Discovery

DISCOVERY CAPITAL 200+


*Clients can get a*

# gross return of 100% over five years[1]

**if the market is flat or goes up by as little as 1%**

**April 2020 Tranche**

Valid from 10 February 2020 to 27 March 2020

[1]Before the effect of capital gains tax, advice fees and Discovery admin fees.

CURRENT OFFER

20%

Now also qualifies for an extra boost of up to 20% on new Endowment Plans

# 01 | Profile and strategy

## 100% gross return if the market is flat or goes up by as little as 1%

The Discovery Capital 200+ is a five-year product that provides clients with exposure to the performance of the European and US equity markets. The product is underpinned by a global portfolio comprising of the Eurostoxx 50 and S&P 500 indices, with a minimum cumulative gross return of 100% if the global portfolio return is positive at the end of five years.

The minimum cumulative gross return of 100% is before the effect of admin fees, initial and ongoing advice fees and taxes, where applicable, which will affect the final return.

## Unlimited upside potential

If the global portfolio provides a return of more than 100% at the end of five years, clients will also receive any upside above that level.

## Conditional downside protection

If the global portfolio provides a negative return during the five-year investment period, 100% capital protection[1] is provided for any falls in the global portfolio of up to 30%[2]. The 100% capital protection will return the initial capital, gross of fees. The capital protection[1] falls away in cases of market falls of more than 30%[2] at any point during the five-year period. Therefore, there is a risk of partial or total loss of the investment.

## Currency protection

Although the global portfolio is based on offshore markets, it is unaffected by any rand appreciation or depreciation. Clients will therefore not be exposed to any risk of currency fluctuations.

[1] The 100% gross return and conditional downside protection are before the effect of any Discovery admin fees, initial and ongoing financial adviser fees and taxes, where applicable. These fees and taxes will affect the final return.

[2] Figures are indicative. Final terms are subject to market conditions at date of trade. Investors are also subject to any default risk or restructure of the issuer, BNP Paribas Arbitrage Issuance B.V and the Guarantor BNP Paribas SA. This is explained fully on page 5.

At the end of the five-year period, the final amount will be paid into your lump-sum Discovery Endowment Plan and the current tranche of the Discovery Capital 200+ Fund will close. Discovery Invest will switch the proceeds into the Discovery Cautious Balanced Fund.

*This tranche of the Discovery Capital 200+ Fund qualifies for the Contribution Boost, giving clients up to 20% extra on their investment. This boost will further enhance the performance of the Discovery Capital 200+.*

# 02 | Who should invest?

*The Discovery Capital 200+ has a moderate to high-risk profile, and is most suitable for clients looking for an equity investment and expecting markets to remain level or increase over a five-year period.*

| Low | Low-mod | Moderate | Mod-high ✓ | High |
|---|---|---|---|---|

This fund is suited to clients who want the following:

- **Equity returns** - returns linked to equity markets with a high return if markets are positive.
- **Diversified offshore exposure** - the investment portfolio is allocated to offshore equities, with diversified exposure across Europe and the US.
- **Long-term investment growth** - for clients with an optimistic view of the growth prospects for developed market equities and who would like to capture the long-term investment growth offered by these markets.
- **Enhanced investment returns with protected downside** - a fund that offers the opportunity for enhanced positive returns after five years, with some capital protection[1] in negative market conditions.
- Exposure to foreign markets without exposure to currency fluctuation.

Clients should not invest in this fund if they:

- Need access to their capital within the next five-years.
- Do not want any exposure to equity markets.
- Are not willing to risk a potential drop in their capital if the equity market falls by more than 30%[2].
- Want exposure to rand appreciation or depreciation in a global portfolio.

[1] The gross returns and conditional downside protection are before the effect of any Discovery admin fees, initial and ongoing financial adviser fees and taxes, where applicable. These fees and taxes will affect your final return.

[2] Figures are indicative. Final terms are subject to market conditions at date of trade. Investors are also subject to any default risk or restructure of the issuer, BNP Paribas Arbitrage Issuance BV and the Guarantor BNP Paribas SA. This is explained fully on page 5.

# The Discovery Capital 200+ is based on a global portfolio invested in European and US markets

*The global portfolio underlying the Discovery Capital 200+ is composed of an allocation of 70% to the Eurostoxx 50 and 30% to the S&P 500 price indices. Dividends from these indices are used to provide the enhanced payouts and guarantees at maturity and are therefore not included in the index returns. The final allocation between the two indices may change and will be determined as at the date of trade.*

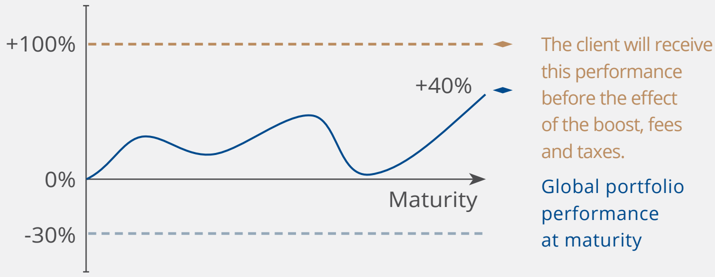
## SCENARIO 01

### 100% gross return

The client invests R1 000 000 in the Discovery Capital 200+:

After five years, the global portfolio has grown cumulatively by 40%. This positive performance means the client will receive a cumulative gross return of 100%. This gross return will be enhanced by the boost and reduced by the effect of admin fees, advice fees and capital gains tax.

Global portfolio performance



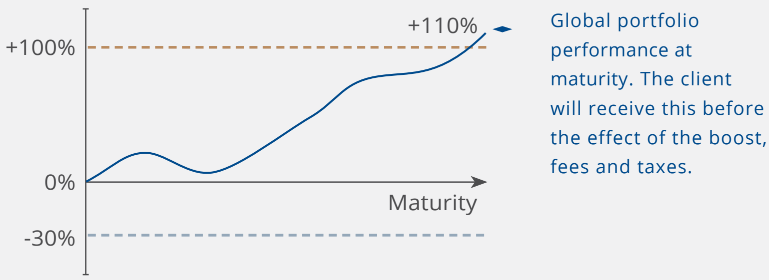

## SCENARIO 02

### Unlimited upside potential

The client invests R1 000 000 in the Discovery Capital 200+:

After five years, the global portfolio has grown cumulatively by 110%. This client will receive the full upside of this, meaning the client will receive a cumulative gross return of 110%. This gross return will be enhanced by the boost and reduced by the effect of admin fees, advice fees and capital gains tax.

Global portfolio performance



## SCENARIO 03

### Conditional downside protection

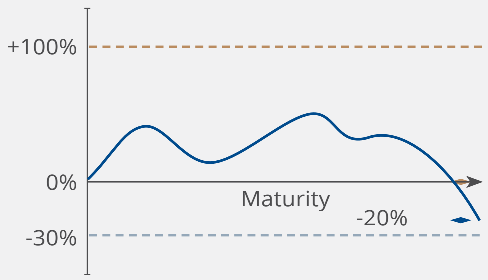
If the return from the global portfolio is negative, but the fall in the global portfolio does not exceed 30% at any time over the five-year period, the client will receive the 100% capital protection at the end of five years – before the effect of fees and taxes.

If the client invests R1 000 000 in the Discovery Capital 200+:

After five years, the global portfolio has fallen by 20% and at no point fell by more 30%. The client will therefore receive 100% capital protection. This means the client will receive their initial investment before the effect of fees and taxes. The final net return will be further enhanced by the boost.

This is compared to if the client did not have the capital protection and boost, where the client would get a cumulative gross return of -20% (before the effect of fees).

Global portfolio performance




The client will receive the initial investment back, before the effect of the boost and fees.

Global portfolio performance at maturity

## SCENARIO 04

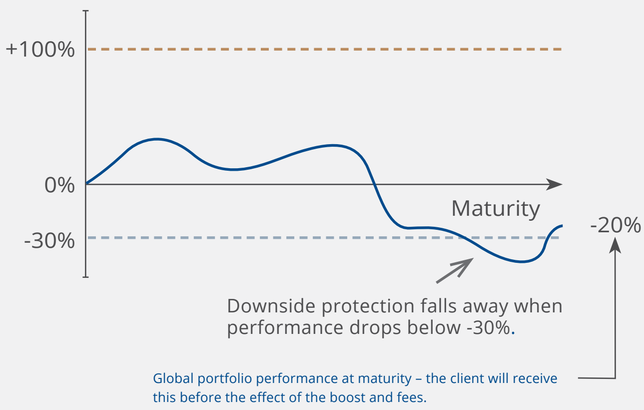
### Downside – non-protected capital

If the global portfolio falls by more than 30%, at any point during the five years, the client will be exposed to the return of the global portfolio.

If the client invests R1 000 000 in the Discovery Capital 200+:

During the five years, the global portfolio fell by more than 30% and ended with a performance of -20%. At the point that the performance fell below -30%, the downside protection would have fallen away. In this case, the client will be exposed to the full downside risk and will receive a cumulative gross return of -20% (before the effect of fees). The boost will enhance the final net return, reducing and in some cases erasing possible losses.

Global portfolio performance




***Please note that all the examples above are indicative. Final terms are subject to market conditions as at date of trade.***

# Fund information

## Availability

This tranche is available as a limited offer on our lump-sum Endowment Plan. It is also available for existing Endowment clients to switch into.

## Minimum investment size

R100 000

## Yearly fund management fees

There are no initial fees or ongoing fund management fees in the global portfolio.

## Offer closing date

There is limited capacity for the Discovery Capital 200+. This offer will expire when capacity runs out, but not later than 27 March 2020 (closing date for subscription). All investments must have switch forms completed and submitted by 27 March 2020.

## Trade date

3 April 2020

## Term

Five years from the trade date, maturing 3 April 2025.

## Redemption date

16 April 2025

## Fees and benefits

This fund qualifies for the boost on the lump-sum Discovery Endowment Plan.[3] Lump-sum Discovery Endowment Plan admin fees and financial adviser fees apply. Refer to the Discovery Endowment Plan fact file on www.discovery.co.za for further information on the boost and fees applicable.

## Tax

The return of the Discovery Capital 200+ is considered capital gains under current tax practice. Tax is deducted within the Endowment Plan and will be paid on your behalf by Discovery Life. Therefore, tax will reduce the final return received on Endowment Plans.

## Issuer and guarantor

The Discovery Capital 200+ is an inward-listed certificate on the JSE and is issued by BNP Paribas Arbitrage Issuance BV (the Issuer) and guaranteed by BNP Paribas SA.

## Maturity proceeds

At the end of the five-year period, the client's proceeds will be switched to the Discovery Cautious Balanced Fund.

Investors are subject to any default risk or restructure of the Issuer BNP Paribas Arbitrage Issuance BV and the Guarantor BNP Paribas SA.

The quoted guarantee levels, global basket constituents, fees, and minimum value after five years if the index is positive, are correct as at the time of printing this fund fact sheet.

Final terms are subject to market conditions at the date of trade and will be fixed at that time. The average of the last five working days' daily unit prices will be used to determine the final global portfolio value.

The return provided by the Discovery Capital 200+ is based on current taxation practices. Changes to taxation may affect the return provided. The Discovery Capital 200+ is backed by a certificate issued by BNP Paribas Arbitrage Issuance BV (the Issuer) and guaranteed by BNP Paribas SA. There is a risk of partial or total loss of capital in the case of bankruptcy or payment default by the issuer or the guarantor. BNP Paribas SA is one of the world's largest banking groups, with domestic markets in France, Italy, Belgium and Luxembourg, and retail operations in the USA, Turkey and Africa. BNP Paribas SA enjoys robust credit ratings of A/A1/A+.

[3] Please note that the boost will not apply to the Discovery Capital 200+ Fund if your client's investment was previously in funds that did not qualify. Please see the Endowment Plan Fact File for the full terms and conditions of the boost.

# Technical details

## Investments before the trade date

Money invested in the Discovery Capital 200+ before the trade date will first be invested in an interest-bearing bank account. Any interest earned together with the initial investment will then be moved into the Discovery Capital 200+ on the trade date, at which time the five year investment period will start. This may or may not coincide with your fifth policy anniversary.

## Withdrawals before maturity

The Discovery Capital 200+ is a five year product with the full upside potential and conditional downside protection only available to investors who remain invested for five years from the trade date. The Discovery Capital 200+ is not recommended for investors who will need their money within the five year period. Withdrawals before the end of the five year period will receive the market value of the Discovery Capital 200+ at the time. This interim market value may differ from the value of the global portfolio and the final payout after five years. The conditional capital protection only applies as long as the portfolio does not fall by more than 30%[2]. If the portfolio falls by more than 30% at any point during the five year investment period, the conditional downside capital protection will fall away.

[2] Figures are indicative. Final terms are subject to market conditions at the date of trade.

## What is the effect of admin fees, advice fees and taxes?

The Discovery Capital 200+ operates as a unitised fund within the lump-sum Discovery Endowment Plan. This means that the capital invested is converted into units in the Discovery Capital 200+ at the beginning of the investment.

Initial advice fees deducted upfront will effectively reduce the initial capital invested. Units are then redeemed monthly during your investment to pay for Discovery administration fees and advice fees (including initial advice fees if the 100% allocation option is selected) - the number of units redeemed in a month depends on the unit price at that point in time.

The Capital 200+ provides a cumulative 100% gross return by doubling the initial unit price. The effect of administration fees and advice fees is therefore determined by the number of units which are redeemed (sold) during the investment to pay for them.

The final return received will also then be affected by capital gains tax that will be charged on the gain at the end of the investment. In an Endowment, this is currently 12% of the gain. These taxes are deducted on the client's behalf within the Endowment. The boost will enhance the final net returns received from the Discovery Capital 200+.

Please note that capital gains taxes will also be paid for units sold to pay for administration and advice fees during the investment.

# Technical details

## Disclaimers

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This is not a unit trust therefore this fund is not regulated by the Collective Investment Schemes Control Act.

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