make payments to a bank account in your name. We do not make payments to third parties.
- Discovery cannot make payments to a credit card.
- We will only make payments by means of an electronic funds transfer (EFT). We do not issue cheques.

  I instruct and authorise Discovery to withdraw the investment amount directly from my bank account as indicated below. I agree to pay banking charges and costs relating to the debit order authority.

Name of accountholder

Name of bank

Branch name Branch code

Account number

Account type Cheque ☐ Savings ☐ Transmission ☐

4. Payment details *(continued)*

4.2 Transfer of purchase amount to Discovery Invest

FA LA

a. Please complete a Recognition of Transfer Form and submit as soon as possible.

Transfer from: Retirement Annuity ☐
Pension/Provident/Preservation Fund ☐

Registered name of the retirement fund

FSB registration number SARS approval number

Estimated retirement investment amount R

Contact person:

Contact details: Telephone

Email

b. Please complete a Recognition of Transfer Form and submit as soon as possible.

Transfer from: Retirement Annuity ☐
Pension/Provident/Preservation Fund ☐
Section 37(2) transfer from another registered insurer ☐

Registered name of the retirement fund

FSB registration number SARS approval number

Estimated retirement investment amount R

Contact person:

Contact details: Telephone

Email

c. Please complete a Recognition of Transfer Form and submit as soon as possible.

Transfer from: Retirement Annuity ☐
Pension/Provident/Preservation Fund ☐

Registered name of the retirement fund

FSB registration number SARS approval number

Estimated retirement investment amount R

Contact person:

Contact details: Telephone

Email

d. Please complete a Recognition of Transfer Form and submit as soon as possible.

Transfer from: Retirement Annuity ☐
Pension/Provident/Preservation Fund ☐

Registered name of the retirement fund

FSB registration number SARS approval number

Estimated retirement investment amount R

Contact person:

Contact details: Telephone

Email

e. Please complete a Recognition of Transfer Form and submit as soon as possible.

Transfer from: Retirement Annuity ☐
Pension/Provident/Preservation Fund ☐
Section 37(2) transfer from another registered insurer ☐

Registered name of the retirement fund

FSB registration number SARS approval number

Estimated retirement investment amount R

Contact person:

Contact details: Telephone

Email

4. Payment details *(continued)*

Bank details to transfer the investment amount:

	Discovery Linked Annuity	Discovery Fixed Annuity
Account name:	Linked Annuity Client Deposit	Annuity Client Deposit
Bank:	First National Bank	First National Bank
Branch:	Johannesburg	Johannesburg
Branch code:	255005	255005
Account number:	62143409953	62143398247
Account type:	Current	Current

Please note: The total transfer value should be R40 000 or greater

5. Replacing previous policy

5.1. Replacement of previous investments

LA

Please complete this section if you have applied for a Linked Annuity.
Is this application to replace another policy to be terminated within the past four months, or to be terminated within the next four months? Yes ☐ No ☐
If **yes**, your financial adviser must discuss and complete the Replacement Policy Advice Record and attach it to this application form.

Declaration by financial adviser
I declare that, irrespective of the investor's response to the question above, I explained the following to the investor:
- The meaning of replacement
- That a replacement is potentially prejudicial, and
- That where a replacement is considered, the investor is legally entitled to comprehensive information regarding the consequences of replacement.

Signature of financial adviser

Name of financial adviser

6. About your financial adviser

6.1. Financial adviser details

FA LA

1. Principal financial adviser: Please indicate the financial adviser fee split %

Financial adviser full name

Financial adviser code

Intermediary house

Intermediary house code

PRI number
(ABSA and FNB intermediaries)

Distribution channel

Telephone (W) Cellphone

Email address

FICA declaration
I warrant and confirm that I have established and verified the identities of the investor(s), insured live(s), premium payer(s), agent(s) and cessionary(ies), where applicable, with regard to this application/contract in terms of the Financial Intelligence Centre Act, 2001, read together with the Money Laundering Regulations. Yes ☐ No ☐
OR
I have seen the original and attached the required FICA documents to this application. Yes ☐ No ☐

Signature of principal financial adviser Date Y Y Y Y M M D D

2. Financial adviser: Please indicate the financial adviser fee split %

Financial adviser full name

Financial adviser code

Intermediary house

Intermediary house code

PRI number
(ABSA and FNB intermediaries)

Distribution channel

Telephone (W) Cellphone

Email address

Fica declaration
I warrant and confirm that I have established and verified the identities of the investor(s), insured live(s), premium payer(s), agent(s) and cessionary(ies), where applicable, with regard to this application/contract in terms of the Financial Intelligence Centre Act, 2001, read together with the Money Laundering Regulations. Yes ☐ No ☐
OR
I have seen the original and attached the required FICA documents to this application. Yes ☐ No ☐

Signature of financial adviser Date Y Y Y Y M M D D

7. Financial adviser fees

Please select the applicable fee structure

Financial adviser's fee structure

Initial financial adviser's fee (excluding VAT)	% (between 0% and 1.5% of your contribution) Initial fee discount %
Ongoing financial adviser's fee (excluding VAT) (Applicable to the Linked Annuity only)	% (between 0% and 1.0% per year of your investment value)

Financial adviser's fees in case of a Section 37 transfer:

Ongoing financial adviser's fee (excl VAT)	**1% of fund value, payable monthly**

8. Discovery Invest fees

Policy fee — **None**

Initial fee basis (linked Annuity only) — **Standard allocation**

The fee is based on the size of the investment

Investment amount	Initial fee
First R100 000	1.75% + VAT
Next R250 000	1.20% + VAT
Next R250 000	0.60% + VAT

If the investment is greater than R600 000, no initial fee is charged. The financial adviser's fee is deducted in addition to this.

100% allocation

The investor can choose to receive 100% allocation but pays a higher monthly fee for the first five years of the policy. This fee is equal to 1.262 x the total rand amount of the initial fee plus the financial adviser's fee. This is deducted over five years in equal monthly instalments.

Administration fee

The fee is based on the fund size

Investment amount	Initial fee
First R250 000	0.75% + VAT
Next R250 000	0.65% + VAT
Next R250 000	0.60% + VAT
Next R250 000	0.45% + VAT
Over R1 million	0.3% + VAT

Note: These are annual fees which are divided by 12 and charged monthly.

100% allocation

The investor can choose to receive 100% allocation but pays a higher monthly fee for the first five years of the policy. This fee is equal to 1.262 x the total rand amount of the initial fee plus the financial adviser's fee. This is deducted over five years in equal monthly instalments.

Switch fees

The first four switches per year are free. After that a fee of 0.25% + VAT of the amount switched will be levied, up to a maximum of R500.

Early exit penalty

Standard allocation

There is no early exit penalty.

100% allocation

If the investor exists before the end of five years, any unpaid fees resulting from the 100% allocation will be payable.

9. Declarations, terms and conditions

9.1 Quote declarations

Client declaration

I, [full name]

[identity number] hereby declare that my intermediary presented me with a final quote

(quote number).

The investment options as reflected in the quote correspond to the information in my application form and I confirm that the product fees, benefit and all other information contained in the quotation was explained to me by my intermediary.

Signature

Intermediary declaration

I, (full name)

(identity number/intermediary number) confirm that I have presented ("the Client") with a final quotation for (name of product).

The Client has confirmed that the investment options reflected in the quotation correspond with the investment options selected by the Client in the application form. I further confirm that I have explained to the Client the product fees, benefits and all other information contained in the quotation and the Client has agreed thereto.

Signature

9.2 Declaration by investor

FA LA

I, the investor, warrant that:

1. I have read and understood the contents of this application form.
2. I agree to be bound by the terms and conditions of this application form, the Investment Plan Guide and the Discovery Invest Business Practices Manual, which read together, make up the contract.
3. I agree that any commission payable in terms of the Long-term Insurance Act of 1998 and that any fee payable in accordance with the FAIS Act, 2002, and referred to in section 5.2 of this application form, may be paid from my investment to my appointed financial adviser on my behalf. These commissions and fees have been explained to me by my appointed financial adviser and are set out in section 5.2. I further agree to pay from my investment, the fees as charged by Discovery in the amounts and on the basis explained to me by my financial adviser.
4. I agree that any alterations made to this application form by me or my financial adviser are not binding, unless Discovery agrees to accept the alterations. Acceptance will be communicated by the processing of this application form, the receipt of any monies paid to Discovery and the issuing of the Investment Plan Guide.
5. I understand that the Annuities may be subject to tax. I acknowledge that if any of the tax laws, tax regulations, SARS practice or other laws governing the Annuities change, this may have an effect on the Annuities and the benefits payable to me.
6. As I may be able to select the investment options into which the investment amounts paid into the Annuities are placed I understand that the value of the benefits payable by the Annuities will vary depending on the performance of the investment options. Discovery has made no representations and guarantees to me regarding the performance of the investment options. I understand that I bear any and all risks associated with the investment options that I choose.
7. I confirm that, to the extent that Discovery Life is not my appointed financial adviser, Discovery has not advised me to invest in a particular investment option and as such is not responsible to me for any choices I have made.
8. I confirm that I made the decision to invest in the Annuities of my own free will and from advice given to me by my financial adviser.
9. I confirm that the monies paid into the Annuities are not from the proceeds of crime.
10. I confirm that Discovery can take instructions from my financial adviser regarding the Annuities. If Discovery acts on any instruction from my financial adviser and it is later found that my financial adviser did not act in terms of the instructions or authority that I gave him/her/it, I confirm and agree that, unless my financial adviser is an employee of Discovery, Discovery will not be liable for any loss or damage I may have suffered.
11. Discovery will not be responsible for any failure, malfunction or delay of any networks or electronic or mechanical device or any other form of communication used in the submission, acceptance and processing of applications and/or transactions. Discovery will not be liable to make good or compensate me or any third party for any damages (whether direct or consequential), losses, claims or expenses.
12. Where this application form has been signed by my spouse, my spouse confirms that he/she has read the terms and conditions of this application and agrees to be bound by them, where applicable. My spouse specifically confirms the nomination of beneficiaries made in this application form and understands the legal consequence of the nomination.
13. I have disclosed all material information to Discovery Life about any insurance policy that it may issue to me. I undertake to continue disclosing all material information to Discovery Life until it accepts the risk, if any.
14. I understand that if I have breached the warranty contained above, Discovery Life can declare the policy issued to me void and I will forfeit any contributions paid
15. If I choose the Discovery Annuity Integrator then:
    (a) I authorise Discovery Life to obtain from any person, including Discovery Health, Discovery Vitality and the Discovery Health Medical Scheme, any information relating to my health, wellness and lifestyle, including my HIV status, which Discovery Life deems necessary. This information can be obtained when I apply for insurance, when I claim and on an ongoing basis.
    (b) I authorise Discovery Life to share with such insurers any information contained in this application form or any related policy or any document, either directly or through a database operated by or for insurers as a group, at any time (even after my death). This may be done in such detailed, abbreviated or coded form as may, from time to time, be decided by Discovery Life or by the operators of such database.

Date Y Y Y Y M M D D

Signature of investor

Signature of spouse (if applicable)

9. Declarations, terms and conditions *(continued)*

9.3 Statutory disclosure

Net asset value (NAV)

All prices are calculated on a NAV basis. NAV is the total value of all assets in a portfolio, including any income accrual and less any permissible deductions from the portfolio divided by the number of units or participatory interests in issue. Permissible deductions include brokerage. Uncertified Security Tax (UST), auditor's fees, bank charges, trustee/custodian fees and the service charge levied by Discovery Life Collective Investments (Pty) Ltd.

Upfront manager charges

The upfront manager charge is deducted from the full investment value and the remaining amount is allocated to the clients selected investment options. Any additional investment will incur an upfront manager charge. The charges range from 0% to 0.5% depending on the relevant investment chosen.

Service charge

The annual service charge for the individual portfolios is accrued daily and levied monthly on the market value of the fund or portfolio. The annual service charge shall be deducted from the income received by the portfolios.

Total expense ratio

The total expense ratio or TER of a portfolio is a measure of a Fund's assets which have been surrendered as payment for costs of management of the fund which is expressed as a percentage of the daily average value of the portfolio and is calculated over a period of usually a financial year.

Switching

A switch involves selling the participatory interest in one portfolio and allocating and investing the proceeds in another portfolio. Discovery will waive the first four voluntary switch fees, thereafter a fee of 0.25% of the amount switched will be charged.

Income distributions

Income distributions are made at regular intervals of all portfolios and may vary depending on the chosen portfolio. Portfolios either declare distributors monthly, quarterly (31 March, 30 June, 30 September, 31 December), half-yearly (30 June, 31 December) or annually (31 December). These distributions are paid by no later than the last working day of the following month.

Electronic transactions

I/we agree that Discovery Invest shall be entitled to implement all instructions and applications of whatsoever nature received by Discovery Invest on their internet site, by telephone, fax or any other form of electronic medium and which appear to emanate from me. Discovery is indemnified against any such losses, claims or damages which arise from acting on instructions received via these forms or any other form of electronic mediums processed on my behalf of myself or which purpose to be processed on behalf of myself, notwithstanding that it may later be proved that any such instructions was not given by me.

General

- Collective Investment Scheme in Securities (CIS) are generally medium to long term investments.
- The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future.
- With regards to a money market portfolio, a constant price will be maintained for the money market portfolio. While a constant price is maintained, capital is not guaranteed.
- CIS are traded at ruling prices and can engage in borrowing and scrip lending.
- The Manager may borrow up to 10% of the market value of the portfolio to bridge insufficient Life Collective Investments (Pty) Ltd.
- Commission and incentives may be paid and if so, would be included in the overall costs.
- The exposure limit to a single security in certain portfolios can be greater than is permitted for other portfolios in terms of the Collective Investment Schemes Control Act 45 of 2002. Details are available from the Manager.
- Forward policy is used. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down.
- A Fund of Funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios.
- A feeder fund is a portfolio that, apart from assets in liquid form, consists of participatory interests in a single portfolio of collective investment schemes.
- The Manager reserves the right to close certain portfolios. More details are available from the Manager.
- The holding of offshore investments in certain portfolios is subject to current South African Reserve Bank (SARS) regulations.
- Any capital gain realised on he disposal of a participatory interest in a CIS will be subject to Capital Gains Tax (CGT).
- All portfolios are valued on a daily basis at 16:00, with the exception at month end, when portfolios are valued at 17:00. Investments and repurchases will receive the same price for that day if received before 11:00 for the money market portfolio and 15:30 for the other portfolios.
- The investor confirms that neither Discovery Life Collective Investments (Pty) Ltd or any staff provided him/her with any advice (as defined in the FAIS act) and that he/she has taken particular care to consider on his/her own or with the assistance of his/her intermediary whether the investment chosen is appropriate considering his/her individual needs, personal objectives and financial situation. Discovery Life Collective Investments (Pty) Ltd (the Manager) is a member of the Association of Collective Investments (ACI).

Manager

Discovery Life Collective Investments (Pty) Ltd
155 West Street, Sandton, 2148
Telephone 0860 57 5777

Signature of investor

Trustees

180 Commissioner Street, Johannesburg, 2001
ABSA Bank Ltd, 6th Floor, ABSA Towers North (6E1)
Telephone 011 350 4000

Signature of intermediary

9.4 Terms and conditions

General terms and conditions

1. What we mean by certain words

1.1 When we refer to the 'Annuities' we mean the Discovery Fixed Annuity and the Discovery Linked Annuity.

1.2 When we use the term Discovery, we include Discovery Invest and Discovery Life.

1.3 Where we refer to 'investor' we mean the person in whose name the Annuity is purchased.

2. Licenses and authorities

2.1 The Annuities are underwritten by Discovery Life and administered by Discovery Invest. The Annuities have been purchased by registered retirement funds on your retirement, or you having elected to transfer your annuity underwritten by another registered insurer to Discovery Life.

2.2 Discovery Invest warrants that it holds professional indemnity and fidelity insurance cover as required by the Financial Advisory and Intermediary Services Act (FAIS Act).

2.3 Discovery reserves the right to accept or reject your application form and/or subsequent transactions/instructions and will not enter into any discussion with regard to accepting or rejecting the application and/or subsequent transactions/instructions.

2.4 The Annuities are subject to statutory and regulatory requirements.

2.5 Your benefit or right to the benefit from the Annuities is subject to sections 37A and 37B of the Pension Funds Act. You cannot use the benefit or right to the benefit as security or transfer it to someone else or make it over to a third party. Your creditors cannot attach the benefit or right to the benefit.

2.6 Discovery Life is obliged to deduct tax from all income payments made to you. Discovery Life will calculate the tax payable to the South African Revenue Services (SARS) using the tax tables as issued by the SARS from time to time. If you want Discovery Life to deduct an amount of tax which is different from the rate that Discovery Life determines using the tax table, you must provide Discovery Invest with a tax directive issued by the SARS. Any directive will have to be updated on an annual basis and you undertake to do this. If Discovery Invest has not received an updated directive, tax will be deducted using the tax tables.

2.7 You cannot cancel the Annuity, and the cooling-off period as provided for in the Long-term Insurance Act (the Act) does not apply. Should you wish to replace this Annuity with an annuity from another registered insurer you are able to do so in terms of the Act. A formal process needs to be followed and you are required to contact Discovery Invest to obtain the relevant documents.

2.8 The Annuity will only come into effect if Discovery Invest has informed you in writing that the application form has been accepted and that Discovery Invest has received the proceeds from the retirement fund from which you retired.

2.9 You have 10 (ten) days after receipt of the Annuity contract from Discovery Invest, to report any errors to Discovery Invest.

3. Financial advisers

3.1 If Discovery Life is not your financial adviser then Discovery does not provide any advice to you.

3.2 Discovery will only allow financial advisers who are authorised and licensed by the Financial Services Board to act as financial services providers to advise and act on behalf of investors.

3.3 You cannot hold Discovery responsible, accountable or liable for suffering any loss or damage if the appointed financial adviser is not authorised as a financial services provider, save to the extent that your financial adviser is an employee of Discovery.

3.4 The financial adviser has the responsibility to act within his/her/its license conditions and authority. Unless Discovery is your appointed financial adviser, you cannot hold Discovery responsible or liable for suffering any loss or damage as a result of the financial adviser acting outside the scope of his/her/its authority and license conditions.

3.5 Your financial adviser must ensure that you receive and understand all appropriate advice, fee information and the other information about the Annuities.

4. Documents you can expect from us

4.1 On commencement of your investment, we will send you documents that include a summary of your personal and investment details and investment choices and an Investment Plan Guide.

4.2 This application form together with the documents you will receive on commencement and the Discovery Invest Business Practices Manual form your investment contract.

5. Communication between Discovery and you

5.1 It is your responsibility to ensure that this application form, any instructions that are part of the application form and subsequent instructions submitted electronically by fax or email to Discovery, have been received by Discovery. However, Discovery does not consider a fax confirmation, or printed copy of a sent email as proof of it receiving the document or instruction.

5.2 To process any instruction on a specific day, Discovery must receive the instruction before 10:00, otherwise it will only process the instruction on the following business day. (Any instruction so received will only be processed once the monies reflect in the relevant bank account and all documents and proof of the deposit or electronic fund transfer have been received by Discovery).

6. Investment options and performance

6.1 You cannot hold Discovery responsible or liable for any losses or harm which you may suffer directly or indirectly as a result of a occurrences relating to your investment which is beyond their control.

7. First income payment

7.1 For payment of the first income, the investment amount must be received by Discovery seven to 10 business days before the selected payment date. If the investment amount is not received as set out above, the first payment date will be the payment date of the next month.

9. Declarations, terms and conditions *(continued)*

8. Spouses married in community of property

If you are married in community of property, written consent is needed from your spouse to nominate a beneficiary other than your spouse. If you do not obtain your spouse's written consent, he/she may be entitled to claim a share from you if your joint estate is divided. If this applies to you, you must complete the standard Discovery Invest Beneficiary Nomination Form.

The Linked Annuity

9. Investment options and performances

9.1 Discovery Life allows you to choose the investments options into which the monies received from the retirement fund or other registered insurer are to be invested.

9.2 You bear all inherent investment risk associated with the investment options and Discovery does not guarantee the performance or availability of any investment options. You are required to appoint a registered financial adviser to advise in making the appropriate investment choices.

9.3 The amounts paid to Discovery will be invested for you in the chosen investment options. If you do not choose an investment option in the application form, or if the investment option details are unclear, or if the investment option is no longer offered, or if no written instructions regarding the investment option has been received, then the amount transferred will be placed into an interest bearing account chosen by Discovery until a valid instruction is received from you your financial adviser.

9.4 You cannot hold Discovery responsible or liable for any losses incurred due to delays, oversight or any other errors attributable to the manager of any investment options.

9.5 If any statutory or regulatory requirements impact the return generated by any investment options, Discovery reserves the right to revise the value of the investment accordingly and you will have no recourse against Discovery.

9.6 Due to the exchange control regulations and the Act, certain investment options are subject to availability.

9.7 Discovery is entitled to remove, in its sole discretion and with the appropriate notice to you, any of the investment options offered to you from time to time. In the event that Discovery removes an investment option, you will be given written notice (by post to the last recorded address), and will be requested to provide Discovery with a switch instruction detailing an alternative investment option. In the absence of any signed instruction, Discovery will switch the effected investment option to the Discovery Money Market Fund.

9.8 If no investment option is indicated in the application form or any other form, or if the investment option details are unclear or if the investment option is not offered, or if no written instructions about the Annuity have been received from you, all monies will be placed into an interest bearing account determined by Discovery Invest, until a valid instruction is received. Discovery will not be liable for any loss or harm you may suffer as a result of the circumstances arising in this clause.

9.9 Discovery will not be liable for any harm or loss that you might suffer directly or indirectly as a result of the occurrence of a circumstance beyond the control of Discovery.

10. Income

10.1 You will be obliged to select an income level (currently between 2.5% and 17.5%) on an annual basis. The income that you can receive is calculated on the value that Discovery Life has set aside to provide you with an income. This value is equal to the amount paid to Discovery Life by the retirement fund, from which you retired, less any commissions, costs plus (or minus) any market movements in the investment options selected by you.

10.2 You are required to review the income level on an annual basis and at the anniversary date of the Linked Annuity. You will be told of the anniversary date in the welcome pack sent by Discovery Invest.

10.3 If you do not change your income level on the anniversary date then Discovery Invest will calculate whether the income level is within the prescribed limits. If it is not then Discovery Life will adjust the income level to ensure compliance.

10.4 Please note: you will be unable to change your income levels other than at the anniversary date.

10.5 You are required to nominate a beneficiary who will continue to receive the income payments/lump sum benefit after your death.

10.6 Please note that Discovery Life will pay the income to the beneficiary noted on the Discovery Invest system. You are urged to ensure, on a regular basis, that the persons who you wish to receive the income are noted on the Discovery Invest system.

10.7 Discovery Invest may require that you complete a Certificate of Existence every year. You failure to complete the certificate and return to us, may result in your annuity income being withheld, until Discovery Invest received the Certificate of Existence as completed and signed by yourself.

10.8 No beneficiaries can be paid out to your Estate.

11. Transfer to other annuities

11.1 You are able to transfer your Linked Annuity to another registered insurer. Certain procedures need to be followed to allow for the transfer and these are set out in the Investment Plan Guide that will be sent to you.

The Fixed Annuity

12. General terms and conditions

12.1 Depending on the type of Fixed Annuity you chose, Discovery will pay you, and your spouse elected, a set income.

12.2 The income level (and increases) and details of the income your spouses will receive after your death will be detailed in the welcome pack that Discovery will send you. You are urged to ensure that the details of the Fixed Annuity as set out in the welcome pack are correct. If they are not correct you must contact Discovery within 10 days.

12.3 Please note that when choosing the Fixed Annuity you will not be able to select investment options and future income levels as is allowed in the Linked Annuity. The Fixed Annuity is a contract in terms of which Discovery agrees to pay you the income and benefits as selected. Discovery takes any and all inherent risk in ensuring that the income and benefits are paid.

APPENDIX A

FICA and other documents required

Certified/verified	Natural person	RSA unlisted company	Foreign unlisted company	Close corporation (CC)	Partnership	Trust	Other	Legal person
Proof of identity	**If South African** • Identity document (ID) **Or if not available** • Valid reason must be given • Valid driver's license or passport **If foreign** • Valid passport	• Certificate of Incorporation (CM1) • Notice of Registered Address (CM22)	• Official document of incorporation • If trading in SA, refer to requirements for RSA unlisted Company	• Founding statement and Certificate of Incorporation (CK1)	• Partnership Agreement	• Trust Deed or other founding document	• Letter of authority of the Master of the High Court (must contain Master's stamp, which is proof of registered address of Master)	• Constitution or founding document
Proof of authority to act (if applicable)	Document authorising persons to act (eg power of attorney)	Document authorising persons to act (eg director's resolution)	Document authorising persons to act (eg director's resolution)	Document authorising persons to act (eg member's resolution)	Document authorising persons to act	Document authorising persons to act (eg trustees' resolution)	Document authorising persons to act	
Other requirements	None	Copy of ID, details of residential addresses and contact numbers of: Managing director/CEO, persons authorised to act and persons holding more than 25% of voting rights of company (CM1 and CM22 if company)	ID, details of residential addresses and contact numbers of persons authorised to act	ID, details of residential addresses and contact numbers of each member, persons authorised to act and of all members of the CC	ID, details of residential addresses and contact numbers of each member and persons authorised to act	ID, details of residential addresses and contact numbers of each member and persons authorised to act	ID, details of residential addresses and contact numbers of each member and persons authorised to act	
Proof of address	Residential address	Operating address	Operating address	Operating address	Operating address	Residential address	Operating address	

Any of the following documents reflecting the name and physical business/residential address of the investor (must be less than three months old unless otherwise indicated)

- Telkom account
- Utility bill (such as rates and taxes account)
- Recent bank statement (all forms of bank letterhead documents)
- Current lease or rental agreement
- Valid television license
- Insurance contract or communication from an insurer (short- or long-term)
- Tax return (latest tax return issued – first page)
- Letter from bank manager, medical practitioner, accountant or attorney, stating on a formal letterhead that they have known the client for three years and confirming physical address
- Declaration from person co-habiting with the client:
  - Stating full names, residential address and ID number of the person making the declaration. (Copies of ID and proof of residential address to be provided as well)
  - Full name and ID number of the client
  - Relationship between person making declaration and the client
- Visit to physical address by employee or authorised agent who then signs declaration that client was visited and residential address verified.

Exemptions applied by Discovery

- Trusts established by virtue of will, court order, curatorship or pension fund trusts
- Listed companies recognised on the securities exchange (must identify information as described on checklist)
- Pension, provident and retirement annuity funds invested in long-term insurance policies (assistance, death, disability, sickness), unit trusts and linked investments (approved and defined in the Income Tax Act of 1962 and the Long-term Insurance Act of 1998)
- Any annuity purchased as a compulsory annuity in terms of the rules of the pension fund, provident fund or retirement fund approved in terms of the Income Tax Act, 1962.
- Any long-term insurance policy, which is a fund policy or a fund member policy as defined in the Long-term Insurance Act, 1988 and the regulations thereto and in respect of which the policyholder is a pension fund, provident fund or retirement annuity fund approved in terms of the Income Tax Act, 1962
- Income and VAT taxation numbers and SARS documentation (except for non-citizens and non-residents)
- Reinsurance policy issued to another accountable institution (as defined in Schedule 1 of FICA).