

Fact File

GLOBAL ENDOWMENT



Contents

Our Global Endowment is a medium- to long-term investment that gives you access to a **wide range of international investment options**. It allows for more than one investor, which is an advantage for estate planning. You can withdraw from the investment more than once over the investment term, giving you optimal liquidity. This investment offers unique features allowing you to invest your money below the prevailing exchange rate and discounts on the costs of an international trust.

You can invest in US dollars, British pounds or euros at the start of the investment.

In this Fact File 'you' refers to the people or entities named as Investor on the Investment Schedule; 'we' refers to Discovery Invest International.





Section A

ABOUT YOUR INVESTMENT

Your contribution to the investment

Lump-sum contributions

At the start of the investment, you invest a lump sum in the currency that you want to have your investment in. You can choose US dollars (USD), British pounds (GBP) or euros (EUR).

Extra contributions

With this investment, you can't add more contributions. If you want to invest more money, we'll start another investment for that money. However, you can benefit from lower admin fees as the admin fee percentage we charge depends on the size of your investments across all your Global Endowments.

Phasing in your contribution

You can choose to phase in your contribution over 3, 6 or 12 months through a USD, EUR or GBP cash or money market fund. The currency of the phase-in cash or money market fund must match that of your investment choice.

If you want to phase in your investment, the full contribution amount will be invested into the cash or money market phase-in fund. The contribution amount (plus interest if applicable) will be divided by the number of phase-in periods you chose and the amount derived will be withdrawn in the first month from the phase-in fund and invested proportionately in the investment options selected. In the second month, the remaining amount will be divided by the number of phase-in periods remaining and invested. This will continue until all the money is phased in. Your selected phase-in period (if applicable) is reflected on your investment schedule.

Phasing in is not available for share portfolios or structured notes.

Your investment choices

A wide range of international investment choices

There is a wide range of international investment choices for you to invest in, including world-leading investment managers. Refer to the latest fact sheets of the investment choices for details of the investment managers.

The following investment choices are available in our range:

- Cogence Global Portfolios: A range of risk-profiled, multi-asset solutions, managed by one of the world's largest asset managers.
- Discovery Global Share Portfolios: A range of portfolios of listed securities advised by Goldman Sachs Asset Management.
- Global Alpha Investment Choices: A range of investment choices covering all major asset classes with the investment managers and investment choices carefully selected by a team of highly experienced analysts
- Global External Investment Choices and Global Exchange-traded Funds (ETF): A range of investment choices from both local and international asset management companies.
- In addition, unique investment opportunities and structured products will be offered from time to time.

Changing, removing or adding investment choices

We will let you know if:

- We offer new investment options
- We stop offering any investment options and ask you to choose another investment option. If you don't make a choice, we'll switch your investment into an alternative investment that is available.

Fees for the investment

About fees generally

There are initial fees and annual fees for this investment, payable to:

- Discovery Invest International for administration.
- Your financial adviser for giving you financial advice.
- The investment managers of the investment choices you have made.

We facilitate payment to the different entities from your investment, so you don't have to pay separately.

The fees we quote when the investment starts are not fixed. They may be reviewed during the investment. Before any fee increases, we will inform you in writing about the changes, as well as the options available to you.

Fees to Discovery

There are annual admin fees and access fees that are payable to Discovery Invest International.

Admin fees

These are the fees for administering your investment. The fee you pay is a percentage of your investment – the more you invest, the lower the fee percentage. If you have more than one Global Endowment, we calculate the fee based on the total value of your investments. We deduct one-twelfth of the annual admin fee from your investment at the end of every month.

Total investment value	Annual fee
First USD200 000	0.575%
Next USD200 000	0.35%
Next USD200 000	0.25%
Above USD600 000	0.20%

Notes about the admin fees

- 01** | The annual admin fee is deducted in the currency that your investment is in. We use the USD value of your investment only to apply the percentages set out in the table above. (The currency conversion rate is provided to us on the date by a third party.)
- 02** | The trustee and custodian fees are included in the annual admin fee.

Access fees

An access fee may be deducted from your investment depending on your specific investment choice. Refer to the investment choices section on our website for the access fees that apply to your investment choices. We deduct one-twelfth of the access fee from your specific investment choice at the end of every month. This fee may be 0%, 0.1% or 0.15% per annum.

Fees to your financial adviser

There are initial and annual advice fees that are payable to your financial adviser.

Initial advice fees

You and your financial adviser may negotiate an initial advice fee as a percentage of your initial investment. There are two ways in which this fee can be charged.

- **The full amount upfront:** The fee is deducted from your contribution and paid to your financial adviser before we invest your money in your investment choices.
- **In monthly instalments, called the 100% allocation option:** With this option, your full contribution is invested in your chosen investment choices. Your financial adviser is still paid the initial advice fee upfront, but we will charge a monthly fee to your investment over five years. To calculate the monthly amount, we multiply the initial advice fee by 1.262. This is divided over 60 months and paid in equal monthly instalments. If you withdraw from your investment in the first five years, we'll deduct any unpaid fees from your payout.

EXAMPLE

How the initial financial adviser fees work

Josiah wants to invest in US dollars; he has \$100 000 to invest, and agrees to a fee of 2.5% (inclusive of VAT) with his financial adviser.

Josiah can choose between these two ways to pay the fee:

Full amount upfront

2.5% of \$100 000 is paid to Josiah's financial adviser. We deduct \$2 500 from his investment, leaving him with \$97 500 to invest.

Monthly instalments - 100% allocation

The full \$100 000 is invested upfront. The initial adviser fee of \$2 500 is multiplied by 1.262 and then divided by 60 to work out Josiah's monthly instalments which is deducted monthly from his investment for five years:

$$\$2\,500 \times 1.262 = \$3\,155$$

$$\text{Then } \$3\,155 / 60 = \$52.58$$

With the monthly instalments, instead of paying \$2 500 immediately, Josiah pays \$52.58 a month for 60 months. If he withdraws his investment before the end of the 60 months, we deduct any unpaid instalments before he receives his investment value. In this example, this fee does not change and remains \$52.58 for the entire 60 months.

Annual advice fees

Your financial adviser may also charge an annual advice fee as a percentage of your investment fund value for managing your investment. We sell enough units each month to pay one-12th of the advice fee you agreed on with your financial adviser, plus VAT. We will deduct these from your investment and pay them to your financial adviser.

Fees to the investment manager

The investment managers of your investment choices usually charge an annual management fee as a percentage of your investment in their fund. This fee is divided by 365 and deducted daily in the unit prices. Ask your financial adviser for the fact sheets of your investment choices.





Tax on endowments

The tax table below reflects the current tax rules on endowments in South Africa (March 2020). These rules may change in future, which means that the tax treatment of the investment can change. Any change in the capital gains tax rules for long-term insurers can result in capital gains tax changes for investors. We perform the tax administration on your behalf throughout the investment so you won't have to pay tax after you cash in the investment.

We calculate tax in USD, even if your investment is in a different currency.

	Individuals and trusts where the beneficiaries are individuals	Companies and other legal entities
Capital gains tax on all realised gains from switches, share trading and withdrawals	12%	22.4%
Income tax, on any income (rental and interest) received	30%	28%
Foreign dividends tax if tax is not recovered at source	20%	-

Capital gains tax is deducted annually at the end of June based on all transactions implemented in the prior 12 months.

Protection against creditors

Once the Global Endowment has been in force for three years or more, and has a life assured, it cannot:

- Be attached to settle a debt following a court judgment or order of execution; or
- Form part of the investor's insolvent estate.

The protection is enjoyed during the lifetime of the policy holder, and upon the life assured's death if such policy benefits are payable to a surviving spouse, child, stepchild or parent at his death (whether by way of beneficiary nomination or through testate or intestate succession).



Section B

BENEFITS OF YOUR INVESTMENT

You have access to your money

For the Global Endowment, we split your initial investment amount into 100 separate endowment contracts of equal amounts. This means that each contract is treated separately under the law. According to the law on endowments, you may make one withdrawal in the first five years of your investment (Section 54 of the Long-term Insurance Act 52 of 1998). Therefore, you may make one withdrawal from each of your 100 contracts in the first five years. The most you can withdraw is your initial investment amount plus 5% a year in compounded growth.

After the five-year restricted period, there are no restrictions on withdrawals.

Making partial or full withdrawals

As long as your withdrawals meet the conditions of the Long-term Insurance Act, you can make partial withdrawals or cash in a whole contract in full. If you make a partial withdrawal, we cash in enough contracts to make the payment to you, and your remaining contracts will be unaffected.

Withdrawals reduce the amount you receive from the currency enhancer.



Investing below the prevailing exchange rate with the currency enhancer

The currency enhancer allows you to convert your rand (ZAR) into another currency at a better exchange rate to get a higher investment amount. The extra amount will grow in line with your portfolio of selected investment choices (after fees are deducted) and will be added to your investment after 10 years. The rate, as well as the actual amount you receive, depends on the rate at the time you invest. The currency enhancer also applies if your investment is already in a foreign currency, and you want to move it to the Discovery Global Endowment.

Qualifying investment choices

The currency enhancer applies to amounts that you invest in the qualifying investment choices. These are:

- Cogence Global Portfolios
- Discovery Global Share Portfolios

The benefit as well as the list of qualifying investment choices may be updated from time to time. Your investment schedule will indicate whether you qualify for this benefit.

Converting a local Discovery Invest Endowment Plan

If you have a qualifying local endowment plan with Discovery Invest, you may be able to convert it into a Global Endowment where you'll get even more value through the currency enhancer. For more information about converting your local endowment into the Global Endowment, read the local endowment fact file on our website.

Conditions for receiving the benefit

Stay invested for 10 years

You must remain invested in the qualifying investment choices for 10 years. If you withdraw your full investment before the 10-year period is complete, the currency enhancer will fall away.

Partial withdrawals reduce the value

If you withdraw some of your investment, the extra amount that you receive from this benefit will be reduced proportionally.

Switching reduces the value

If you switch out of qualifying investment choices, the extra amount that you receive from this benefit will be reduced proportionally. We calculate the benefit on the lowest percentage that you had invested in qualifying investment choice over the 10 years. If you switch into qualifying investment choice after the start date of your Global Endowment, the extra amount you receive from this benefit won't increase.

Death of the last surviving investor

If the last surviving investor dies before the 10 years is complete, the extra amount from this benefit falls away.

If the last surviving investor dies after the 10 years is complete, the extra amount from this benefit would have already been paid into the investment and would therefore form part of the total investment value paid out on death.

EXAMPLE

How the currency enhancer works

John wants to invest R500 000 in the Global Endowment. He chooses to invest the whole amount in US dollars into the Cogence Global Portfolios, which is a qualifying investment choice.

The market exchange rate at the time of John's investment is R15/\$1.
His investment is therefore worth:

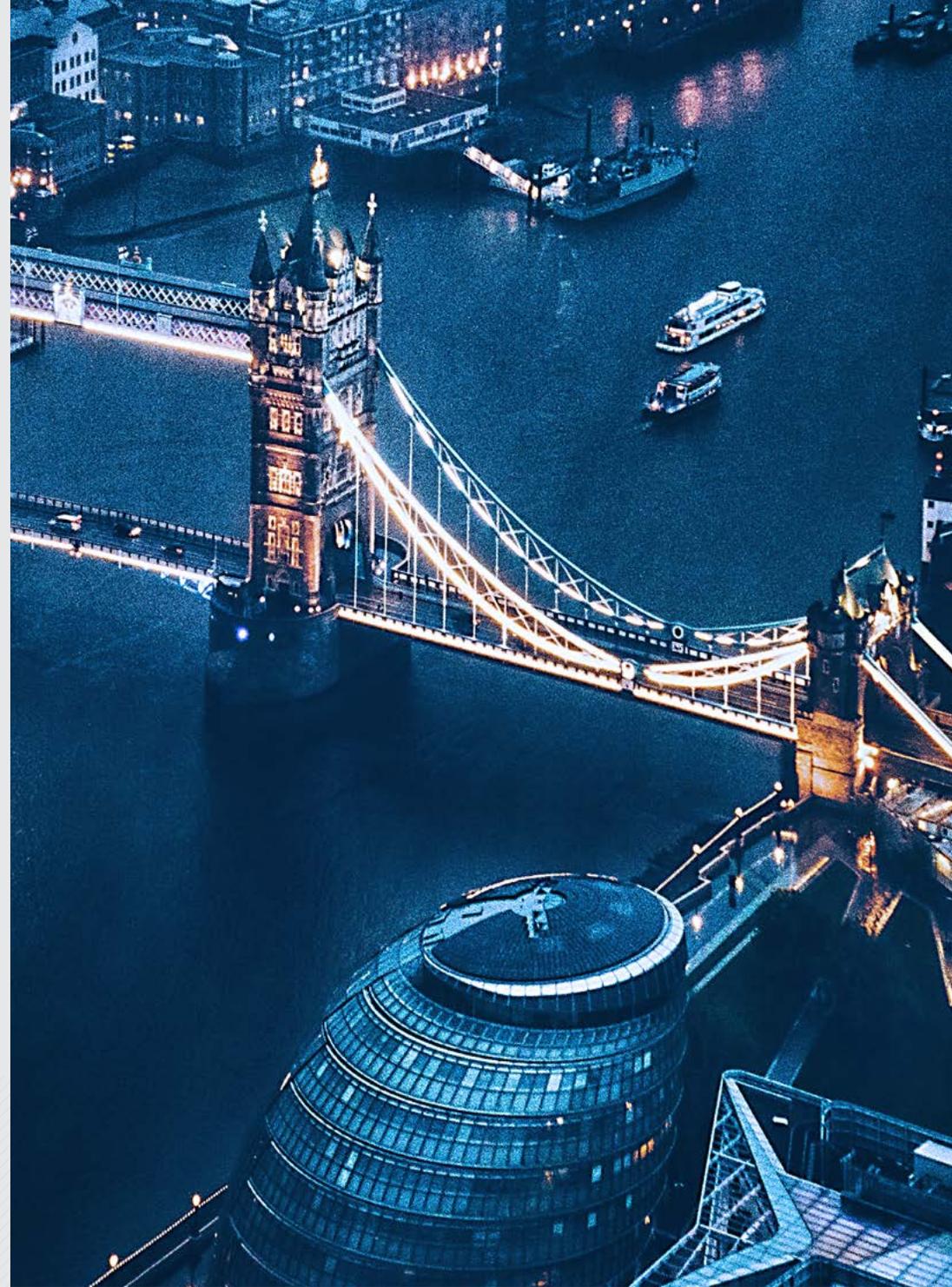
$$R500\ 000 / 15 = \$33\ 333.33.$$

At the time of his investment, the currency enhancer gives John a better exchange rate of R14.29/\$1. His investment with the currency enhancer is therefore worth:

$$R500\ 000 / 14.29 = \$34\ 989.50$$

The currency enhancer gives him an extra \$1 656.17. This amount will grow in line with his underlying investment choices (less fees) and we will pay into his investment after 10 years.

If instead of converting rand, John already had the \$33 333.33 offshore, and he invested it into qualifying investment choices, he would still receive the extra amount of \$1 656.17 from the currency enhancer. The conditions for this extra amount would be the same as the example above.



Lives assured, investors and beneficiaries



Lives assured

The lives assured are the people named as such on the Investment Schedule. All individual investors are automatically lives assured. You cannot change the lives assured after the start date of the investment.



Investors

Individual investors may have up to 10 investors on a Global Endowment. Each investor named on the Investment Schedule is automatically a life assured and has an equal ownership share in the investment.



Beneficiaries

A beneficiary is a person or entity that the investor chooses to either take over the investment or to receive the money from the investment.

Legal entity investors may not add beneficiaries to this investment.

Individual investors may choose between a beneficiary for ownership or beneficiaries for proceeds

Beneficiaries for ownership

- A beneficiary for ownership takes over the investment on the death of the last surviving investor.
- You can only choose an individual to be a beneficiary for ownership. If an individual is nominated as a beneficiary for ownership, that person will automatically be a life assured on the investment.
- You cannot change the beneficiary for ownership after the start date of the investment.

Beneficiaries for proceeds

- Beneficiaries for proceeds receive the proceeds of the investment when the last surviving life assured dies.
- You can choose individuals or legal entities (for example, trusts and companies) to be beneficiaries for proceeds.
- You decide the proportion of the investment for each beneficiary. The allocation must add up to 100%.



International probate does not apply

Probate is the legal process where an estate outside of South Africa is wound up after the investor dies. Using the Global Endowment avoids this process as the investment passes automatically to the beneficiaries outside of an estate winding-up process.



How we calculate the death benefit

The death benefit is the value of the investment (after deducting fees) on the date that the last surviving investor dies. Because it is as unit-linked investment, the investment value depends on the combined marked-to-market value of the underlying investment choices.



If investors are companies, trusts or other legal entities

The structure of the investment where the investors are companies, trusts or other legal entities is known as a sinking fund. There are no lives assured on this investment and it continues until its full value is withdrawn.



Section C
ABOUT US

About Discovery Invest International

The issuer

The Global Endowment is issued by Discovery Life International, the Guernsey branch of Discovery Life Limited, South Africa. It is a unit-linked life insurance investment contract.

Discovery Life International is licensed by the Guernsey Financial Services Commission under the Insurance Business (Bailiwick of Guernsey) Law 2002, to carry on long-term insurance business.

Discovery Life Limited is a licensed life insurer registered under the South African Insurance Act and is an authorised financial services provider (registration number 1966/003901/06). All benefits are offered through Discovery Life Limited which reserves the right to review and change the qualifying requirements for benefits at any time

Discovery Invest is an authorised financial services provider (registration number 2007/005969/07).

The administrator

Discovery Life Limited has appointed and authorised Lima Capital LLC to administer the Global Endowments on its behalf.

You can view more information about Lima Capital LLC on our website.

The trustee

Discovery Life International has appointed Zedra Trust Company (Guernsey) Limited as trustee to hold the licensed insurer's assets representing at least 90% of investor' liabilities in trust. This is a standard condition on the licence of the insurer under section 12 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended). The trustee holds 100% of Discovery Life International's endowment assets in trust.

We are not responsible for changes in the law

The information given in this document is based on Discovery's understanding of current law and practice in South Africa and Guernsey. We are not responsible (liable) for the effect of any future legislative or regulatory changes.

Communicating with each other

Issuing instructions to us

You must give us instructions in writing and use the correct form. You can ask for the forms by emailing Invest_International@Discovery.co.za or calling us on 0860 333 362. We may need extra supporting documents.

Email written instructions to us at Invest_International@Discovery.co.za

Regular statements

We provide a quarterly statement reflecting your investment values in your reporting currency for a specified period (or the previous quarter). You can view all the details of your investment at any time, including any extra amount due from the currency enhancer, by logging in to our website at www.discovery.co.za.

Information you need to know about your investment



Our commitment to fairness

We want you to understand the products that you buy from us. This fact file is designed to be clear and understandable. If there's anything you would like us to clarify, please let us know.



You must consult your own financial adviser

Each investor must consult their own financial adviser to advise about the suitability of the product for the investor's personal investment needs. The financial adviser must be an authorised financial services provider.



Investments can go up or down

Your investment in the endowment plan is exposed to market movements. This means that your investment can go down as well as up. Fluctuations or movements in exchange rates may also cause the value of underlying investments to go up or down.

The past performances of the investment choices are not necessarily a guide to the future performances of those investment choices.

It is your responsibility to decide if this product suits your personal investment goals.



Examples and figures are illustrative

Examples and figures in this fact file are illustrative only.



Refer to the terms and conditions in the application form

The application form sets out product rules and terms and conditions that apply.





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This document is meant only as information and should not be taken as financial advice. For tailored financial advice, please contact your financial adviser.

Examples and figures are for illustrative purposes only. The value of investments may go down as well as up and past performance is not necessarily a guide to the future. Fluctuations or movements in exchange rates may also cause the value of underlying investments to go up or down. This document does not include the full details of how our investment plans work. The information in this document must be read with the relevant fact files. The Global Endowment Plan is a unit-linked life insurance policy contract, issued by Discovery Life International, the Guernsey branch of Discovery Life Limited (South Africa), licensed by the Guernsey Financial Services Commission under the Insurance Business (Bailliwick of Guernsey) Law 2002, to carry on life insurance business. Discovery Life is a licensed life insurer registered under the South African Insurance Act of 2017 and an authorised financial services provider (registration number 1966/003901/06). Discovery Life Investment Services Pty (Ltd): Registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. Cogence Pty (Ltd) is an authorised financial services provider (registration number: 2009/011658/07). All benefits are offered through the insurer. The insurer reserves the right to review and change the qualifying requirements for benefits at any time. The information given in this document is based on Discovery's understanding of current law and practice in South Africa and Guernsey. No liability will be accepted for the effect of any future legislative or regulatory changes. Product rules, terms and conditions apply.

