Discovery Medical 2040 Fund

Minimum Disclosure Document

30 September 2026

Discovery Invest

Fund Detail

Portfolio manager	Colourfield Liability Solutions
Launch date	16 January 2017
Benchmark	Post-Retirement Medical Aid Contribution Index
Fund size	R49 936 050
NAV price	10.16c
Class	A
Income declaration	Rolled up within unit price
TER	1.55%
Transaction cost	0.00%
Initial fees	0.00%
Annual fees	1.25% (excl. VAT)

Fund Profile and Strategy

The Discovery Medical 2040 Fund is a uniquely structured fund designed specifically to meet the funding of postretirement medical aid contributions. The objective of the fund is to maximise the likelihood that there will be sufficient assets at retirement (around the year 2040) to provide for the required medical aid contributions for 20 years in retirement. To achieve its objective, the fund will aim to outperform the Post-Retirement Medical Aid Contribution Index.

The Fund is continually adjusted by Colourfield to ensure the correct balance between equity, comprised of the Discovery Top 40+ Fund managed by Discovery Life, and inflation-linked bonds, comprised of a long-duration bond fund and a short-duration bond fund, which are both managed by Colourfield. The ratio between the three funds, and therefore the risk profile of the fund, will vary over the investment term, following the group of investors who have a retirement date close to 2040.

Post-Retirement Medical Aid Contribution Index

The benchmark of the Discovery Medical 2040 Fund is the Post-Retirement Medical Aid Contribution Index, created by Colourfield and Discovery Invest. This unique tailor-made index is the first of its kind in South Africa and is endorsed by Nobel Laureate in Economics, Professor Robert Merton. The index tracks the value of the amount needed today to fund medical aid contributions for 20 years in retirement (after 2040). The calculation of the index takes into account Discovery Health Medical Scheme (DHMS) plan increases, inflation and long-term interest rates.

Contributions Required for Discovery Health Medical Scheme (DHMS) Plans

Shown below are the estimated lump-sum and recurring contributions required today in order to fund medical aid contributions for 20 years into retirement for either a principal only or a principal and spouse, assuming retirement in the year 2040. These figures will be updated from time to time in line with Discovery Health Medical Scheme plan increases and market performance. They can be used as an indication but are not guaranteed. They do not allow for the effects of Discovery Invest's Investment Integration, tax or financial adviser fees since these depend on personal circumstances, but we recommend that the amounts are adjusted to account for these.

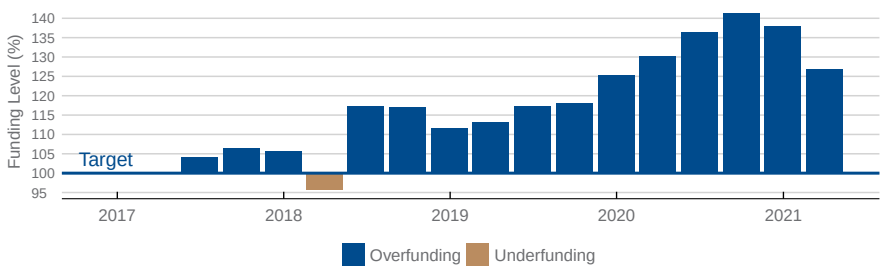
	Principal only		Principal and Spouse	
Discovery Health Medical Scheme Plan	**Lump-sum**	**Recurring**	**Lump-sum**	**Recurring**
Executive	R1 711 107	R9 295	R3 422 214	R18 590
Classic Comprehensive	R1 404 498	R7 630	R2 732 719	R14 845
Classic Delta Comprehensive	R1 264 699	R6 870	R2 461 873	R13 373
Essential Comprehensive	R1 337 724	R7 267	R2 601 173	R14 130
Essential Delta Comprehensive	R1 204 927	R6 545	R2 342 831	R12 727
Classic Smart Comprehensive	R1 360 733	R7 392	R2 616 678	R14 214
Classic Priority	R899 569	R4 887	R1 609 071	R8 741
Essential Priority	R876 061	R4 759	R1 565 055	R8 502
Classic Saver	R761 520	R4 137	R1 362 233	R7 400
Classic Delta Saver	R608 466	R3 305	R1 089 136	R5 916
Essential Saver	R686 243	R3 728	R1 201 176	R6 525
Essential Delta Saver	R547 444	R2 974	R960 591	R5 218
Coastal Saver	R644 479	R3 501	R1 128 900	R6 132
Classic Smart	R603 214	R3 277	R1 079 133	R5 862
Essential Smart	R431 903	R2 346	R863 806	R4 692
Classic Core	R755 768	R4 106	R1 351 980	R7 344
Classic Delta Core	R604 965	R3 286	R1 081 884	R5 877
Essential Core	R649 480	R3 528	R1 136 403	R6 173
Essential Delta Core	R518 934	R2 819	R909 323	R4 940
Coastal Core	R600 963	R3 265	R1 052 123	R5 715

Disability Protector

Upon early retirement due to a disability event, investors may be underfunded for their medical aid liability. The Disability Protector assists investors by providing a boost to their investment of up to 150%. The boost is calculated based on the value in the Discovery Medical 2040 Fund six months prior to the disability event. The size of the boost, shown in the table below, is dependent on the fund value and age at the time of disability, and is paid into the fund.

	Age upon event of disability		
Medical Fund(s) value upon disability	**40 or younger**	**From 41 to 55**	**From 56 to 65**
First R250 000	150%	100%	50%
Next R250 000	100%	60%	35%
Next R250 000	50%	35%	20%
Next R250 000	25%	20%	10%
Next R500 000	15%	10%	5%

Historical Funding Level



Funding Level Statistics

Statistic	**Fund**
Current Funding Level	126.71%
Liability Tracking Error (Ann.)	27.54%

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Top 10 Holdings

Description	Weight
Goldfields Ltd	7.8%
Naspers -n	7.7%
Anglo Gold Ashanti	7.1%
Firstrand	6.4%
Capitec	5.5%
Stanbank	5.5%
Mtn Group	4.9%
Valterra Platinum Ltd	4.3%
Anglo	3.7%
Prosus Nv	2.6%

Asset Class Returns - 1 year

Asset Class	Return
SA Equity	4.6%
SA Bonds	12.8%
SA Cash	7.0%
SA Property	20.2%
Offshore Equity	11.0%
Offshore Bonds	-7.5%

Who Should Invest

The Fund is suited to investors looking to target their postretirement medical aid liability for 20 years in retirement.

Why You Would Select This Fund

Personalised investment approach - to meet your medical aid contributions for you and your family upon reaching your retirement age. The Fund is dynamically managed in order to maximise the likelihood of providing the postretirement medical aid contributions for 20 years starting on or around 2025. This means that the fund is rebalanced on an ongoing basis to allocate between an equity component and an inflation-linked bond component based on changes in fund performance, inflation, actual Discovery Health Medical Scheme (DHMS) increases and long-term interest rates.

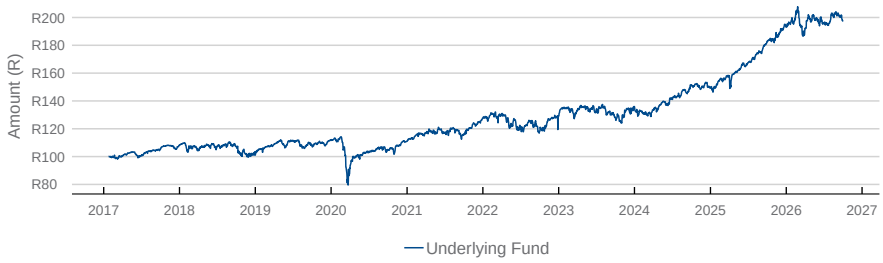
Investment expertise - the manager of the liability-driven investment strategy, Colourfield Liability Solutions, is the largest provider of liability-driven investment strategies in South Africa.

Regulation 28 compliant - the fund complies with Regulation 28 of the Pension Funds Act which governs the maximum allocation a fund may have to risky asset classes.

Risk Profile



Historical Performance Of Lump Sum Investment



Historical Performance Table

Period	Fund
1 year (Ann.)	8.00%
3 year (Ann.)	15.32%
5 year (Ann.)	11.16%
10 year (Ann.)	-
Since Launch (Ann.)	7.26%
Since Launch (Cum.)	97.09%

Risk Statistics Table

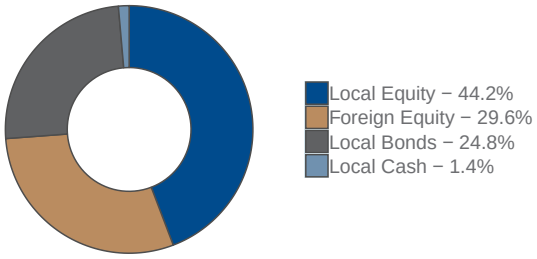
Statistic	Fund
Volatility (Last 3 Years Ann.)	10.13%
Maximum Drawdown	-30.27%
Best Annual Return	33.30%
Worst Annual Return	-15.36%
Sharpe Ratio (Rf = 0%)	0.72
Information Ratio	-

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. The performance is shown as net of asset management fees.

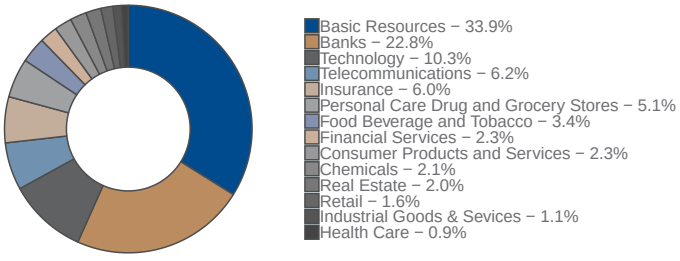
Monthly Returns Table - Last 5 Years

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2026	2.1%	4.1%	-7.2%	4.3%	0.3%	-1.6%	0.6%	2.8%	-2.7%	-	-	-
2025	2.0%	1.1%	2.2%	2.1%	3.0%	1.3%	1.9%	2.5%	4.4%	0.8%	2.6%	2.3%
2024	-2.3%	-1.9%	2.5%	2.4%	0.1%	3.7%	2.5%	1.7%	1.9%	-0.3%	-0.7%	-0.2%
2023	4.0%	-0.9%	-0.4%	2.4%	-2.9%	1.0%	3.1%	-3.8%	-2.8%	-3.5%	8.6%	0.9%
2022	0.3%	2.2%	-0.5%	-1.7%	-0.4%	-4.4%	0.9%	0.1%	-4.2%	2.7%	6.1%	0.7%

Asset Allocation Chart



Sector Allocation Chart



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Boosts, Benefits and Protectors

To see what benefits this fund qualifies for, click **here.**

Contact Us

Discovery

Discovery Life Limited

Physical address	1 Discovery Place, Sandton, 2196
Postal address	PO Box 653574, Benmore, 2010
Contact centre	0860 67 5777
Fax number	011 539 5777
Website	www.discovery.co.za

Discovery Life Limited, registration number 1966/003901/06, is a licensed insurer, and an authorised financial services and registered credit provider, NCR Reg No. NCRCP3555.

Asset Manager

Colourfield Liability Solutions

Physical address	3 Melrose Boulevard, Melrose Arch, Johannesburg, 2196

Colourfield Liability Solutions is an authorised financial services provider.

Information You Need to Know about Your Investment in this Product

What is the investment?

This is not a unit trust therefore this fund is not regulated by the Collective Investment Schemes Control Act.

You understand that your investment may go up or down

1. Past performance is not necessarily a guide to future performance.
2. All returns quoted are after deduction of fund management fees.
3. All returns are in Rands.

Fees and charges for this investment

There are fees and other charges for this investment.

Funds are classified according to annual service fees so each class has its own fee structure.

Performance fees are not applicable.

You decide about the suitability of this investment for your needs

By investing in this Fund, you confirm that:

- Discovery Invest 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.
- this information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended.
- Discovery Life shall not be liable for any actions taken by any person based on the correctness of this information.

Specific risks of this investment

- Default - 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 - 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.
- Interest rate - the value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.
- Third party operational - 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.

This document was published on 14 October 2026.