

# Discovery Dynamic Equity Fund

## Minimum Disclosure Document

31 January 2019



### Fund Detail

|                         |  |
|-------------------------|--|
| Portfolio manager       | Grant Irvine-Smith and Terry Seaward   |
| Asset manager           | Investec Asset Management              |
| Launch date             | 21 February 2013                       |
| Sector                  | South African - Equity - General       |
| Benchmark               | FTSE/JSE SWIX All Share Index          |
| Fund size               | R953 450 912                           |
| NAV price               | 134.22c                                |
| Class                   | A                                      |
| Income declaration      | Bi-annually (end of June and December) |
| Historic one-year yield | 1.89%                                  |
| TER                     | 1.90%                                  |
| Transaction cost        | 0.39%                                  |
| Initial fees            | 0.00%                                  |
| Annual fees             | 1.50% (excl. VAT)                      |

### Fund Profile and Strategy

The Discovery Dynamic Equity Fund is a collective investment scheme that aims to give investors long-term investment growth with consistent incremental outperformance. The majority of the fund is invested in South Africa with the balance offshore.

The fund manager uses a unique investment approach to analyse company shares. The fund follows a multi-style investment approach, which combines different investment styles, such as value investing (buying cheap companies and selling expensive ones), growth investing (buying fast-growing companies) and quality investing (buying blue-chip companies). The fund manager's allocation to each investment style changes dynamically depending on market conditions.

### Who Should Invest

This fund is suitable for investors who want exposure to South African and offshore equities and want to invest over the long term.

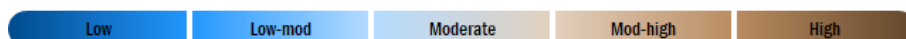
### Why You Would Select This Fund

*Equity investment* - you want a fund that invests in local and offshore shares.

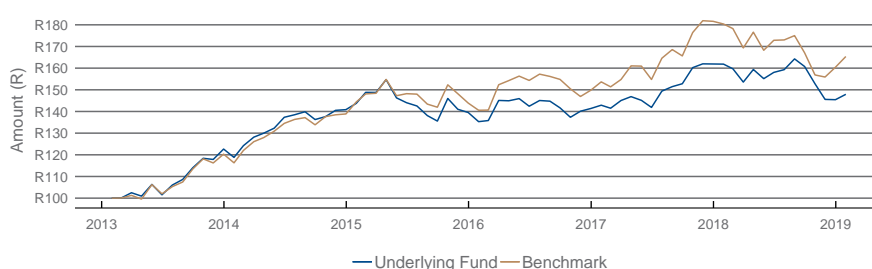
*Risk management* - the fund has a multi-style investment approach and dynamic allocation which results in a rigorous process built around reducing volatility while maintaining its objective to outperform.

*Leading investment expertise* - the manager of this fund, Grant Irvine-Smith, has over a decade experience in investment management. He works for Investec Asset Management and has a BSc in Civil Engineering, an MBA and is a CFA charterholder.

### Risk Profile



### Historical Performance Of Lump Sum Investment



### Historical Performance Table

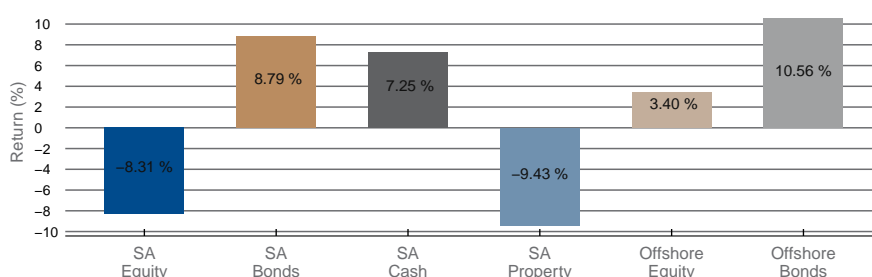
| Period              | Fund   | Benchmark |
|---------------------|--------|-----------|
| 1 year (Ann.)       | -8.61% | -8.31%    |
| 3 year (Ann.)       | 3.02%  | 5.57%     |
| 5 year (Ann.)       | 4.48%  | 7.30%     |
| 10 year (Ann.)      | -      | -         |
| Since Launch (Ann.) | 6.81%  | 8.83%     |
| Since Launch (Cum.) | 47.92% | 65.37%    |

### Risk Statistics Table

| Statistic              | Fund    |
|------------------------|---------|
| Volatility (Ann.)      | 11.88%  |
| Maximum Drawdown       | -17.08% |
| Best Annual Return     | 35.25%  |
| Worst Annual Return    | -10.18% |
| Sharpe Ratio (Rf = 0%) | 0.67%   |
| Information Ratio      | -0.42%  |

Performance figures are calculated using the Total Returns Index (TRI) for a lump sum investment. The TRI is calculated by purchasing and reinvesting units on the declaration date at the Net Asset Value (NAV) price as at the reinvestment date. The TRI on any day is adjusted for NAV movements and dividend declarations.

### Asset Class Returns - 1 year



### Monthly Returns Table - Last 5 Years

| Year | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2019 | 1.7%  | -     | -     | -     | -     | -     | -     | -     | -     | -     | -     | -     |
| 2018 | -0.0% | -1.3% | -3.8% | 3.8%  | -2.7% | 1.9%  | 0.8%  | 3.1%  | -2.1% | -5.0% | -4.7% | -0.1% |
| 2017 | 1.1%  | -1.0% | 2.5%  | 1.2%  | -1.2% | -2.2% | 5.3%  | 1.4%  | 0.9%  | 4.9%  | 1.1%  | -0.0% |
| 2016 | -3.0% | 0.4%  | 6.8%  | -0.1% | 0.7%  | -2.4% | 1.9%  | -0.2% | -2.1% | -3.1% | 2.0%  | 0.9%  |
| 2015 | 2.1%  | 3.5%  | -0.0% | 4.0%  | -5.4% | -1.5% | -1.0% | -3.1% | -1.8% | 7.7%  | -3.4% | -1.1% |

### Geographic Exposure



| Region             | Allocation |
|--------------------|------------|
| Emerging Markets   | 58.5%      |
| Europe ex. UK      | 3.3%       |
| Far East Ex. Japan | 4.4%       |
| Japan              | 1.5%       |
| North America      | 13.3%      |
| United Kingdom     | 16.1%      |
| Other              | 2.8%       |

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31 January 2019



### Top 10 Holdings

| Description            | Weight |
|------------------------|--------|
| Mondi Plc              | 6.5%   |
| Firstrand Bank Ltd     | 5.9%   |
| Sasol Ltd              | 5.6%   |
| Naspers Ltd            | 5.6%   |
| Emira Property Fund    | 4.2%   |
| Spar Group Ltd         | 4.2%   |
| Bhp Billiton Plc       | 4.1%   |
| Reinet Investments Sca | 3.6%   |
| South32 Ltd            | 3.4%   |
| Old Mutual Ltd         | 3.3%   |

### Income Distribution - Last 12 Months

| Date             | Amount |
|------------------|--------|
| 31 December 2018 | 1.01c  |
| 30 June 2018     | 1.69c  |

### Specific Fund Risks

**Currency exchange risk** - Changes in the relative values of different currencies may adversely affect the value of the Fund's investments and any related income.

**Default risk** - There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

**Derivatives risk** - The use of derivatives may increase the overall risk in the Fund by multiplying the effect of both gains and losses. This may lead to large changes in the value of the Fund and potentially large financial loss.

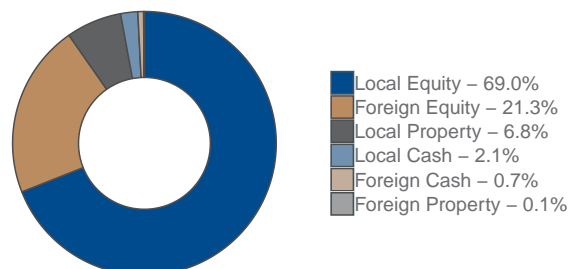
**Developing market risk** - Some of the countries in which the Fund invests may have less developed legal, political, economic and/or other systems. These markets carry a higher risk of financial loss than those in countries generally regarded as being more developed.

**Interest rate risk** - The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.

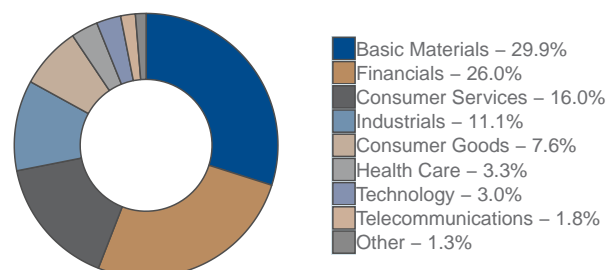
**Multi-asset investment risk** - The Fund is subject to possible financial losses in multiple markets and may underperform more focused funds.

**Third party operational risk** - The Fund's operations depend on third parties. Investors in the Fund may suffer disruption or financial loss in the event of third-party operational failure.

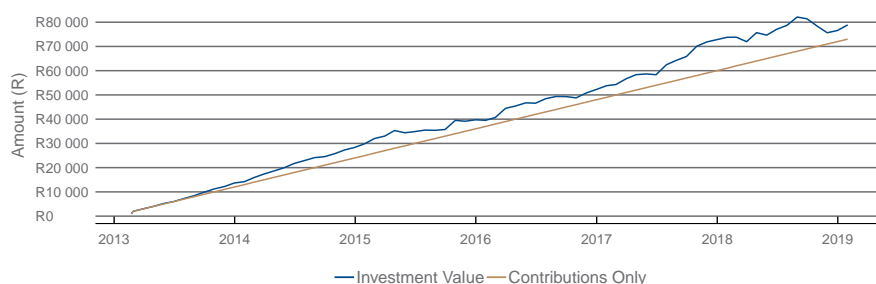
### Asset Allocation Chart



### Sector Allocation Chart



### Historical Performance of Recurring R1000 Monthly Investment



### Historical Recurring Investment Performance

| Period              | Investment |
|---------------------|------------|
| 1 year (Ann.)       | -9.46%     |
| 3 year (Ann.)       | -0.42%     |
| 5 year (Ann.)       | 0.91%      |
| 10 year (Ann.)      | -          |
| Since Launch (Ann.) | 2.58%      |

### Historical Recurring Investment Summary

| Statistic                            | Investment |
|--------------------------------------|------------|
| Total Contributions - Full Period    | R73 000    |
| Final Investment Value - Full Period | R78 890    |

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### Contact Us

#### Discovery

Discovery Life Collective Investments (Pty) Ltd

**Physical address** 1 Discovery Place, Sandton, 2146

**Postal address** PO Box 653574, Benmore, 2010

**Contact centre** 0860 67 5777

**Fax number** 011 539 5777

**Website** [www.discovery.co.za](http://www.discovery.co.za)

Discovery Invest is an authorised financial services provider.

#### Trustee

Standard Chartered Bank

**Physical address** 4 Sandown Valley Crescent, Sandton, 2196

**Telephone number** 011 217 6600

#### Asset Manager

Investec Asset Management

**Physical address** 36 Hans Strijdom Avenue, Cape Town, 8001

Investec Asset Management is an authorised financial services provider.

### Information You Need to Know about Your Investment in This Product

#### Investment Type

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).

#### Investment Manager

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

1. The value of units (known as participatory interests) may go down as well as up.
2. Past performance is not necessarily an indication of future performance.
3. Exchange rates may fluctuate, causing the value of investments with international exposure to go up or down.
4. 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

1. 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.)
2. 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).
3. 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.
4. 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.
5. 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.
6. We publish fund prices every business day, with a three-day lag, on [www.discovery.co.za](http://www.discovery.co.za)

#### About managing the portfolio

1. 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.
2. The portfolio manager can borrow and lend scrip.
3. 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. You can ask us for a complete schedule of fees, charges and maximum commissions. These fees and charges may include:

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

#### The total expense ratio

1. "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.
2. 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).
3. A higher TER does not necessarily imply poor return, nor does a low TER imply good return.
4. The current TER is not an indication of any future TERs. If fees go up, the TER is also expected to increase.
5. During any phase-in period, the TERs do not include information gathered over a full year.

#### Transaction costs (TC)

1. Investors and advisers can use transaction cost (TC) as a measure to work out the costs they will incur in buying and selling the underlying assets of a portfolio.
2. The transaction cost is 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.)
3. Transaction cost is 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 investment decisions of the investment manager
  - The type of fund
  - The Total Expense Ratio
4. Where a fund is less than one year old, the TER and transaction cost 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.
5. The TER and the TC shown on the fund sheet are the latest available figures.