Wrap Capital Protection

A new way to invest with greater confidence

Customer

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Introducing Wrap Capital Protection

Despite the wisdom of investing in growth assets to build long-term wealth, many people lack the confidence to enter the market, preferring the safety of cash and term deposits. But what if there was a product that offered you access to growth, as well as a future minimum outcome?

Introducing Wrap Capital Protection, a new style of capital protection designed by BT. This new investment solution is designed to balance the need many people have for growth and protection.

Wrap Capital Protection gives you control, transparency and flexibility. It has been built for investors who should be investing for growth but are fearful of the unknown, and is available through both Wrap and SuperWrap.

Note: You should read the Product Disclosure Statement and talk to your adviser to ensure you are aware of all of the features, risks and possible outcomes as well as the appropriateness of the product for you.

What makes it different?

Access to growth, protection for capital

In the past, investors have had to choose between growth and protection.

But with Wrap Capital Protection, you now have access to another way to manage the risks of investing for growth.

Wrap Capital Protection offers you a minimum outcome, which means you will receive at least your original investment in the protected fund at the end of the term. But it also gives access to growth so that you may receive more than the minimum outcome.

When you choose to protect a managed fund investment you will also receive the BT Capital Protection Fund. Throughout the protection term, your investment is dynamically 'rebalanced' between the two funds as markets rise and fall. Generally speaking, the allocation between the two funds will be dictated by market performance, but may also depend on other factors such as the length of time until the protection maturity date and interest rates.

Your protection is flexible and can be amended during the term. In conjunction with your financial adviser you can:

- Extend your protection term
- Capture any growth by increasing your minimum outcome
- Cancel your protection
- Make partial withdrawals
- Make additional investments.

How does it work?

We have used a hypothetical example to explain how Wrap Capital Protection works.

Example:
You choose to apply protection to the whole of your $10,000 investment in an eligible managed fund. This can be either an existing managed fund or a new managed fund purchased with money from your Cash Account.

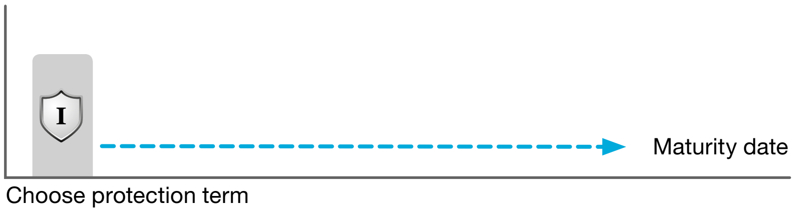
1. Select an Investment Fund

Choose a managed fund on the Wrap or SuperWrap Platform.
There is a wide range of managed funds that are eligible for protection.

Example:
You choose to protect the $10,000 investment for a term of approximately seven years.

2. Set the protection term

You can choose to protect your investment for a period of between 5 and 10 years.

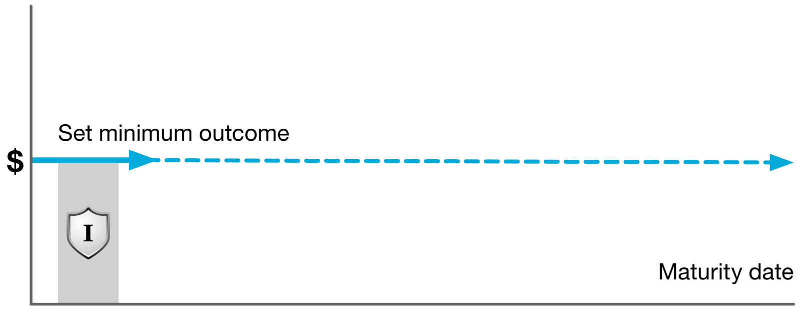


Example:
Your minimum outcome is set at the amount of your initial investment of $10,000. The amount invested in the BT Capital Protection Fund is based on your chosen Investment Fund, protection term and minimum outcome.

- The allocation to the BT Capital Protection Fund can be significant for shorter terms or for particular managed funds. Talk to your adviser for further information.

3. Determine the minimum outcome

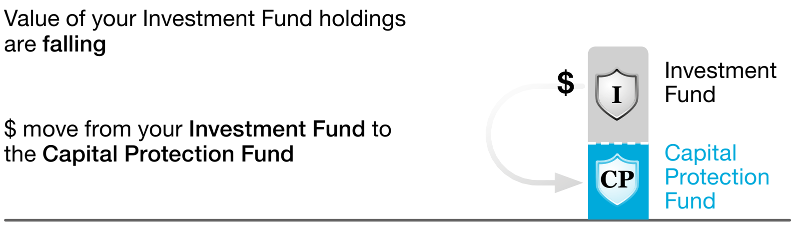
Your minimum outcome is established and a portion may be invested in the BT Capital Protection Fund.



Example:
$2,000 is moved from your Investment Fund to the BT Capital Protection Fund.

4. When unit prices fall

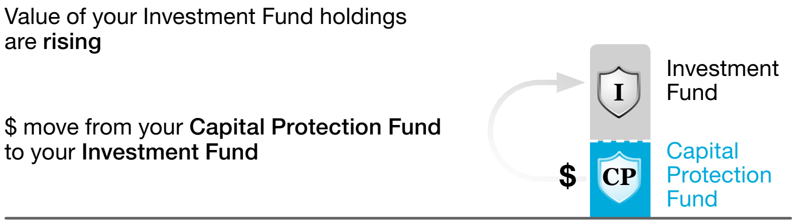
If the unit price of your Investment Fund falls significantly, a rebalancing will happen moving money from your Investment Fund to the BT Capital Protection Fund.



Example:
$1,000 is moved from the BT Capital Protection Fund to your Investment Fund.

5. When unit prices rise

If the unit price of your Investment Fund rises significantly, a rebalancing occurs, moving money from the BT Capital Protection Fund to the Investment Fund.



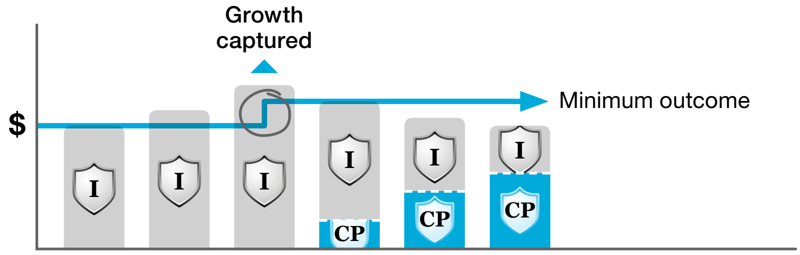
A set formula is used to determine whether any unit price movement is significant enough to trigger a rebalance.

Please note: Your combined holdings in the Investment Fund and the BT Capital Protection Fund are referred to as your protection portfolio. So if you have $9,000 in your Investment Fund and $1,000 in the BT Capital Protection Fund, the total value of your holdings in your protection portfolio is $10,000.

Example:
If your protection portfolio increases in value from $10,000 to $12,000, your minimum outcome will increase to $11,000, capturing 50% of the growth in the value of their protection portfolio.

6. Growth automatically captured

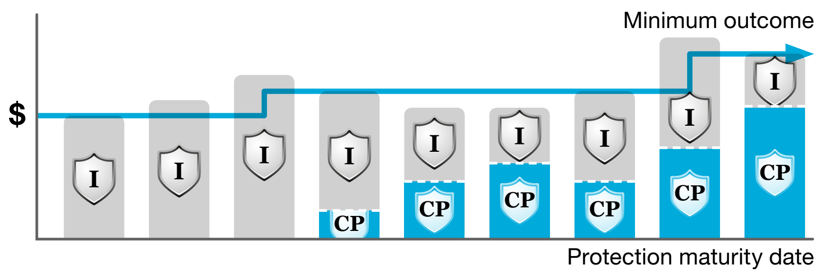
The automatic growth capture feature occurs every three months during the protection term and can increase the minimum outcome.



Example:
If your minimum outcome is $11,000 but the value of your protection portfolio is $11,500 then you will receive $11,500 on the protection maturity date.

7. Maturity date

Wrap Capital Protection is designed to ensure you achieve at least the minimum outcome on your protection maturity date. However the amount received may be more if your Investment Fund performed well over the protection term.



Multiple layers of protection

1. Minimum outcome

Wrap Capital Protection provides you with a minimum outcome at maturity. This is initially based on your original investment, but can increase over time if your investment performs well. Automatic adjustments are made each quarter or your adviser can lock in growth manually.

If you decide to cancel your investment before the maturity date you will receive the value of your protection portfolio. This includes the value of your Investment Fund and the BT Capital Protection Fund and can be less than the minimum outcome before the end of the term. The minimum outcome will increase for additional investments made to the protection portfolio, and decrease for withdrawals. If distributions from your Investment Fund are taken from your protection portfolio as cash, they will be treated as withdrawals and reduce the minimum outcome.

2. Rebalancing

Your investment is split between your chosen Investment Fund and the BT Capital Protection Fund.

Rebalancing is carried out according to a formula. It is designed only to ensure Wrap Capital Protection delivers at least your minimum outcome at the end of the term, by managing your exposure to your Investment Fund and the BT Capital Protection Fund.

You may benefit from rebalancing during the term if markets fall, because the BT Capital Protection Fund provides a defensive return. However, if markets rise, you might not receive all of the upside due to the fees and costs you pay, as well as any allocation to the BT Capital Protection Fund.

3. Protection payment

The BT Capital Protection Fund also provides an additional layer of protection through the protection contract the fund holds with Deutsche Bank.

Under the protection contract, where it is not possible to rebalance your investment between the Investment Fund and the BT Capital Protection Fund in a timely manner (for example when the unit price drops significantly in one day), a protection payment may be required to be paid to you to ensure the minimum outcome can be achieved at the end of the term. Please note you do not have a direct relationship with Deutsche Bank.

Other things you should know

1. Cost of protection

The explicit fee for capital protection is 1.2% per annum with no upfront or cancellation fees. However, when markets perform well, there may also be an implicit cost of being protected, as your funds will be partially invested in the BT Capital Protection Fund, which may not experience the same growth.

2. Protection terms

Because a greater proportion of your investment is allocated to the BT Capital Protection Fund as you near the end of your protection term, there could be a negative impact on growth, particularly if markets rise. However, this allocation will be visible to you and can be adjusted through turning off protection or by extending the protection term.

3. Risk exposure

When you invest in the BT Capital Protection Fund, you will be exposed to some risks. While every effort has been taken to mitigate risks, you should be aware of:

- Credit risk to underlying issuers of fixed interest securities and to Deutsche Bank. These counterparties have been selected to perform their specific roles based on our assessment of their capabilities and strength.
- Transaction execution risk if there is a delay or failure in placing or processing transactions, for example if there is insufficient cash in the working cash account to complete a rebalancing trade, the trade might be considered a partial withdrawal from protection. The easiest way to avoid this risk is to ensure there is sufficient cash in your cash account.

For further information please refer to the BT Capital Protection Fund Product Disclosure Statement available from your financial adviser.

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What to do next

Speak to your Financial Adviser

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