

Hi to all our clients

We trust that 2011 has already been a good year for you and your family!

We at Getha CC will be keeping in touch with all our clients on a regular basis so that you are more aware of all the new changes in the Market that are pertinent to you.

I am pleased to be able to let you know that there are a couple of really awesome new benefits being offered by Discovery that can really help to make your Retirement a much more exciting experience, as we have been forewarned that most people will live a lot longer than they think. Currently there are 455000 people in the world that are over 100 years old.

The items E, F and H listed in this attachment are really worth looking into as they immediately add value to the current and future value of your Investments.

Discovery recently had a Launch to introduce some new products to the market: These products are very different to anything currently available so I would like to mention a couple of the exciting key features of each if you would like to know more a product brochure is attached will a bit more technical detail:

#### A. Discovery Investment Returns

Discovery Invest started about 3 years ago and currently has 14 billion in assets ( all these assets are individual members investments and there are no Group Pension/ Provident funds within this fund to boost these numbers )

The markets have been quite unstable and we can see that from past experience the market crashes are now getting closer and closer together. Discovery introduced some Stabilising funds before the last crash, namely the Escalator funds (which has an 80% guarantee underpin) The Right Choice Funds( which moves up your investment return if the sector you had selected had not done as well as the other Choice funds and the Asset Allocator funds. The returns for these funds can be seen on pages 6 and 7.

The Discovery Flexible Property Fund and the Discovery Equity Fund achieved 57% and 42% over the last 3 years respectively, and both won the Raging Bull awards in their Category.

However I cannot begin to stress the fantastic added value to these returns gets added if you have an existing Life policy through Discovery Life. If a client has got the Investment integration i.e. they have a Life policy with a premium of above R2170 or they have a life policy of from R200 upwards but they are doing Vitality to improve their status from Blue to Gold they will get additional percentages added to these investments over and above the actual return. If you participate in integrator with Vitality you could have earned and additional 7.1% over the 3 years on top of the annual investment return that you had received.

The integration effect in the long term will therefore have a very big impact on the final amount that you build up at retirement.

#### B. Discovery launched 3 new offshore Investment products

- 1) with a guarantee of 80% of highest value ever achieved guarantee –The Discovery Global Escalator (with USD underpin)
- 2) Deutsche Bank CROCI World Giants Fund –a fund with 60 equally weighted stocks from amongst the 200 largest companies in the world. (a Croci fund is a value fund that invest in an index like the top 40 but ,that allocates more money to the stocks in the index that cost less and less money in the stocks that cost more.
- 3) Deutsche Bank Platinum Commodity USD Fund - offers diversified exposure to commodities ie crude oil ,natural gas, aluminium copper, zinc, nickel , lead ,gold .silver, wheat, soybean and corn.

C. Discovery Best Ideas Fund - managed by Sam Houlie from Investec (ex Allan Gray Manager -currently managing the Discovery Equity Fund)

This is a new local fund combining the Discovery Global Equity Feeder , Discovery Global Balanced Fund of Funds and Discovery Equity Fund. There is no limitation on the Investment Manager and he can invest in any ratio onshore or offshore. The fund can use derivatives or hedging.

D. Classic Flexible Investment Plan (no lock-in to a specific term)

Many people invest in flexible investments like Unit Trusts. Many of the LISP investors make tax inefficient investments , especially under the conservative portfolios as the interest here can be taxed up to 40%. Performance fees are charged on many of these funds. Which in many instances charge the investor higher fees than he is not even aware of.

Discovery Classic Flexible Plan- **Capital Gains Tax Refunder** - refunds up to 100% of your CGT  
**Fair Performance Fee Protector** – up to 100% of undeserved performance fees refunded  
**Quartile Performance Protector** –boost investment by up to 30% in the event of Discovery underperformance

The cost for all of the above 0.75 if Discovery funds are used and 1.2 % if you use external funds

E. Upfront Invest Booster to Lump Sums- (you need a Life Plan from R200 pm /or your spouse has a life plan and you are both on Discovery Medical Aid) –immediately adds between 14% to 26% “Upfront Boost” to your investment plus 6% guaranteed growth for any Lump Sum Endowments or Lump S+m Flexible Investments you place with Discovery, just based on the amount of your life policy premium. If your premium on your life plan is over R2170 you get 26% boost plus 6% guaranteed growth on the boost.

The above equates roughly to about 100% of all your fees and commission which gets paid back to you upfront. You would effectively pay Zero fees and zero commissions over the 10 years.

If you take the “As and When Option”, there is no term linked at all then every month 100% of your fees can get paid back into your investment account.

Eg> If you place R1060 000 lump sum with Discovery you will receive up to 26% immediate upfront boost to your investment plus 6% growth on this boost which is guaranteed. You qualify for this boost if you have a Life policy with Discovery. The first 13% plus growth vests after 5 years and the other 13% plus growth after the next 5 years. i.e. R184000 extra in the first 5 years and 247000 extra in year 10.

The minimum lump sum to qualify is R40000.

F. Boosts to ongoing Recurring Investment - Fee Payback – (you do not need a Life Plan) get 55% of fees back If you have an RA or EndowmentPlans with Discovery they will give you 55% of your admin fee of 3.5%pa plus growth, back every year .This is paid back into your investment at the end of the first 10 years and then every 5 years thereafter.

EG> If you have a R1000 premium pm RA.

You will receive back of your fees in year 10 - R 21 181  
Year 15 - R 58 056  
Year 20 - R 140 309  
Year 25 - R 310 727  
Year 30 - R 651 396 etc.

If you have an integrated Endowment Plan with Discovery you get the first 10 years fees for Free, so you can almost doubled the first figure in the example above.

#### G. The Discovery Guaranteed Escalator Annuity;(when you Retire and need an Income)

The first annuity with all the benefits of a Linked Annuity and a Guaranteed Annuity.

Linked annuities are nice to have when the markets are going up but not as nice when the markets are falling. Now you can have the Escalator Fund as a choice which means that as markets fall your value is pegged in at the highest of 80% of your initial Capital as well as 80% of the highest value of any growth.

eg. if your Capital grew to R1200000 from R1000000 then 80% of the R1200000 is your guarantee. At the outset clients are allocated a starting guaranteed minimum income. Each year Discovery will set aside an additional amount towards this guaranteed annuity .If a client lives too long or if the markets fall below the guaranteed minimum income level then discovery will pay this minimum income to the client until he dies. Cost for this is .75%pa

#### H. Buy up Options ( you need a Life plan to get this benefit)

There is currently a new benefit that allows you to” Buy- up “some of the value of your future Life Cover. This means you can buy up to 40% of your future Life Cover which will pay out in cash at age 65, but the payout will have No Effect on your Life Cover at all. The catch here is, the more you manage your Vitality status the greater this value will be.

Eg. client aged 55 the cost would be R1300 (if one does a simple calculation, with 10% growth, of  $R1300 \times 12 \times 10 \text{yrs} \times 10\% \text{ growth} = R343000$  of which 55% can be refunded through payback , one really realises the real value of this benefit) for R809000 to pay out at age 65. The total amount that he would pay in is not as high as R809000 at all.

The amazing fact is that Discovery will every 5 years give him back 55% of this R1300 premium plus the growth that he would have paid for this benefit.

Another quote done for a client at aged 43 would need to pay in R230 pm from now with growth , he would still qualify for the 55% payback if he does qualify for the Vitality Integrator Payback . At age 65 he could get back about R1 300 000. It would cost the client R360000 if the premium had escalated by 10% annually –and then he can get back 55% of this cost from integration payback.

We will be doing costs on our clients and give them quotes on benefits where we see value....but if you want us to call you earlier please call our Offices and set up an appointment.

Have a Wonderful Day

Kind Regards