



# Discovery Limited

## CIS disclosures: Long only portfolios (CIS in securities)

### RISKS (PORTFOLIO SPECIFIC)

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**Derivatives:** There is no assurance that a portfolio's use of a derivative strategy will succeed. A portfolio's management may employ a sophisticated risk management process, to oversee and manage derivative exposures within a portfolio, but the use of derivative instruments may involve risks different from, and, in certain cases, greater than, the risks presented by the securities from which they are derived.

**Exposure to foreign securities:** Foreign securities within portfolios may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

**Money market portfolios:** A money market portfolio is not a bank deposit account. A constant price (CNAV) is applied to a participatory interest. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument, and in most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures, and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.

**Fund of funds:** A fund of funds is a portfolio that invests in portfolios of collective investment schemes (unit trusts) that levy their own charges, which could result in a higher fee structure for the fund of funds.

**Feeder funds:** A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.

**Drawdown:** The potential magnitude of loss - the largest peak-to-trough decline in returns over the period, also known as the maximum drawdown.

**Liquidity:** The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).

**Equities:** The value of equities may vary according to company profits and future prospects, as well as more general market factors. In the event of a company default, the owners of their equity rank last in terms of any financial payment from that company.



**Bonds:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises. Bonds issued by major governments and companies, will be more stable than those issued by emerging markets or smaller corporate issuers. If an issuer experiences financial difficulty, there may be a risk to some, or all, of the capital invested. Any historical or current yields quoted should not be considered reliable indicators of future performance.

For a detailed description of these risks, and other risks that are relevant to the portfolio, please refer to the CIS RISK DISCLOSURE DOCUMENT, available on the website [www.discovery.co.za](http://www.discovery.co.za).

## GENERAL

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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.

## REDEMPTIONS

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The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The ability of the portfolio to repurchase, is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity, and the manager must keep the investors informed about these circumstances.

## YIELDS

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The yield for bond, income and money market portfolios is historic and is calculated quarterly.

## PRICES

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The latest prices and TERs are published daily in the Business Report (South Africa's National Financial Daily) and are made available on our website [www.discovery.co.za](http://www.discovery.co.za).

## PERFORMANCE FEES

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Performance fees are not levied on the portfolios.

## PERFORMANCE RETURNS

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Lump-sum performance returns are being quoted. Income distributions, prior to deduction of applicable taxes, are included in the performance calculations. NAV to NAV figures have been used for the performance calculations, as calculated by the Manager at the valuation point defined in the deed, over all reporting periods. Investment performance calculations are available for verification upon request by any person. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. The performance is calculated for the fee class. The individual investor performance may differ, as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The rate of return is calculated on a total return basis, and the following elements may involve a reduction of the investor's capital: interest rates, economic outlook, inflation, deflation,



economic and political shocks or changes in economic policy. Annualised returns are period returns re-scaled to a period of one year. This allows investors to compare returns of different assets that they have owned for different lengths of time. All period returns greater than one year have been annualised. Returns for periods less than one year have not been annualised. A cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period of time involved. Actual annual figures are available to the investor on request. Illustrative investment performance is for illustrative purposes only.

## VALUATIONS AND TRANSACTION CUT-OFF TIMES

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Pricing date is daily, except weekends and public holidays. Valuation point is at 16h00 on each pricing date, except at month-end, where it will be at 17h00. Offers to repurchase participatory interests must be received by 16h00 on each pricing date.

## ADDITIONAL INFORMATION

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For additional information on the portfolio, refer to the following documents, available on our website [www.discovery.co.za](http://www.discovery.co.za), from your financial adviser, or on request from the manager, free of charge.

- Application forms
- Annual report
- Fee schedule
- Quarterly General Investor Report

## COMPLAINTS AND CONFLICTS OF INTEREST

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The complaints policy and procedure, as well as the conflicts of interest management policy, are available on our website [www.discovery.co.za](http://www.discovery.co.za). Associates of the manager may be invested within certain portfolios, and the details thereof are available from the manager.

## CLOSURE OF THE PORTFOLIO

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The manager has the right to close certain portfolios to new investors, in order to manage them more efficiently, in accordance with their mandates.

## CONTACT DETAILS

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### **CIS Manager**

Discovery Life Collective Investments (Pty) Ltd, registration number 2007/008998/07, 1 Discovery Place, Sandton, 2196, [www.discovery.co.za](http://www.discovery.co.za). The manager is registered as a manager of collective investment schemes, in terms of the Collective Investment Schemes Control Act. The manager, through Discovery Holdings Limited, is a member of the Association for Savings and Investment South Africa (ASISA).

### **Trustee**

Standard Chartered Bank (Johannesburg Branch), registration number 2003/020177/10, 2nd Floor, 115 West Street, Sandton, 2196, P O Box 782080, Sandton, 2146, [www.standardchartered.com/za](http://www.standardchartered.com/za). The trustee is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act.

Investment Manager of the Discovery Aggressive Dynamic Asset Optimiser Fund of Funds, Discovery Conservative Dynamic Asset Optimiser Fund of Funds, and the Discovery Moderate Dynamic Asset Optimiser Fund of Funds.

Riscura Invest (Pty) Ltd, registration Number 2009/015999/07, FSP number 40909, Monclare Place corner Campground & Main Road, Claremont, Cape Town, P O Box 23983, Claremont, 7735, 021 6736999.



**Investment Manager of all other portfolios**

Ninety One, registration number 1984/011235/07, FSP number 587, 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001, [www.ninetyone.com](http://www.ninetyone.com), 0860 110 161.

The investment managers are authorised Financial Services Providers (FSP), as discretionary FSPs, in terms of Section 8 of the Financial Advisory and Intermediary Services Act (FAIS). This information is not advice, as defined in FAIS. Please be advised that there may be representatives acting under supervision.