

Discovery Invest

Fact File

LOCAL ENDOWMENT

Contents

About the Discovery Endowment

Lump-sum contributions

Recurring contributions

Choosing the underlying funds

Family Wealth Consolidator

Business practices



About the Discovery Endowment



Our Endowment is built on the best thinking, the most tax-efficient structures and the best investment strategies so you can take advantage of optimal investment opportunities. This fact file will allow you to understand your Endowment and how you can make it work better for you.

An endowment is a tax-efficient structure where investment growth (interest, rental income and foreign dividends) within your Endowment is taxed at 30% while capital gains are taxed at 12% for individual investors. We will also need to withhold Dividends Tax at a rate of up to 20%. We will calculate and deduct this tax against your investment on your behalf. When you realise your investment at the end of your investment term, no further tax will be payable.

This fact file is designed for your easy reference.

You may select to structure your Endowment with or without a life assured

If you select to have your Endowment structured with a life assured, and the life assured dies before the end of the investment term, the proceeds will become payable to the chosen beneficiaries. If you select to have your Endowment structured without a life assured (i.e. structured as a sinking fund), the investment will continue after the death of the investor until the end of the investment term or until earlier realisation.

In terms of current legislative restrictions one withdrawal is permitted during the first five years of your investment. Any withdrawal in the first five years may not exceed the contributions accumulated at 5% per year compound interest. After five years, you may make withdrawals from your investment as required.

Contributions to the Endowment

You may make a once-off lump-sum contribution or recurring monthly contributions to the Endowment. If you made a lump-sum contribution, then additional (ad hoc) contributions into your investment will not be permitted. In this case a new Endowment will be started for any additional contributions, with another five-year restriction period.

If you have chosen to make recurring monthly contributions, you may also be entitled to make additional contributions into your Endowment. To prevent having to start a new five-year restriction period when an additional contribution is made, the value of any additional contributions is limited so that the total contributions (including additional contributions) in any given investment year will not be more than 120% of the greater of the contributions paid in the previous two years. If the contribution is larger than this, a new Endowment will have to be started with another five-year restriction period.

Conversions, enhancements, updates and new offers

From time to time, we may offer options to you to modify or update your investment to newer versions of benefits, convert your investment into an alternative one (either by starting a new investment or restructuring this existing one), or to take up new offers or enhancements.

Terms and conditions may apply to these options if they become available.

Lump-sum contributions to your Endowment

Investment Boost

The Investment Boost is available on lump-sum contribution Endowments, and provides you with a boost to your initial investment. It is not available on recurring-contribution investments.

Different investment choices qualify for different boost percentages. The boost percentage is tiered and is based on your initial investment size, with larger boost percentages for larger investments as shown in the boost table below.

Boost percentage		
Investment Value	**Qualifying Discovery funds and Cogence Discovery Dynamic Asset Optimiser funds**	**Qualifying Cogence solutions, the Discovery Diversified Income Fund and the Discovery Private Equity Fund**
First R2 million	12.50%	6.25%
Next R2 million	15.00%	7.50%
Next R2 million	17.50%	8.75%
Next R2 million	20.00%	10.00%
Next R2 million	35.00%	17.50%
Above R10 million	20.00%	10.00%

Qualifying Discovery funds include the Discovery range of funds, except the Discovery Money Market Fund, the Discovery Diversified Income Fund and the Discovery Private Equity Fund.

Qualifying Cogence solutions include all Cogence funds, except the Cogence Income Fund.

The list of funds as well as the boost table may be updated from time to time.

The boost percentage is calculated for each of your investment choices and the total boost percentage is applied to your total contribution to determine your initial boost. A minimum investment size is required to qualify for the Investment Boost. Your boost value will be shown on your investment schedule. The Investment Boost will grow at a rate of 4.2% compounded each year.

After five years, you will have the option of withdrawing 25% of the boost plus growth, or reinvesting it into your Endowment. After 10 years the remainder of the boost plus growth will become available to you.

Rules for the Investment Boost

What if I switch my money into or out of qualifying funds?

When you make a switch on your investment, the total boost percentage across all your investment choices will be recalculated.

- If this boost percentage has reduced after the switch, the Investment Boost will be reduced proportionally.
- If this boost percentage has increased after the switch, the Investment Boost will not be re-calculated and will remain the same.

What if I withdraw my money from my Endowment?

The boost will be reduced proportionally if you withdraw from your investment. If the total value of your Endowment falls below the minimum amount required for the boost as a result of a withdrawal, your boost will fall away.

What if I die?

Any outstanding boost that has not been paid to you will fall away on your death before the end of the first 10 years.

EXAMPLE

John invests R5 000 000 into an Endowment.

He has chosen to invest half his money in qualifying Discovery funds and the other half in the Discovery Diversified Income Fund.

Based on this initial investment, John will qualify for a boost percentage on his qualifying Discovery funds equal to:

(2 000 000 x 12.5% + 2 000 000 x 15% + 1 000 000 x 17.5%) ÷ 5 000 000 = 14.5%.

The boost percentage on his Discovery Diversified Income Fund will be equal to 7.25%.

The total boost percentage for John's investment is 50% x 14.5% + 50% x 7.25% = 10.875%.

John's Investment Boost will therefore become: R5 000 000 x 10.875% = R543 750. John's investment of R5 000 000 will grow in line with the funds he chooses. The boost of R543 750 will grow at 4.2% per year, with 25% of it paying into his Endowment after five years and the remaining amount paying after 10 years.

Protection Boost on death (LifeBooster)

This benefit increases the investment value of the Endowment policy by up to 15% in the event of a qualifying death. The increase depends on the investor's Vitality status on the last policy anniversary before death. This benefit will also apply to recurring Endowments. The applicable percentages are shown in the table below.

Vitality status	Increase
None	5%
Blue	6%
Bronze	8%
Silver	10%
Gold	12%
Diamond	15%

Note: If the investment is owned by a non-natural entity, the Vitality status of the life assured will determine the applicable percentage.

Qualifying deaths

A death qualifies for the LifeBooster benefit if all the following conditions are met:

- It is accidental
- It occurs within five years of the benefit start date.
- The deceased is either:
  - The life assured (if applicable), or
  - The investor (if no life assured is named).

An accidental death is one that results from a sudden and unexpected event, that occurs at a known place and time, and has a visible, violent, and external cause.

Benefit start date

The benefit start date will be the policy start date, unless the life assured, or investor (if no life assured is named) is younger than 14 years of age on the policy start date. In such cases, the benefit start date will be deferred to the date of that individual's 14th birthday.

Exclusions

LifeBooster does not apply:

- If death is self-inflicted, or due to suicide or assisted suicide
- If the deceased is under 14 years of age at the time of death
- If the investor dies and a separate life assured is named on the policy
- To any other boosts that may be applicable to the Endowment policy.
- If death occurs more than five years after the benefit start date.

Phasing in your lump-sum contribution

Lump-sum contributions may be phased in monthly via the Discovery Money Market Fund or the Discovery Diversified Income Fund. (These are known as phase-in funds.) If you want to phase in your investment, the full contribution amount will be invested into your phase-in fund. The contribution amount (plus interest) will be divided by the number of phase-in periods you chose and the amount derived will be withdrawn in the first month from the phase-in fund and invested proportionately in the investment options selected.

In the second month, the remaining amount will be divided by the number of phase-in periods remaining and invested. This will continue until all the money is phased in. You can choose to phase your investment in over a period of 3, 6, 9 or 12 months.

Your selected phase-in period (if applicable) is reflected on your investment schedule.

Please note that if you phase in from the Discovery Money Market fund, the Investment Boost will not apply.

Fees applicable to your Endowment

Certain fees will be payable on your Endowment.

The fees are categorised into initial fees and annual fees and are payable to:

- Discovery Invest for administering your investment
- Your financial adviser for performing financial planning on your behalf
- The investment managers to the underlying investment choices you have selected.

Initial fees

Discovery Invest initial fees
if you are making a lump-sum contribution into your Endowment, your initial fee is based on the size of your contribution.

If you invest more than R600 000 you will pay no initial fees.

If you invest less than R600 000, you will pay fees on a tiered structure as follows:

Contribution amount	Initial fees as a percentage of contribution amount
First R100 000	1.75%
Next R250 000	1.20%
Next R250 000	0.60%

The figures in the table will be increased by an amount equal to the prevailing rate of VAT.

100% allocation or upfront payment
You can choose the 100% allocation option when making a lump-sum investment, which means that you avoid the initial fees payable to Discovery Invest and your financial adviser being deducted from your investment upfront. The value of the fees are instead increased and paid in monthly instalments over the next five years. However, if you exit your plan within the first five years, unpaid fees resulting from the 100% allocation will be charged on your plan.

The amount that you will have to pay over the five years is the Discovery initial fee and the financial adviser initial advice fee (including VAT if applicable) multiplied by 1.262. This is divided over 60 months and paid in level monthly instalments. If you choose this option, 100% of your initial contribution amount is allocated to the underlying investment options at inception of your contract.

Financial adviser initial advice fee
On a lump-sum contribution, your financial adviser may charge an initial advice fee as a percentage of your contribution amount, which we will pay over to your financial adviser from your contributed amount. You can negotiate with your financial adviser to determine your initial advice fee.

EXAMPLE

Example of how the fee calculation works:

Lump-sum contribution

On a lump-sum contribution of R75,000, based on the Discovery Invest initial fee scale, the fee of 2.0125% (incl VAT) amounts to R1,509.38.

Assuming that you and your financial adviser agreed to a 2.3% (inclusive of VAT) financial adviser initial advice fee on your initial R75,000 contribution, that works out to an additional cost of R1,725.

So if you paid your Discovery Invest initial fee and financial adviser initial advice fee in one go, you would pay the sum of these two amounts:

Discovery invest initial fee	R1,509.38
Financial adviser initial advice fee	R1,725.00
Total initial fees	**R3,234.38**

Therefore, with your initial contribution of R75,000 – less fees – an amount of **R71,765.62** would be invested into your underlying fund choices.

What if you chose 100% allocation?

If you rather chose to pay the Discovery Invest initial fee and financial adviser initial advice fee over five years, so that the total contribution of R75,000 is invested into the underlying fund choices, you will then pay the total initial fee of R3,234.38 multiplied by 1.262, over five years.

R3,234.38 x 1.262 = R4,081.79

So instead of paying R3,234.38 immediately, you will instead pay R4,081.79 spread over 60 monthly instalments of R68.03.

In this example, the fee remains constant at R68.03 for the 60 months.

Investment manager initial fees
Please remember that certain investment management companies may charge initial fees for investing in their funds.
The initial fees applicable to each fund can be found on the respective fund fact sheets available on **www.discovery.co.za**.

Annual fees

Discovery Invest yearly administration fee
The yearly fee charged for administering your lump-sum Endowment is 0.55% of your investment fund. This fee will be divided by 12 and deducted monthly. The fee will be increased by an amount equal to the prevailing rate of VAT.

Financial adviser annual advice fees
Your financial adviser may also charge an annual advice fee as a percentage of your investment fund value for managing your investment fund. Units will be redeemed on a monthly basis for this as 1/12th of the advice fee selected, increased by VAT. Discovery Invest will deduct these from your investment on behalf of Discovery Life and pay these over to your financial adviser.

Investment manager annual fee
The investment managers to your underlying investment choices will normally charge an annual management fee as a percentage of your investment in their fund. This fee is divided by 365 and deducted daily in the unit prices provided by the investment manager to Discovery Invest. The annual fees that apply to each fund can be found on their respective fund factsheets available on **www.discovery.co.za**.

Vitality Money Payback
Through the Family Wealth Consolidator you may qualify for a Vitality Money Payback that is paid into your investment each year. Your Payback is based on:

- A percentage of the investment management fees charged on certain funds
- Your Discovery Bank product and Vitality Money status
- The total amount that you and your family group have invested in qualifying Discovery or Cogence funds.

Terms, conditions and limits apply. Visit the Discovery website for more information.

Fee and benefit reviews

Fees, boosts and any benefits quoted at inception are not fixed and may be reviewed during the investment contract term.

Before any change, we will inform you in writing about the changes, as well as the options available to you.





Recurring contributions to your Endowment

Contribution Waivers

You can purchase Contribution Waivers for severe illness or disability on a Discovery **recurring contribution** Endowment. This ensures that your contributions continue in the event of ill-health or disability.

This benefit waives all contributions and automatic contribution increases until the end of the contract term or age 65 next, if earlier, in the case of a claim. The premium for the Contribution Waiver, as well as the cover for the Contribution Waiver will expire at the end of the contract term or the investment anniversary preceding age 65.

For the Contribution Waivers to apply, the investor must satisfy the Category A criteria of the Capital Disability Benefit or Severity A criteria of the Severe Illness Benefit (as defined in the Discovery Life Plan Guide). The premium for the Contribution Waiver benefit is a percentage of the Endowment Plan contributions and will be deducted before the remaining amount is invested.

Medical exclusions you are not covered for

Claims will not be admitted for conditions, physical defects, illnesses, bodily injuries or diseases that you have suffered from, were aware of, or have received medical treatment or advice for during three years prior to the commencement of the Contribution Waiver benefit.

Annual contribution increases

If you've chosen recurring contributions, you can also choose to have an annual automatic contribution increase (ACI) added to your investment. This means that your contributions will increase each year on the anniversary of your Endowment by the ACI option selected.

You can choose an ACI of 0%, CPI, 10%, 15% or 20% per year.

Definition of CPI

CPI is defined as the latest available CPI at the time of producing the investment anniversary letters and is capped at 15% per year.

Remember that at the end of the term of your investment, you may choose to continue or stop your contributions. You also have the choice of whether to keep your investment with us or to realise your investment.

Discovery Invest fees and financial adviser fees

The way fees are charged for recurring contributions (monthly or annually) are different to that of lump-sum contribution fees. There are two possible fee structure options.

Option 1

Discovery Invest annual administration fees, including commission recoupment
You pay an annual fee of 3.5% of the size of your investment fund. This will be increased by an amount equal to the prevailing rate of VAT. This is an annual fee, so the amount is divided by 12 and charged monthly. A portion of this fee is used to recoup the cost of the commission that we pay to your adviser at the start of your investment.

Fee refund
You also qualify for a refund every five years of a portion of all Discovery Invest annual administration fees paid in the previous five years. This proportion is 45% on qualifying funds, and 20% on other funds.

Qualifying funds consist of Discovery funds (excluding the Discovery Money Market Fund), Cogence Discovery Dynamic Asset Optimiser Funds and Target Retirement Date Funds. The list of qualifying funds may be updated from time to time.

Each refund includes investment growth accrued on the fees paid in the five-year period.

Reducing or stopping your contributions or surrendering your investment
If you reduce or stop your contributions before the end of the investment term, or make a withdrawal from your investment before the end of the term of your investment, we may levy an early exit fee.

- If you surrender your investment or stop paying your contributions (make your investment paid up), this fee will be a maximum of 15% of your investment fund in the first month, reducing linearly to zero over five years.
- If you reduce your monthly contribution, the exit fee will be applied as described above but will only be applied to a portion of the investment fund. This portion is equal to the percentage reduction in your contribution.
- If you reduce your contributions or make a partial withdrawal, the cumulative balance of the fee refund will be proportionately reduced.
- If you stop your contributions or make a full withdrawal, all future fee refunds will cease.

Option 2

Financial adviser initial advice fee
Your financial adviser may receive initial fees as a percentage of your contribution as-and-when you pay your contribution. This will also be deducted from the contribution you pay. If you only pay a contribution once a year, your financial adviser will only receive the financial adviser's fee once a year.

Discovery Invest annual administration fees
You pay an annual administration fee based on your investment fund size.

Investment fund size	Discovery Invest annual administration fee
First R250 000	0.75%
Next R250 000	0.65%
Next R250 000	0.60%
Next R250 000	0.45%
Over R1 million	0.30%

These are annual fees, so the fee is divided by 12 and charged monthly. These fees will be increased by an amount equal to the prevailing rate of VAT.

Your financial adviser may also charge an annual advice fee as a percentage of your investment value. This will be deducted in addition to the annual fees above. Discovery Life will deduct these fees from your investment on behalf of Discovery Invest and pay these over to your financial adviser.

Reducing or stopping your contributions or surrendering your investment
You will not pay any early exit fees or paid-up fees if you stop or reduce your contributions or surrender your investment.

Fees payable to the investment manager (Option 1 and Option 2)

Please remember that certain investment management companies may charge initial fees for investing in their funds. The investment managers will also normally charge an annual management fee as a percentage of your investment in their fund. This fee is divided by 365 and deducted daily in the unit prices provided by the investment manager to Discovery Invest.

The initial and annual fees applicable to each fund can be found on the respective fund fact sheets available on **www.discovery.co.za**.

Fee and benefit reviews

Fees and any benefits quoted at inception are not fixed and may be reviewed during the investment contract term.

Before any change, we will inform you in writing about the changes, as well as the options available to you.



Choosing the underlying funds

Investment choices that are available

Your contributions to the Endowment will be invested in the underlying investment options that you have selected. The investment options selected and the apportionment of the contributions between these investment options will be reflected on your investment schedule.

If any of the underlying investment options are capped or cease to exist, we may switch your investment into an alternative and request an instruction for a new selection from you.

Our range of investment options

Discovery funds

Our range of funds caters for a full range of risk profiles. There are single-manager unit trust funds which offer flexibility and control for clients with specific investment objectives, while the multi-manager funds and model portfolios offer solutions for clients who want an additional layer of investment manager diversification.

We have partnered with Ninety One SA (Pty) Ltd, one of South Africa's leading asset managers to manage the range of single-manager Discovery funds.

Through our association with international banks, we are able to provide investors with access to new-generation investment methodologies. Depending on the structure chosen, you are able to get exposure to local, as well as global returns. Because these are not unit trusts, they are not regulated by the Collective Investment Scheme's Act.

Cogence Model Portfolios

Cogence Model Portfolios leverage the expertise of a full range of local and international asset managers, offering a range of risk-profiled solutions. These are advised by BlackRock and RisCura.

External funds

We also offer access to a wide range of external investment managers' funds to provide flexibility in your investment choice. These are considered "other funds" for the Investment Boost and fee refund benefit.

Switching between investment options

You may switch between investment choices at any time, subject to our practice at the time.

A switch will be subject to any initial fees levied by the investment managers to which the funds are switched. Switches may affect the Investment Boost and the fee refund benefit.

Family Wealth Consolidator

The Family Wealth Consolidator rewards you and your family for building and growing wealth together through a range of powerful benefits. It also gives you a single view of your family's collective wealth.

Speak to your financial adviser or visit the Discovery website to learn more, including how to create or join a family group and the terms and conditions that apply.

Business Practices

How should I issue instructions to Discovery Invest?

Instructions may be given online through our website at **www.discovery.co.za** or in writing using the relevant forms where applicable. Written instructions must be sent to us by email to **invest_support@discovery.co.za.** You may request the forms by calling us on **0860 67 57 77** or by emailing us at **invest_support@discovery.co.za.** We may require additional supporting documents for certain instructions.

Will I receive regular benefit statements on my investment?

We will provide a quarterly statement reflecting your investment values during a specified period (or previous quarter). You can view all the details of your investment at any time, including your Investment Boost, by logging in to our digitally enabled website at **www.discovery.co.za.**

What happens if an investment choice that I selected is unavailable?

It may happen that we are unable to continue offering a certain investment option as an investment choice. If this happens, we will inform you accordingly and request an instruction to select a new investment choice. If you don't make a choice, we will switch your investment into an alternative investment that is available.

Misrepresentation

The information given to us in your application form, or any other documentation that you provide in support of your application, forms the basis upon which your investment is issued.

If you fail to disclose any information, or provide false information or distort information when applying for your investment, we will be entitled to suspend your cover from the start date of your investment. In addition to this, we will also be entitled to:

- Refuse to pay out any current or future claims that are related to the misrepresentation or non-disclosure
- Adjust your premium or contribution from the date of the misrepresentation or non-disclosure
- Recover monies already paid to you for claims that relate to the misrepresentation or non-disclosure
- Cancel certain benefits or your entire investment with immediate effect, and retain any premiums or contributions paid to us or Discovery Life as a penalty.

Business Practices (cont.)

Fraud

Your investment and all its benefits will be cancelled should you:

- Submit a fraudulent claim
- Use any fraudulent means or devices to make your claims
- Provide false information in order to obtain a benefit
- Knowingly allow anyone acting on your behalf to provide false information in order to obtain a benefit
- Deliberately and wilfully conspire to cause the illness or disability that gives rise to a claim.

Consent to disclosure

You have to consent to the exchange of information, including medical information, between Discovery Invest, Discovery Life, Discovery Health, Discovery Health Medical Scheme, Discovery Insure, Discovery Bank, any medical practitioner you have consulted, or any other life insurance office.

General CIS Disclosure

Collective Investment Schemes (unit trusts) are generally medium to long-term investments. The value of participatory interests (units) or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending (i.e. borrowing and lending of assets). The manager does not provide any guarantee, either with respect to the capital or the return of a portfolio. Any forecasts and/or commentary in this document are not guaranteed to occur. Different classes of participatory interests apply to these portfolios and are subject to different fees and charges. A schedule of all fees and charges, inclusive of VAT and maximum commissions, is available on request from us or from your financial adviser. Forward pricing is used.

Contact details

Please remember that in addition to talking with your financial adviser, if you have any questions or service needs, you can call us on **0860 67 5777.**

You can also visit **www.discovery.co.za** for additional resources.



Discovery Invest

Discovery Invest

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

Discovery Life Investment Services Pty (Ltd), registration number 2007/005969/07, branded as Discovery Invest, is an authorised financial services provider. All life assurance products are underwritten by Discovery Life Ltd, registration number: 1966/003901/06, a licensed Life Insurer and an authorised financial service provider and registered credit provider, NCR Reg No NCRCP3555. All boosts are offered through the insurer, Discovery Life Limited. The insurer reserves the right to review and change the qualifying requirements for boosts at any time. Product Rules and Terms and Conditions Apply.

RCK_120743DI_29/09/2026_V9