

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

<Address Line 1>

<Address Line 2>

<Address Line 3>

<Postal Code>

<System date>

Investment: <Product>

Investment number: <Policy number>

Dear <Owner Title> <Owner Surname>

## Your investment in the Discovery Europe High Five has matured

You invested in the Discovery Europe High Five October 2015 tranche. This is a five-year product that provides exposure to the performance of the 20 largest European equity shares based on their market capitalisation. The product allows you to benefit from the return of whichever five shares (out of the 20) provide the highest return over the five-year term. If an equal weighting of the top five performing shares provides a positive return at the end of the five-year period, the Europe High Five provides an equal weighting of the five-year performance of these top five shares before the effect of any administration fees, financial adviser fees, and taxes, where applicable. The five-year period came to an end on 9 October 2020.

As at 31 July 2020, the cumulative return of the underlying global portfolio of the Europe High Five (October 2015 tranche) was **-2.17%**. However, we are pleased to inform you that the Discovery Europe High Five has significantly outperformed this portfolio over this time, providing an extra 77.26% cumulative gross return compared to the underlying global portfolio. As at 31 July 2020, the cumulative gross return of the Discovery Europe High Five before the effect of fees and taxes was **75.08%**.

### Is there any further tax payable on the proceeds of the Europe High Five?

All returns are treated as a capital gain for tax purposes and taxed at applicable tax rates, making this investment extremely tax-efficient for most clients. Importantly, Discovery will levy all tax on your behalf and pay this over to the South African Revenue Service. To date, you currently have unrealised capital gains of R<xxx> on your investment, which will be taxed and recovered from your policy on **June 2021** or on earlier withdrawal. This amount may change depending on the final settlement unit price.

### What are the benefits of staying invested in my current Endowment Plan?

If you withdraw your investment and reinvest in a new Discovery Endowment Plan, you may have to pay additional costs and a new endowment restriction period will apply. Capital gains tax as well as any

outstanding fees from the 100% allocation will be recovered from your policy when you withdraw. Please also note that boosts will not be given on the new Discovery Endowment Plan if you withdraw and reinvest.

Staying in your investment will not only avoid these costs, but also gives you access to the wide range of funds available on our platform. To view the funds available to switch into on our platform go to our website ([www.discovery.co.za](http://www.discovery.co.za)) and look under **INVESTMENTS > Investment funds**.

#### **What happens to my investment now?**

On 10 October 2020, we began the process to switch the proceeds of your investment in the Discovery Europe High Five into the Discovery Money Market Fund on your Endowment Plan. This process will take up to 12 business days to complete starting on 10 October 2020. Your investment will not earn interest while the investment proceeds are in transit. Afterwards, you can switch your proceeds into any fund of your choice.

#### **Where can I find the full terms and conditions of the Discovery Europe High Five?**

Please refer to the fund fact sheet for the full terms and conditions of the Discovery Europe High Five Fund (October 2015 tranche), available on the Discovery website ([www.discovery.co.za](http://www.discovery.co.za)) under **INVESTMENTS > Investment funds > Choose your Discovery funds > Discovery Europe High Five Fund October 2015 Tranche > View PDF**.

#### **Contact your financial adviser**

Contact your financial adviser for any additional information.

Alternatively, you can call us on 0860 67 57 77 or email us at [invest\\_support@discovery.co.za](mailto:invest_support@discovery.co.za)

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>

#### **FAIS notice and disclaimer**

Discovery is not liable for any actions taken by any person based on the correctness of this information. For full details on the products, benefits and any conditions, please refer to the relevant brochure or fact file. Investors should be aware of the risks when purchasing a financial product, as past performance is not necessarily a guide to the future.

No guarantees are provided and the investor bears the full risk if Absa Bank Limited suspends its business, defaults, or is unable to meet its obligations or for any other reason whatsoever.

This letter is meant as information and must not be taken as financial advice. For tailored financial advice, please contact your financial adviser.

This is not a unit trust; therefore, this fund is not regulated by the Collective Investment Schemes Control Act. For the full index disclaimers, please refer to the relevant product fact file.

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