



The formula for
successful investing

A flurry of accolades as we celebrate our 10-year history

Fresh from celebrating its 10-year anniversary, Discovery Invest is on the accolade trail with one of its flagship funds recently nominated for a Morningstar South Africa fund award, while the asset manager was ranked in the [PlexusCrown Survey as the fourth best CIS management company in South Africa as at end December 2017](#).

The Discovery Moderate Balanced Fund has been named as one of two finalists in the Best Moderate Allocation Fund category in the Morningstar Fund Awards South Africa 2018. This follows shortly after the [Discovery Flexible Property Fund](#) was recently listed as the third top performing unit trust fund in the entire collective investment scheme industry with an annualised return of 15.50% over the last 10 years. The [Discovery Global Value Equity Feeder Fund](#) was the second highest performing fund in the ASISA Global Equity General sector and the fifth highest performing fund in the entire collective investment scheme industry with an annualised return of 13.59% over a three-year period.

Quantitative and qualitative methodology

Morningstar selects the finalists using a quantitative methodology with a qualitative overlay that considers the one-, three-, and five-year performance history of all eligible funds, and adjusts returns for risk using Morningstar Risk, a measure that imposes a higher penalty for downside variation in a fund's return than it does for upside volatility.

Chief Executive Officer of Discovery Invest, Kenny Rabson, proudly notes that Invest's assets under management increased to more than *R75 billion and as at end November 2017:

'We have consistently ranked within the top six retail asset takers by Morningstar despite a difficult and volatile investment environment, and the Discovery Balanced Fund has remained a favourite among investors as evidenced by its ranking in the top 10 takers of retail net flows in the unit trust market as per the Association for Savings and Investment South Africa (ASISA),' he notes.

For the 10 years to end December, the [Discovery Balanced Fund](#) returned a net 10.14% per annum and was

ranked in the first quartile in its category across three, five, seven and 10-year periods. The Moderate Balanced Fund, which has a shorter track record, also delivered solid returns to investors adding a net 10.41% per annum over five years.

This fund was ranked top quartile over both one, three and five years. In terms of strategy, the funds have what we call a unique alpha signature, which means that it generates outperformance differently to other balanced funds. These funds will typically do well in the growth and expansion phase of the stock market and economic cycle. For more information on how to blend these funds with other funds in an investment portfolio, [read here](#).

Offshore boost and positive outlook for global growth

Fund manager, Chris Freund of Investec Asset Management, says during 2017, offshore investments helped the portfolio, with a regional bias leaning toward more cyclical markets such as Europe and Japan.

Looking ahead, Freund says the balanced fund range currently remains constructive on the outlook for global growth. 'We are pleased with the improvement in sentiment towards the outlook for the domestic political and economic environment.

We therefore maintain a reasonable allocation to both domestic and offshore equities and prefer domestic bonds relative to cash,' he says. [Read more](#)

For more information on the Discovery Moderate Balanced Fund, read the fund fact sheet [here](#).

All performance figures are as at end December 2017 and are sourced from Investec Asset Management, Morningstar and Profile Data, unless otherwise stated.
* As at September 2017

Disclaimer

Nothing contained herein should be construed as financial advice and is meant for information purposes only. Discovery Life Investment Services (Pty) Ltd branded as Discovery Invest is an authorised financial services provider. Registration number 2007/005969/07.

What to know before investing in collective investment schemes (unit trusts)

Before you invest in a collective investment scheme, there is important information you should know. This includes how we calculate the value of your investment, what affects the value of your investment, and investment charges you may have to pay. This notice sets out the information in detail. Speak to your financial adviser if you have any questions about this information or about your investment.

What the investment is

This Fund is a Collective Investment Scheme (also known as a unit trust fund) regulated by the Collective Investment Schemes Control Act, 45 of 2002 (CISCA). Collective investment schemes in securities are generally medium- to long-term investments (around three to five years).

Who manages the investment

Discovery Life Collective Investments (Pty) Ltd, branded as Discovery Invest, is the manager of the Fund. Discovery Invest is a member of the Association of Savings and Investment South Africa (ASISA).

You decide about the suitability of this investment for your needs

By investing in this Fund, you confirm that:

- We did not provide you with any financial and investment advice about this investment
- You have taken particular care to consider whether this investment is suitable for your own needs, personal investment objectives and financial situation.

You understand that your investment may go up or down

- 01 | The value of units (known as participatory interests) may go down as well as up.
- 02 | Past performance is not necessarily an indication of future performance.
- 03 | Exchange rates may fluctuate, causing the value of investments with international exposure to go up or down.
- 04 | The capital value and investment returns of your portfolio may go up or down. We do not provide any guarantees about the capital or the returns of a portfolio.

How we calculate the unit prices and value the portfolios

- 01 | We calculate unit trust prices on a net-asset value basis. (The net asset value is defined as the total market value of all assets in the unit portfolio, including any income accrued

and less any allowable deductions from the portfolio, divided by the number of units in issue.)

- 02 | The securities in collective investment schemes are traded at ruling prices using forward pricing. (Forward pricing means pricing all buy and sell orders of units according to the next net-asset value).
- 03 | We value all portfolios every business day at 16:00, except on the last business day of the month when we value the portfolios at 17:00.
- 04 | For the money market portfolio, the price of each unit is aimed at a constant value. This means that all returns are provided in the form of a distribution and that a change in the capital value will be an exception and only due to abnormal losses.
- 05 | Buy and sell orders will receive the same price for that day if we receive them before 11:00 for the money market portfolio and before 14:00 for the other portfolios.
- 06 | We publish fund prices every business day, with a three-day lag, on www.discovery.co.za

About managing the portfolio

- 01 | The portfolio manager may borrow up to 10% of the portfolio's market value from any appropriate financial institution in order to bridge insufficient liquidity.
- 02 | The portfolio manager can borrow and lend scrip.
- 03 | The portfolio may be closed in order to be managed according to the mandate (if applicable).

Fees and charges for this investment

There are fees and other charges for this investment.

The fees and charges that apply to this investment are included in the net asset value of the units and you do not have to pay any extra amounts. These fees and charges may include:

- The initial fund management fee
- Commission
- Incentives (if applicable)
- Brokerage fees
- Market securities tax
- Auditor fees
- Bank charges
- Trustee fees
- Custodian fees

You can ask us for a schedule of fees, charges and maximum commissions.

The total expense ratio

- 01 | "Total Expense Ratio" means a measure of a portfolio's assets that have been expended as payment for services rendered in the management of the portfolio or collective investment scheme, expressed as a percentage of the average daily value of the portfolio or collective investment scheme calculated over a period of a financial year by the manager of the portfolio or collective investment scheme.
- 02 | A percentage of the net asset value of the portfolio is for fees and other charges relating to managing the portfolio. The percentage is referred to as the total expense ratio (TER).
- 03 | A higher TER does not necessarily imply poor return, nor does a low TER imply good return.
- 04 | The current TER is not an indication of any future TERs. If fees go up, the TER is also expected to increase.
- 05 | During any phase-in period, the TERs do not include information gathered over a full year.

Transaction costs

- 01 | Investors and advisers can use transaction costs as a measure to work out the costs they will incur in buying and selling the underlying assets of a portfolio.
- 02 | The transaction costs are expressed as a percentage of the daily net asset value of the portfolio calculated over three years on an annualised basis. (This means the amount of interest an investment earns each year on average over three years, expressed as a percentage.)
- 03 | Transaction costs are a necessary costs in administering the Fund. It affects the Fund's returns. It should not be considered in isolation as returns may also be affected by many other factors over time, including:
 - Market returns
 - The type of fund
 - The investment decisions of the investment manager
 - The TER.
- 04 | Where a fund is less than one year old, the total expense ratio and transaction costs cannot be calculated accurately. This is because:
 - The life-span of the fund is short
 - Calculations are based on actual data where possible and best estimates where actual data is not available.
- 05 | The TER and the TC shown on the fund sheet are the latest available figures.

Discovery Invest

Contact centre 0860 67 57 77 | invest_support@discovery.co.za | www.discovery.co.za



www.discovery.co.za



@Discovery_SA



discoverysouthafrica



Discovery_SA



youtube/DiscoverySA

Discovery Life Investment Services Pty (Ltd): Registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. Terms and conditions apply.