

Discovery Balanced Fund



Minimum Disclosure Document Portfolio details

as at 31 December 2017

Portfolio performance

Fund Profile and Strategy

The Discovery Balanced Fund uses a stand-alone multi-asset strategy with prudential international exposure. The investment process is based on a balanced research process. The fund aims to achieve high returns over the long term with moderate volatility. The fund further aims to produce steady, stable growth in income and capital values in a balanced manner.

The fund may invest in JSE listed companies, listed gilts and interest bearing securities, money market instruments, listed property companies or securities, listed derivative instruments, participatory units in collective investment schemes and foreign investments.

Who should invest

This fund is suitable for investors looking to access a diversified mix of asset classes and steady, stable growth over the long term.

Why you would select this fund

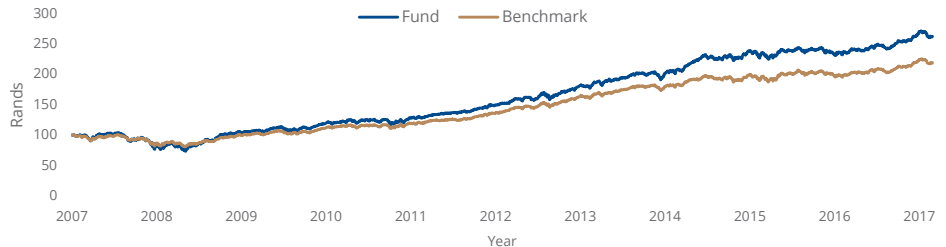
- Diversification - You are looking for an investment that is diversified across multiple asset classes.
- Targeted higher performance - You require a fund that aims to deliver high returns at moderate levels of volatility.
- Leading investment expertise - the manager of this fund, Chris Freund, has over 2 decades of experience in investment management. Chris works for Investec Asset Management and holds a Bachelor of Commerce degree from the University of Cape Town and a bachelor of Computations (Honours) (Certificate in Theory of Accounting) degree from the University of South Africa. He is a qualified CA (SA) and a CFA charterholder.

Fund Data

Launch date	05 November 2007
Portfolio manager	Chris Freund of Investec Asset Management
Sector	South African - Multi Asset - High Equity
Benchmark	Peer group average
Fund size	R22,331,743,360
NAV price	212.86 cents
Class	A
Income declaration	Bi-annually (end of June and December)
Historic one-year yield	2.16%
TER	1.92%
TC	0.20%
Initial fees	0.00%
Annual fees	1.50% (excl VAT)

Cumulative Performance Graph

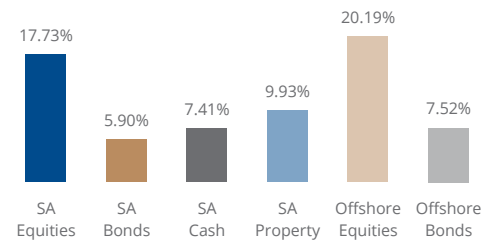
Value of R100 invested at inception with all distributions reinvested



Historical Performance (net of fees)

Period	Fund %	Benchmark %
1 year	11.34%	9.96%
3 years*	8.05%	6.09%
5 years*	11.52%	9.34%
10 years*	10.14%	8.42%
Since inception*	9.96%	8.03%
Since inception (cumulative)	162.14%	119.16%
Lowest annual return**	-27.19%	-17.42%
Highest annual return**	49.27%	29.26%

Latest One-Year Returns on Asset Classes

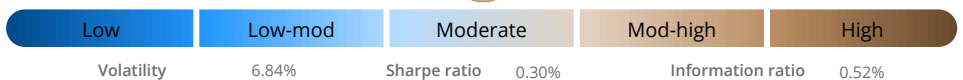


Performance figures are for a lump sum investment. Income distributions reinvested in South African rand(s). Performance is calculated using the Total Returns Index (TRI). The TRI is constructed by purchasing and reinvesting units on the declaration date at the price (NAV) as at the reinvestment date. The TRI on any day is adjusted for Net Asset Value (NAV) movement and Dividend Declaration.

* Data has been annualised. Annualised figures are the equivalent returns received year-on-year that would provide the same experienced total return" over the term. Since inception is the fund's launch date. Source: Profile Funds Data.

**This is the highest or lowest consecutive 12-month returns that the fund has experienced since inception, along with the benchmark performance for the corresponding period. This is a measure of how much the fund's returns have varied per rolling 12-month period. The highest annual return occurred from 09-Mar-2009 to 09-Mar-2010 and the lowest annual return occurred from 03-Mar-2008 to 03-Mar-2009. All rolling 12-month figures for the fund and the benchmark are available from Discovery Invest on request.

Risk Profile and Key Risk Statistics



Volatility: is annualised and measures the deviation of monthly returns over a three-year period. The higher the standard deviation, the more volatile the fund's returns.

Sharpe ratio: measures the risk-adjusted return of a unit trust fund compared to the risk-free (money market) rate of return.

Information ratio: measures a fund's performance relative to the risk in the benchmark.

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	2.04%	-1.01%	2.09%	2.13%	-0.31%	-1.61%	3.62%	0.90%	0.95%	4.31%	-0.04%	-2.06%
2016	-1.89%	0.92%	2.60%	0.07%	1.91%	-2.30%	1.07%	1.11%	-1.94%	-2.39%	1.34%	0.00%
2015	2.93%	2.82%	2.86%	1.48%	-1.17%	-0.82%	1.69%	-0.56%	-0.62%	5.52%	-0.61%	-1.03%
2014	-1.04%	3.11%	0.54%	1.54%	1.28%	2.20%	0.67%	-0.53%	-0.16%	0.53%	1.98%	1.20%
2013	4.98%	-0.99%	2.46%	-1.56%	6.80%	-5.37%	3.77%	1.66%	3.45%	3.13%	-0.03%	2.50%
2012	2.58%	1.47%	1.01%	1.00%	0.76%	-0.41%	2.64%	2.32%	0.94%	2.28%	2.41%	-0.34%
2011	-0.21%	2.13%	0.24%	1.46%	0.51%	-1.52%	-1.15%	0.07%	-0.63%	5.30%	0.46%	-0.23%
2010	-0.21%	1.18%	3.48%	0.49%	-3.46%	-1.36%	5.40%	-0.93%	4.51%	1.90%	-0.90%	2.87%
2009	-3.22%	-8.04%	6.48%	5.12%	6.01%	1.04%	8.05%	3.82%	0.24%	3.28%	-0.88%	2.20%
2008	-5.15%	7.59%	-1.98%	0.99%	1.59%	-6.23%	-1.59%	1.85%	-5.00%	-5.91%	-4.35%	3.47%
2007	-	-	-	-	-	-	-	-	-	-	-	0.73%

Income distributions over the past year (cents per unit)

Date	Amount	Date	Amount
30-Jun-17	2.32	31-Dec-17	2.25

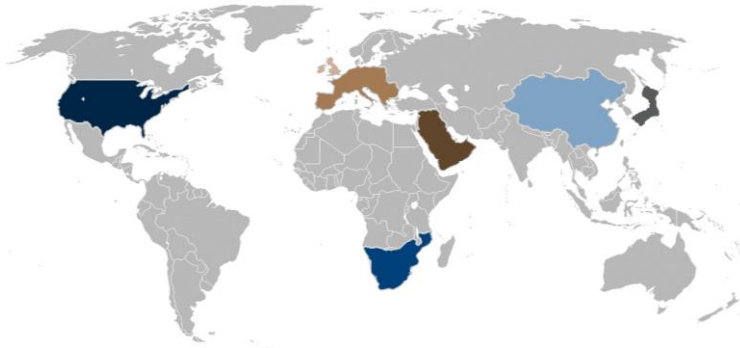
Portfolio allocations

Asset Allocation



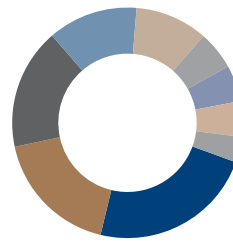
- Local Equity (37.80%)
- Foreign Equity (19.70%)
- Local Bonds (19.60%)
- Local Cash (14.40%)
- Local Property (2.90%)
- Local Commodities (2.80%)
- Foreign Bonds (1.70%)
- Foreign Cash (1.00%)
- Foreign Property (0.10%)

Geographic Allocation



- Emerging Markets (54.00%)
- Other (15.50%)
- United Kingdom (9.50%)
- Europe Ex Uk (7.80%)
- North America (7.70%)
- Japan (4.00%)
- Far East Ex Japan (1.50%)

Sector Allocation



- Financials (23.20%)
- Basic Materials (17.90%)
- Consumer Services (17.00%)
- Industrials (12.60%)
- Consumer Goods (10.20%)
- Other (5.40%)
- Health Care (5.10%)
- Additional (5.00%)
- Technology (3.60%)

Top 10 Equity Holdings

Naspers Ltd	4.10%
Standard Bank Group Ltd	2.70%
Firstrand Bank Ltd	2.20%
Sasol Ltd	2.10%
Barloworld Ltd	1.60%
Old Mutual Plc	1.50%
Redefine Properties Ltd	1.50%
Cie Financiere Richemont Sa	1.50%
Newplat Etf	1.50%
Glencore Xstrata Plc	1.40%

Additional information

Additional Features Available on the Discovery Balanced Fund when using the Discovery Invest Product Wrappers

Feature	Description	Available on the following
Retirement Upfront Investment Integrator	Gives you a boost to your initial lump-sum investment at the start of your investment. The size of the boost depends on the term to age 65. The boost grows at the same rate as your fund value. If you remain invested until age 65, the boost will be paid into your Retirement or Preserver Plan on that date.	Discovery Lump-sum Core and Classic Retirement and Preserver Plans
Discovery Miles Integrator	You can use your Discovery Miles to increase your retirement boost. Your Discovery Miles will be boosted by as much as 3 times, depending on your Vitality status.	Discovery Lump-sum Core and Classic Retirement and Preserver Plans
Enhanced Savings Integrator	We boost your additional investments into your lump-sum Core Retirement Plan by up to 25%.	Discovery Lump-sum Core and Classic Retirement and Preserver Plans
Boost Accelerator	Allows you to enjoy zero annual administration fees from day one on all funds by using your Retirement Upfront Investment Integrator boost and Discovery Miles Integrator, if applicable, to offset administration fees. The upfront retirement boost is reduced at a rate of R2 for every R1 of admin fees offset. No annual administration fees will be deducted from your investment provided that your boosts are greater than zero.	Discovery Lump-sum Core and Classic Retirement and Preserver Plans
Retirement Investment Integrator	Provides an immediate reduction on all administration fees, policy fees and asset management fees charged.	Discovery Retirement Optimiser
Life Plan Optimiser	This benefit provides an additional boost to your retirement savings at your selected retirement age. This boost is paid to you in annual taxfree payments in retirement for the rest of your life. The payments are deducted from your Discovery Life Plan as and when they are paid in retirement.	Discovery Retirement Optimiser
Retirement Income Investment Integrator	Boosts your annuity income in retirement by up to 50% for 10 years, depending on your selected annuity income drawdown rate and your Vitality status. The Retirement Income Investment Integrator is paid directly into your bank account by Discovery Invest and will not result in your fund value being reduced.	Discovery Linked Retirement Income Plan
Quartile Performance Protector	Gives you a boost of up to 25% of your contribution into the Discovery Balanced Fund at the end of every five years. The boost is based on the Discovery Balanced Fund's relative performance in its sector.	Discovery Classic Retirement and Preserver Plans
Classic Performance Protector	Provides you with a boost of 10% to your investment amount at inception which grows at a guaranteed rate of 6% a year. Up to 100% of the boost pays out after five years with the balance payable after 10 years.	Discovery Classic Flexible Investment Plan
Upfront Investment Integrator	You can receive a 14% upfront boost to your initial contribution and if you are a Discovery Life Plan policyholder you can receive up to a 26% upfront boost to your initial contribution.	Discovery Endowment Plan (Lump sum only)
Flexible Plan Retirement Integrator	You can receive yearly increases to your Retirement Upfront Investment Integrator on your lump-sum Retirement or Preserver Plans if you own a Flexible Investment Plan as well. An amount, based on up to 50% of the asset management fees levied on your Flexible Investment Plan, is used to calculate an increase to your boost each year, for a maximum of 10 boost enhancements.	Discovery Core and Classic Flexible Investment Plans
Administration Fee Integrator	You can receive a discount of up to 100% on your yearly administration fees, depending on your Vitality status, how long you remain invested, and the funds you invest in.	Discovery Core and Classic Flexible Investment Plans

Important information

Contact Details

Discovery

Discovery Life Collective Investments (Pty) Ltd

Physical address 155 West Street, Sandton, 2146

Postal address PO Box 653574, Benmore, 2010

Contact centre 0860 67 5777

Fax number 011 539 5777

Website 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

Foreshore

Cape Town, 8001

Investec Asset Management is an authorised financial services provider.



Information You Need to Know about Your Investment in this Product

What the investment is

This Fund is a Collective Investment Scheme (also known as a unit trust fund) regulated by the Collective Investment Scheme Control Act (CISCA). Collective Investment Scheme in securities

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.

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 a guide to 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 either 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
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
3. We value all portfolios every business day at 4pm, except on the last business day of the month when we value the portfolios at 5pm.
4. Buy and sell orders will receive the same price for that day if we receive them before 11am for the money market portfolio and before 2.30pm for the other portfolios.
5. We publish fund prices every business day with a three-day lag on www.discovery.co.za.

No guarantee on your initial investment or your returns

The investment manager does not give any guarantee either with respect to the capital or to the return of a portfolio.

Transaction costs (TC)

1. Transaction costs (TC) is a measure that investors and advisers can use to work out the costs they will incur in buying and selling the underlying assets of a portfolio.
2. 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 amount of interest, expressed by a percentage, that an investment earns each year on average over three years.)
3. Transaction costs are necessary costs in administering a fund. They affect the fund's returns. They 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 TER.
4. Where a fund is less than one year old since it started, the TER 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.
5. The TER and the TC shown on the fund fact sheet are the latest available figures.

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

The fees and charges that apply to the Fund are included in the net asset value of the units so you do not have to pay any extra amounts for these fees and charges.

These fees and charges may include:

- The initial fund management fee
- Commission
- Incentives (if applicable)
- Brokerage fees
- Market Securities Tax
- Auditor's fees
- Bank charges
- Trustee's fees
- Custodian's fees

You can ask us for a schedule of fees, charges and maximum commissions.

The total expense ratio (TER)

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

Specific Fund Risks

Currency exchange	Changes in the relative values of different currencies may adversely affect the value of the Fund's investments and any related income.
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. <u>The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.</u>
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 <u>of the Fund and potentially large financial loss.</u>
Developing market	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 <u>financial loss than those in countries generally regarded as being more developed.</u>
Interest rate	The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.
Multi-asset investment	The Fund is subject to possible financial losses in multiple markets and may underperform more focused funds.
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.