

<Owner Title> <Owner Initial> <Owner Surname>

<Address Line 1>

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<Postal Code>

<system date>

Dear <Owner Title> <Owner Surname>

Notification of the proposed amalgamation of the Discovery Target Retirement 2010 Fund with the Discovery Target Retirement 2015 Fund

This letter is important and requires your immediate attention.

We are writing to you as an investor in the Discovery Target Retirement 2010 Fund and/or Discovery Target Retirement 2015 Fund to inform you of the proposal to amalgamate the Discovery Target Retirement 2010 Fund ("Merging Fund") with the Discovery Target Retirement 2015 Fund ("Receiving Fund") (together the "Funds"). Please read this carefully, after which you are invited to complete the enclosed ballot form and to send it directly to our auditors, PriceWaterhouse Coopers.

For the amalgamation to become effective, the majority of investors (by value invested) must consent to the amalgamation. Please ensure that your ballot form arrives before midnight on 3 June 2020. We recommend that you vote in favour of the proposed amalgamation, as we believe that this would be in the best interest of all investors.

Re- ballot

This is a re-ballot as the previous application was declined due to all investors not receiving the required ballot form, it is therefore important that all investors study this document carefully and vote.

The enclosed documentation outlines details of the proposed amalgamation, and the process we intend to follow.

Motivation for amalgamation

Portfolio Amalgamation	
Merging Portfolio	Receiving Portfolio
Discovery Target Retirement 2010 Fund	Discovery Target Retirement 2015 Fund

The application for the amalgamation of the Funds is as a result of these two initial Target Retirement Funds becoming sub-scale in assets under management (“AUM”) and having a high Total Expense Ratio (“TER”) as a result.

The Funds were launched in 2007, shortly prior to their anticipated retirement dates. As a result of the short time frame in which to build up assets, these earlier Funds did not build sufficient scale. In addition, as investors retired, there was an increase in withdrawals as investors chose to invest in alternative post-retirement products like annuities. The Merging Fund has an AUM of approximately R28.5 million and the Receiving Fund has an AUM of approximately R94 million as at 31 December 2019.

The sub-scale nature of the Funds and resultant high TER’s has led Discovery to believe that it will be in the best interests of investors in both Funds to amalgamate the Funds. Importantly, the relevant Asset Allocation of these Funds does not differ materially and existing investors will benefit from the lower costs and efficiencies offered by a larger scale fund.

The TER of Receiving Fund will be maintained and no historical costs on the Merging Fund will be carried forward into the Receiving Fund. This, combined with the larger AUM of the Funds once amalgamated, will result in the following estimated TER for the Receiving Fund (as of 31 December 2019):

Fund	Shareclass	Current Annual Management Fee	Post Amalgamation	Current TER (as of 31 December 2019)	Expected Change in TER	Expected TER
Discovery Target Retirement 2010 Fund	A	0.80%	0.85%	2.02%	(0.27%)	1.75%
	B	0.80%	0.85%	1.52%	(0.29%)	1.23%
Discovery Target Retirement 2015 Fund	A	1.00%	0.85%	1.86%	(0.02%)	1.84%
	B	0.85%	0.85%	1.30%	(0.04%)	1.26%

Although the investors in the Merging Fund will experience a 5bps increase in their management fee, this will be offset by the lower TER of the Funds once amalgamated. Accordingly, there is no adverse consequence on investors in terms of costs.

There will also be no change to the investment team responsible for the investment management of the Funds.

Impact to Investors

As state above, the impact to Investors in both funds will be negligible as both funds investment risk are currently maintained as conservative, including having the corresponding Asset allocation.

Comparison between the Funds

The following table shows a detailed comparison between the Funds

	Merging Fund	Receiving Fund
Name	Discovery Target Retirement 2010 Fund	Discovery Target Retirement 2015 Fund
Investment Policy	<p>The objective of the portfolio is to maximize the total real returns comprising both capital and income. The risk profile of the portfolio will vary over the investment term and will be adjusted to suit the anticipated risk profile of the participating investors who are expected to retire close to 2010.</p> <p>The investment risk for the portfolio will be moderately aggressive at the launch date, with a notably lower equity and property exposure than the Discovery Target Retirement 2015 Fund, and will be reduced gradually to conservative over the period up to 2010. After 2010 the investment risk will be maintained as conservative.</p> <p>In order to achieve its objective, the manager will invest in a varying mix of asset classes including JSE listed companies, listed gilts and interest bearing securities, money market instruments, listed property securities, listed derivative instruments, unlisted derivative instruments, unlisted securities and foreign equities, bonds, cash and listed property as legislation permits. The allocation to each asset class will vary depending on the investment risk adopted for this portfolio from time to time.</p> <p>The allocation of investments to be included in the Discovery Target Retirement 2010 Fund will be appropriate for retirement funds.</p> <p>Nothing in this supplemental deed shall preclude the manager from varying the ratio of securities, to maximize capital growth and investment potential in a changing economic environment or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the deed and this supplemental deed;</p>	<p>The objective of the portfolio is to maximize the total real returns comprising both capital and income. The risk profile of the portfolio will vary over the investment term and will be adjusted to suit the anticipated risk profile of the participating investors who are expected to retire close to 2015.</p> <p>The investment risk for the portfolio will be moderately conservative at the launch date with a notably higher equity and property exposure than the Discovery Target Retirement 2010 Fund and will be reduces gradually to conservative up to 2015. After 2015 the investment risk will be maintained as conservative.</p> <p>In order to achieve its objective, the manager will invest in a varying mix of asset classes including JSE listed companies, listed gilts and interest bearing securities, money market instruments, listed property securities, listed derivative instruments, unlisted derivative instruments, unlisted securities and foreign equities, bonds, cash and listed property as legislation permits. The allocation to each asset class will vary depending on the investment risk adopted for this portfolio from time to time.</p> <p>The allocation of investments to be included in the Discovery Target Retirement 2015 Fund will be appropriate for retirement funds.</p> <p>Nothing in this supplemental deed shall preclude the manager from varying the ratio of securities, to maximize capital growth and investment potential in a changing economic environment or market conditions or to meet the requirements, if applicable, of any exchange formally recognised in terms of legislation and from retaining cash or placing cash on deposit in terms of the deed and this supplemental deed;</p>

	<p>provided that the manager shall ensure that the aggregate value of the assets comprising the unit portfolio consists of securities and cash of the aggregate value required from time to time by the Act.</p> <p>The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes. Where the aforementioned schemes are operating in territories other than South Africa, participatory interests or any other form of participation in these schemes, will be included in the portfolio only where the regulatory environment is to the satisfaction of the manager and the trustee as being of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective.</p>	<p>provided that the manager shall ensure that the aggregate value of the assets comprising the unit portfolio consists of securities and cash of the aggregate value required from time to time by the Act.</p> <p>The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes. Where the aforementioned schemes are operating in territories other than South Africa, participatory interests or any other form of participation in these schemes, will be included in the portfolio only where the regulatory environment is to the satisfaction of the manager and the trustee as being of a sufficient standard to provide investor protection at least equivalent to that in. South Africa and which is consistent with the portfolio's primary objective.</p>
Launch Date	6 November 2007	6 November 2007
Portfolio Manager	Rüdiger Naumann	Rüdiger Naumann
Benchmark	South Africa CPI	South Africa CPI
Sector	South African Multi-Asset Target Date Sector	South African Multi-Asset Target Date Sector
Fund Size (as of 31 December 2019)	28,528,595	93,065,226
Share classes	A , B	A , B
Fees	A: 0.80% excluding VAT B: 0.80% excluding VAT	A: 1.00% excluding VAT B: 0.85% excluding VAT Post Amalgamation A: 0.85% excluding VAT B: 0.85% excluding VAT
TER (as of 31 December 2019)	A: 2.02% excluding VAT B: 1.52% excluding VAT	A: 1.86% excluding VAT B: 1.30% excluding VAT Post Amalgamation A: 1.84% excluding VAT B: 1.26% excluding VAT

How the proposed amalgamation affects your investment

Section 99 (3) (a) of the Collective Investment Schemes Control Act stipulates that on the effective date, every investor “in the original scheme or portfolio acquires participatory interest in the new scheme or portfolio, with an aggregate money value as that of the participatory interests held, immediately before the date on which the proposed transaction becomes effective, held in an original scheme or portfolio.”

When the Funds are amalgamated, you will receive replacement participatory interests (units) in the Receiving Fund. The replacement participatory interests will be equal in market or monetary value to the participatory interests held before the amalgamation. The number of participatory interests that you hold may change, however.

Your rights as an investor

The rights of investors are firmly entrenched in the Collective Investment Schemes Control Act and the Deed. In terms of section 99 of the Act, the Financial Sector Conduct Authority (“FSCA”) requires the following:

1. All investors invested in the affected portfolios will be told, in writing, of the details of the proposed amalgamation of the collective investment scheme portfolios.
2. All investors will get the opportunity to vote in favour of or against the proposed amalgamation.
3. An independent auditor will verify the outcome of the ballot.
4. Enclosed is a ballot form(s). Please complete, sign and return the ballot form(s) to our auditors in the enclosed prepaid, self-addressed envelope or email it to reach them by midnight on 3 June 2020.
5. The FSCA will only consent to the amalgamation of portfolios if the FSCA is satisfied that the amalgamation won't be detrimental to investors.
6. If the ballot is successful and you aren't comfortable with the amalgamation proposal, you may switch your investments to any of the portfolios under the Discovery Life Collective Investments at no switching cost, but we have to receive your switching instructions before 31 July 2020. Should you not be comfortable with the proposal and do not wish to switch your investments to any of the portfolios under Discovery Collective Investments, you may elect to redeem your participatory interests at any time and withdraw your money at the net asset value price, as defined in the Deed, subject to it being a discretionary investment. If you choose to redeem or switch your participatory interests, you may be liable for capital gains tax and have to include the amounts of any capital gain or loss on your next income tax return.
7. No capital gains tax (CGT) is payable upon amalgamation.
8. If the ballot is successful and if you do not redeem or switch your investments before 31 July 2020, the amalgamation proposal, to the extent that it is approved by investors, will automatically apply to your investment.
9. Kindly take note that if the amalgamation ballot is unsuccessful, the manager will continue to pursue the amalgamation of the funds by initiating a new ballot process.

Special distributions

If the amalgamation is approved, a special distribution will be declared for each of the Funds on 14 August 2020. The special distributions will be paid out to you or automatically re-invested (depending on your previous instructions to us) on 14 August 2020. Please note that any re-invested distributions will be made into the Discovery Target Retirement 2015 Fund as the Receiving Fund.

We urge investors to vote

Completed ballot forms received before midnight on 3 June 2020 will count towards the ballot. If the proposed amalgamations are approved, then the amalgamation and amendment to the supplemental deed will apply automatically to your unit holding(s).

Summary

You are invited to complete the ballot form. Please send it directly to our auditors before midnight on 3 June 2020. We recommend that you vote in favour of the proposed amendment(s), as we believe that this would be in the best interests of all investors.

Please note that, in terms of the Act, the FSCA will not consent to the proposed amalgamation unless the Registrar is satisfied that investors will not be prejudiced.

If you are in any doubt as to what action to take, please contact your financial adviser or call the Discovery Client Service Centre on 0860 67 57 77.

Regards



Lance Geysler

Chief Operating Officer

Discovery Invest

Your financial adviser's details:

<Financial adviser's name/s> <Financial adviser's surname>

<Intermediary House>

Cellphone: <Financial adviser's cellphone number>

Email: <Financial adviser's email address>

<Franchise name>

Ballot Form for the Amalgamation of the Discovery Target Retirement 2010 Fund with the Discovery Target Retirement 2015 Fund

Kindly complete for the applicable Fund that you are invested in and return before midnight on 3 June 2020.

To: The Auditors, Discovery Invest Collective Investment Scheme
 Fax: +27 (0) 41 391 4617
 Or email: gayshree.moodley@pwc.com
 Or post: PwC, Ascot Office Park, 1 Ascot Road, Port Elizabeth, 6057

If you are signing in a representative capacity, please insert your own name, in which capacity you are signing, and the name of the person/trust/deceased estate/company/close corporation on whose behalf you are signing:

Investors in the DISCOVERY TARGET RETIREMENT 2010 FUND

Investor Details: _____
 Investment Number: _____ (Please enter your investor Reference Number)
 Discovery's letter dated 20 April 2020 refers. I hereby choose to vote as indicated by the X.

Proposed Amalgamation

Merging Portfolio	Receiving Portfolio	Accept	Reject
Discovery Target Retirement 2010 Fund	Discovery Target Retirement 2015 Fund		

Signed at _____ on this _____ day of _____ 2020

 Please sign in full

Investors in the DISCOVERY TARGET RETIREMENT 2015 FUND

Investor Details: _____
 Investment Number: _____ (Please enter your investor Reference Number)
 Discovery's letter dated 20 April 2020 refers. I hereby choose to vote as indicated by the X.

Proposed Amalgamation

Merging Portfolio	Receiving Portfolio	Accept	Reject
Discovery Target Retirement 2010 Fund	Discovery Target Retirement 2015 Fund		

Signed at _____ on this _____ day of _____ 2020

 Please sign in full