

# Discovery Escalator fund update

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The Discovery Escalator fund range gives clients upside exposure with downside protection, guaranteeing clients at least 80% of the highest value the Escalator fund unit price has ever reached. It does this by dynamically allocating between cash and a risky asset using an algorithm that allocates more to cash when markets fall and vice versa, with a put option to provide the 80% guarantee.

Given the current market volatility some of the Escalator funds have a larger proportion allocated to cash and therefore are not highly exposed to further market falls or rebounds. In the table below we show the current allocation to risky assets of all our Escalator funds to help you make investment decisions for your clients.

Escalator fund name	Allocation to risky asset – 31 December 2022
Discovery Life Property Escalator Fund	15%
Discovery Geared Escalator - Discovery Global Equity Feeder Fund	16%
Discovery Escalator - Discovery Global Equity Feeder Fund	16%
Discovery Geared Escalator - Discovery Global Balanced Fund of Funds	28%
Discovery Life Escalator - Ninety One Property Equity Fund	31%
Discovery Life Escalator - Discovery Global Equity Feeder Fund	41%
Discovery Geared Escalator - Nedgroup Investments Rainmaker Fund	42%
Discovery Annuity Escalator - Discovery Global Equity Feeder Fund	43%
Discovery Geared Escalator - Discovery Flexible Property Fund	48%
Discovery Escalator - Discovery Flexible Property Fund	48%
Discovery Life Escalator - Satrix Divi	50%
Discovery Annuity Escalator - Nedgroup Investments Rainmaker Fund	50%
Discovery Life Escalator - Ninety One Value Fund	51%
Discovery Escalator - Discovery Global Balanced Fund of Funds	52%
Discovery Annuity Escalator - Ninety One Value Fund	52%



Discovery Geared Escalator - Investec Value Fund	53%
Discovery Geared Escalator - Coronation Top 20	57%
Discovery Annuity Escalator - Discovery Equity Fund	59%
Discovery Life Escalator - Discovery Global Multi Asset Fund	59%
Discovery Annuity Escalator - Discovery Global Multi Asset Fund	60%
Discovery Geared Escalator - Discovery Equity Fund	60%
Discovery Escalator - Discovery Dynamic Equity Fund	63%
Discovery Life Escalator - Foord Equity Fund	64%
Discovery Escalator - Discovery Equity Fund	69%
Discovery Life Escalator - Coronation Top 20 Fund	71%
Discovery Annuity Escalator - Coronation Top 20 Fund	72%
Discovery Life Escalator - Allan Gray Equity Fund	72%
Discovery Annuity Escalator - Coronation Market Plus Fund	72%
Discovery Life Escalator - Allan Gray Orbis Global Balanced Feeder Fund	76%
Discovery Life Escalator - Coronation Balanced Plus Fund	76%
Discovery Annuity Escalator - Coronation Balanced Plus Fund	76%
Discovery Life Escalator - Discovery Balanced Fund	79%
Discovery Annuity Escalator - Discovery Balanced Fund	79%
Discovery Life Escalator - Ninety One Opportunity Fund	81%
Discovery Life Escalator - Coronation Market Plus Fund	81%
Discovery Life Escalator - Allan Gray Balanced Fund	90%
Discovery Geared Escalator - Allan Gray-Orbis Global Fund of Funds	92%
Discovery Life Escalator - Nedgroup Investments Managed Fund	92%
Discovery Annuity Escalator - Nedgroup Investments Managed Fund	92%
Discovery Escalator - Discovery Balanced Fund	100%
Discovery Geared Escalator - Allan Gray Balanced Fund	120%
Discovery Geared Escalator - Allan Gray Equity Fund	120%
Discovery Geared Escalator - Coronation Balanced Plus Fund	120%
Discovery Geared Escalator - Coronation Market Plus Fund	120%
Discovery Geared Escalator - Discovery Balanced Fund	120%
Discovery Geared Escalator - Nedgroup Investments Managed Fund	120%



Using the Discovery Life Property Escalator Fund as an example, which is currently only allocated 15% to the underlying property fund; this means that should property see rapid recovery, clients invested in this Escalator fund will have significantly lower performance than the underlying fund itself. This is because the algorithm will allocate into property at a slower rate than the rate at which the market recovers.

### **Options to clients**

Should clients wish to get more exposure to growth assets in the short term, they may consider switching into funds that have a higher exposure to the market. Clients may switch into:

- the underlying funds of their respective Escalator fund
- another Escalator fund that has higher exposure to their respective risky asset
- any other fund available on the Discovery Invest platform

Alternatively, if they are comfortable with the current allocation to cash, they may also choose to remain in their Escalator fund.

It should be noted that the guarantee will fall away should they switch out of the Escalator fund range and that if they switch into a different Escalator fund, their guarantee level may change. Any Discovery Boosts will continue to apply to the full range of qualifying Discovery funds.

### **Disclaimer:**

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