

# Discovery Global Value Equity Feeder Fund: A leading fund within the entire ASISA industry

As at 31 December 2017

## Top-performing results

The Discovery Global Value Equity Feeder Fund has been performing exceptionally well. Its performance has been strong both relative to its peers as well as relative to all the funds in the entire collective investment scheme industry.

As at 31 December 2017, it is the:

- **Fifth highest-performing fund** in the entire collective investment scheme industry over three years
- **Second highest-performing fund** in the ASISA Global Equity General Sector over three years

## Article published in Weekend Argus

An article was published in the Weekend Argus paper in October 2017 stating that as at 30 September 2017, the Discovery Global Value Equity Feeder Fund was the:

- **Highest-performing fund** in the entire collective investment scheme industry over the past year, with a performance return of 31.86%
- **Fourth highest-performing fund** in the entire collective investment scheme industry over a three-year period, with an annualised performance return of 17.10%

Source: Profile Data.

### Top 10 collective investment schemes over three years as at 31 December 2017

Top 10 Funds	Three year annualised % return
1. Absa Property Equity A	22.24%
2. Prescient China Balanced FF A3	21.11%
3. Allan Gray - Orbis Global Equity FF	18.82%
4. Sygnia Itrix MSCI Japan ETF	18.17%
<b>5. Discovery Global Value Equity FF</b>	<b>18.17%</b>
6. Sygnia Itrix MSCI USA ETF	17.65%
7. Old Mutual Global Equity A	17.48%
8. Long Beach Flexible Prescient A3	17.26%
9. Capital Incubator BCI WW Flexible FoF	16.97%
10. AF Investments Global Equity FF	16.85%
11. ABSA Global Value FF A	16.52%

## Why clients should invest in this fund:

---

The Discovery Global Value Equity Feeder Fund takes a value strategy towards investing. A value strategy seeks to invest in stocks that are considered undervalued in price, based on fundamental characteristics. In particular, the Discovery Global Value Equity Feeder Fund aims to achieve long-term capital growth by investing in shares of companies around the world. The research team selects high - quality stocks, that must meet certain minimum criteria before the fund manager will invest in them.

The Discovery Global Value Equity Feeder Fund provides clients with diversification of currencies by investing in euros, yen, dollars and other currency denominated equities and hence provides clients with a hedge against a depreciating rand. The fund is predominantly invested in developed countries providing diversification from the South African economy.

## What has led to its exceptional performance

---

The main contributor to the exceptional performance of the Discovery Global Value Equity Feeder Fund was the overweight allocation to US banks, namely Bank of America and Citigroup. This strong performance was a result of US financials soaring towards the end of 2016, banks receiving support in 2017 after they passed the US Federal Reserve's stress tests, and the hawkish interest rate approach from key developed market central banks.

The Discovery Global Value Equity Feeder Fund also had exposure to certain companies that performed excellently. WorleyParsons, an Australian oil and gas engineering company, added to returns, reaping the benefits of a strong rally in oil prices. The Anglo-Irish builders' merchants business, Grafton Group, also contributed to the strong returns. The company's strong market position in Ireland is now benefiting from an economic recovery and its Selco business in the UK is growing strongly.

---

# Disclaimer

This document should not be seen as financial advice.

## 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](http://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 total expense ratio does not necessarily imply a poor return, nor does a low total expense ratio imply a good return.
- 04 | The current total expense ratio is not an indication of any future total expense ratios. If fees go up, the total expense ratio is also expected to increase.
- 05 | During any phase-in period, the total expense ratios 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 cost is a necessary cost 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 total expense ratio.
- 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 total expense ratio and the transaction costs shown on the fund sheet are the latest available figures.

Discovery Invest

Contact Centre 0860 67 57 77 | [invest\\_support@discovery.co.za](mailto:invest_support@discovery.co.za) | [www.discovery.co.za](http://www.discovery.co.za)



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



[@Discovery\\_SA](https://twitter.com/Discovery_SA)



[discoverysouthafrica](https://www.facebook.com/discoverysouthafrica)



[Discovery\\_SA](https://www.instagram.com/Discovery_SA)



[youtube/DiscoverySA](https://www.youtube.com/DiscoverySA)

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