



PRISM

Product Brochure

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*Proudly shaping financial
futures through innovation,
integrity and excellence.*

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Key Features

Redefining Investment

Your investment requirements are unique and will change with time.

In contrast, investment excellence can be defined in more rigid terms with Modern Portfolio Theory demonstrating that there is an 'optimum' investment strategy.

This conflict between the multiplicity of investors requirements and an 'optimum' investment strategy is a fundamental challenge for all investors, which all too frequently leads to poor return-to-risk outcomes.

PRISM delivers an elegant but powerfully effective solution providing a full spectrum of defined risk-return profiles, with performance driven from a single 'optimal' investment strategy.



Master Investment Strategy

Returns for all PRISM profiles are driven by the Master Investment Strategy. Profiles at the lower end of the defined risk-return spectrum enjoy the first allocation and the most stable returns; whereas profiles at the higher end enjoy the excess performance but with increasing levels of volatility.

Discretionary Managed Service

The PRISM Master Investment Strategy is managed by the investment professionals at Capital International Limited (“Investment Team”) under a discretionary investment management agreement. The Investment Team have an excellent performance track record spanning over twenty years.

Full information on the asset allocation of the Master Investment Strategy is published regularly in the monthly PRISM Chartbook and is available on our website.

*“Returns for all
PRISM profiles are
driven by the Master
Investment Strategy.”*

Maximum Diversification

The first rule of investment is diversification, yet most portfolios suffer from a lack of effective diversification.

Traditionally lower risk portfolios are particularly vulnerable, often dominated by one asset class such as bonds or gilts, leading to low returns with little reduction in risk.

Similarly, growth portfolios are often dominated by equities, driving up risk but for little increase in return expectations.

By contrast, the Master Investment Strategy pursues a strategy of maximum diversification, investing across a wide range of asset classes including equities, bonds, property and alternatives, in order to maximise returns per unit of risk.

It is not necessary for the strategy to target aggressive returns, but to achieve an ‘optimal’ balance between risk and return.



Suitability & Risk Profiling

PRISM offers a wide range of defined risk-return profiles enabling clients and their advisers to match their specific investment requirements with precision and clarity.

Each PRISM profile is structured to achieve an optimal balance between risk and return over its stated time horizon.

You should always seek professional advice to assess your suitability against particular PRISM profiles before making any investment.

An additional charge of up to 1% may apply where Capital International Limited assesses your suitability against particular PRISM profiles.

Availability

The PRISM profiles are priced and dealt on a weekly basis. The minimum initial investment is GBP 15,000, USD 20,000 or EUR 20,000 and there is no maximum limit. PRISM profiles have no exit penalties or lock-in periods. Clients can freely switch between PRISM profiles or invest in a spread of multiple PRISM profiles.

Flexibility

PRISM is ideal for clients wishing to make regular contributions and the flexibility of investing in multiple PRISM profiles allows clients and their advisers to create a portfolio that reflects their investment term requirements. PRISM profiles can also be selected to facilitate pension scheme withdrawal schedules through the weekly dealing facility.

Financial Planning

PRISM is ideal for life-styling and financial planning as profiles can be selected with precision and adjusted as required.

Returns from PRISM are typically subject to capital taxes with no income payable from PRISM. Depending on a client's tax residence and domicile, PRISM can be useful for financial planning purposes. PRISM can also be delivered in the form of bespoke Spread Bet contracts, which are typically free from Capital Gains Tax in the UK.

You should always seek professional advice before making any investment. Tax laws may change and your personal tax position is your sole responsibility at all times.

Service & Reporting

Applying for PRISM is simple and reporting is transparent and comprehensive, with valuations available on our secure online client portal.

The latest PRISM profiles and historic performance are published in the monthly PRISM Chartbook and are available on our website.

Low Cost

The Master Investment Strategy has an annual management fee of 0.25%.

In periods where investment performance exceeds the defined return profiles, a performance fee may apply to the Master Investment Strategy.

“PRISM can also be structured to facilitate pension scheme withdrawal schedules, such as draw-down.”

PRISM

Defined Risk-Return Profiles

Each PRISM profile has a defined mean return and a defined volatility which, together with the performance of the Master Investment Strategy, are used to calculate returns in each period.

These defined risk-return profiles are published in advance, providing investors and their advisers with clarity as to the expected performance characteristics of their investment.

The PRISM profiles and their expected performance characteristics may change over time in response to the changing economic and investment environment. The latest PRISM profiles are published in the monthly PRISM Chartbook and are available on our website.

	Defined Mean	Defined Volatility	Risk Level†	Expected Returns (over 1 year)	
				Low* 0	High**
○ Horizon 1	0.35%	0.30%	0.3	-0.2%	0.9%
○ Horizon 1+	1.00%	1.00%	0.8	-1.0%	3.0%
● Horizon 2	2.00%	2.00%	1.4	-1.9%	5.9%
● Horizon 2+	3.00%	3.00%	2.1	-2.9%	8.9%
● Horizon 3	4.00%	4.00%	2.9	-3.8%	11.8%
● Horizon 3+	5.50%	5.50%	3.8	-5.3%	16.3%
● Horizon 4	6.50%	6.75%	4.5	-6.7%	19.7%
● Horizon 5	7.50%	8.25%	5.5	-8.7%	23.7%
● Horizon 6	8.50%	10.00%	6.4	-11.1%	28.1%
● Horizon 8	9.50%	12.00%	7.5	-14.0%	33.0%
● Horizon 10	11.50%	16.00%	10.0	-19.9%	42.9%
● Enhanced Growth	13.35%	20.00%	12.5	-25.8%	52.5%

† Relative to UK equities fixed level of 10

This table details data from the PRISM GBP Strategy. Other currencies are also available.

Investment Time Horizons

PRISM has no lock-in periods or exit penalties, however each PRISM profile aims to deliver an optimal balance between risk and return over a given investment time horizon.

The investment time horizon is important because the impact of short term volatility on a strategy's expected return diminishes over time. PRISM profiles are designed to maximise

the expected return and minimise the effect of negative risks.

PRISM profiles with shorter investment time horizons therefore have low defined volatility levels in order to minimise the potential for short-term losses. For PRISM profiles with longer investment time horizons it is preferable to target higher average returns and to accept a higher level of volatility.

NOTES

PRISM defined risk-return profiles may change over time in response to the changing economic and investment environment. The latest PRISM profiles are published in the monthly PRISM Chartbook and are available on our website.

Capital Protection

Lower risk PRISM profiles enjoy an element of capital protection over their stated investment time horizon, giving some peace of mind to clients with less risk appetite.

Capital protection levels may be adjusted over time to reflect the changing investment environment and the current levels are detailed in the monthly PRISM Chartbook.

Investment Time Horizon	Expected Returns (over full time horizon)		
	Low*	Average	High**
12 months	-0.2%	0.4%	0.9%
18 months	-0.9%	1.5%	3.9%
2 years	-1.5%	4.0%	9.9%
2.5 years	-1.6%	7.7%	17.8%
3 years	-1.3%	12.5%	28.2%
3.5 years	-0.4%	20.6%	46.0%
4 years	0.4%	28.6%	64.9%
5 years	2.6%	43.6%	100.9%
6 years	4.9%	63.1%	153.7%
8 years	12.8%	106.7%	278.8%
10 years	22.6%	197.0%	619.5%
12 years +	37.0%	349.8%	1376.9%

* 2.5% probability of expected returns below this range ** 2.5% probability of expected returns above this range

Expected Return Characteristics

We cannot predict the future, but we can describe the expected return characteristics of each PRISM profile. The table above sets out the expected range of returns over each PRISM profile's specified investment time horizon and over one year. There remains a 2.5% probability of expected returns below these ranges.

Expected return characteristics are provided to enable clients and their advisers to better understand the nature of their investment and how it is expected to perform over time. However, the ranges of expected returns are provided as guidance only.

Actual performance over time will depend on a number of factors including; actual performance of the Master Investment Strategy relative to expectations; any future changes to the defined risk-return profiles; ongoing availability of each PRISM profile; impact of fees and any performance fees; and the impact of capital protections.

You should always seek professional advice to assess your suitability against particular PRISM profiles before making any investment.

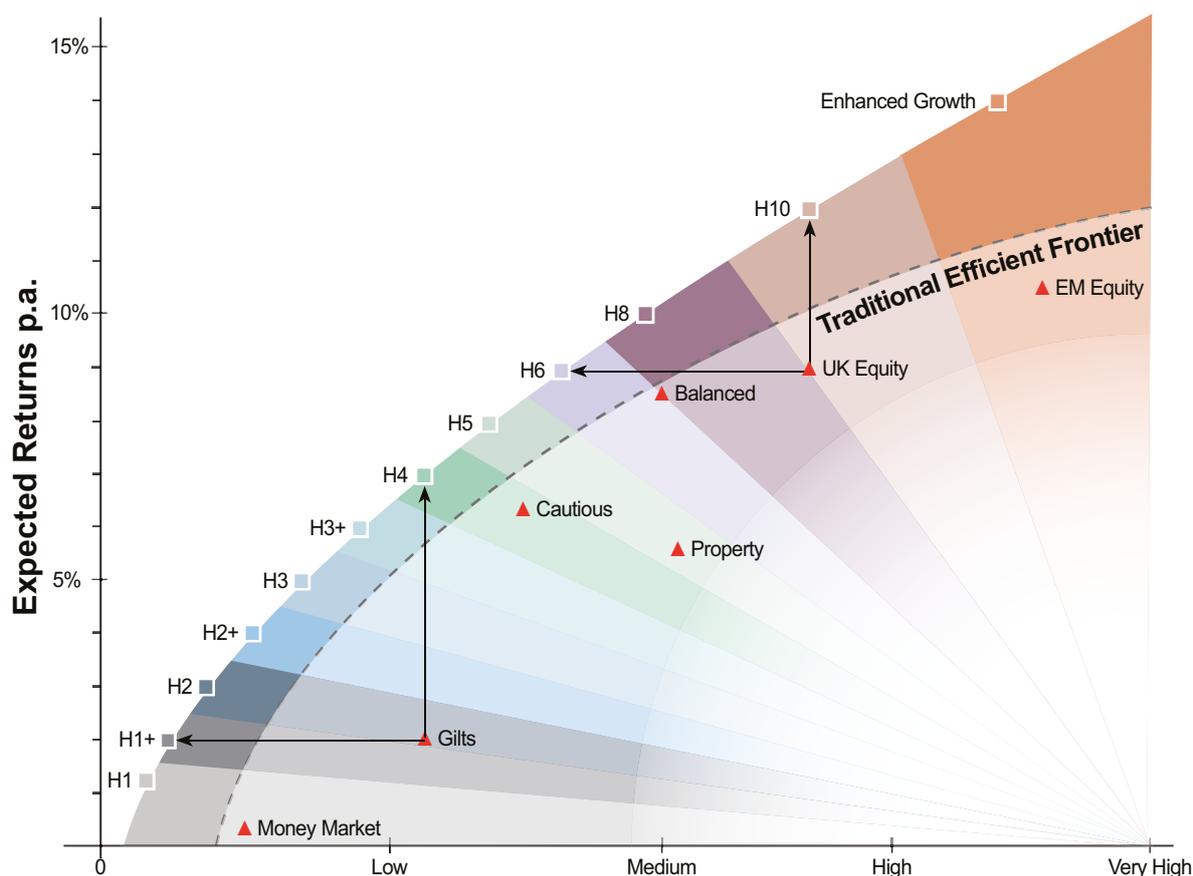
PRISM

Investment Excellence

PRISM aims to deliver risk-return profiles that structurally exceed investments such as equities, property and gilts, as well as typical conservative, balanced or growth strategies. PRISM actually expands the investment possibilities available to investors, as illustrated in the chart opposite. Through broad diversification PRISM avoids the risk concentrations that are frequently associated with both cautious and growth strategies.

The investment benefits are compelling. For example, the H10 profile has a similar volatility to equities but a much higher expected return, alternatively the H6 profile has a similar return expectation but a much lower risk. For cautious investors, the H4 profile has a similar volatility to fixed income bonds but a notably higher expected return. Alternatively the H1+ profile has a similar return expectation but with a much lower risk

Expanding the Investment Frontier



Updating the Defined Risk-Return Profiles

The economic and investment environment is ever changing. In response, the PRISM Defined Risk-Return Profiles may vary to ensure that they remain truly compelling at all times. The latest PRISM profiles are published in the monthly PRISM Chartbook and are available on our website.

PRISM

Frequently Asked Questions

When can clients invest into the PRISM Service?

Applications can be made at any time and will be transacted in the relevant PRISM profile on a weekly basis at the next weekly dealing date.

What is the risk of the PRISM Service?

Each PRISM profile has a defined mean return and a defined volatility which, together with the performance of the Master Investment Strategy, are used to determine the return in each period. The risk therefore depends on the profile selected. Clients and their advisers can select as low a risk or as a high a risk profile as they are comfortable with to meet their investment requirements. The underlying Master Investment Strategy is invested across a wide range of asset classes and high quality investments, within an overall risk budget that is strictly controlled. Additional risk factors are set out in the operating memorandum of each PRISM profile; which are available on request.

How likely is it that the expected return characteristics of each profile will be achieved?

The returns in any period are calculated from the defined mean return and volatility of each profile, together with the actual performance of the Master Investment Strategy. While we cannot predict the future, we can describe the expected return characteristics of each profile with precision. There is a 2.5% probability of expected returns below the stated ranges. Expected return characteristics are provided to enable clients and their advisers to better understand the nature of their investment, however the ranges are provided as guidance only. Actual performance will depend on a range of factors including: performance of the Master Investment Strategy relative to expectations; any future changes to the profiles and their ongoing availability; impact of any fees and performance fees and the impact of such capital protections set from time to time.

What are the charges?

The Master Investment Strategy has an annual management fee of 0.25% per annum plus VAT as applicable. A performance fee is chargeable to the Master Investment Strategy on excess performance above the expected return over a rolling three-year period, subject to a high watermark and a maximum of 0.02% in any week. The Master Investment Strategy pays dealing and clearing costs. There are no exit penalties or lock in periods.

Who will I be contracting with?

PRISM clients, other than non-retail execution only clients detailed below, enter into a discretionary investment management agreement with Capital International. Retail clients will need to obtain investment advice and this will normally be provided by your professional adviser. Capital International can provide a suitability assessment as to the appropriate strategy based on your investment and risk requirements. A Suitability Charge of up to 1% may apply where Capital International Limited assesses suitability. Once a discretionary account has been established, the Investment Team will manage your portfolio in accordance with your investment mandate by acquiring the appropriate

PRISM Limited Liability Contract (PRISM LLC) from Capital Financial Markets. Your investment is held on your behalf by Capital International (Nominees) Limited, a subsidiary of Capital International. Capital International is the appointed Investment Manager of the Master Investment Strategy, from which the performance of each PRISM LLC is determined.

Capital International and Capital Financial Markets are regulated by the Isle of Man Financial Services Authority and are members of the Capital International Group.

Can I use PRISM on an 'execution only' basis?

Experienced investors, Professional Advisers and Asset Managers can buy PRISM LLCs directly on an 'execution only' basis. Investors undertaking activities on an 'execution only' basis are responsible for their own investment decisions and are deemed non-retail clients, with reduced levels of investor protection under the regulations.

Who is Capital Financial Markets Limited?

Capital Financial Markets is a wholly owned subsidiary of Capital International that is separately licensed to issue principal contracts and is ring-fenced from the rest of the Group. Capital Financial Markets is the issuer of the PRISM LLCs that deliver the PRISM profile returns. A principal surplus or deficit may arise from the issuance of PRISM contracts, being the net balance after the allocation of returns on all PRISM profiles. There are no deductions from any PRISM profile or the Master Investment Strategy. The amount of any such surplus or deficit will vary and depends on the balance of exposure across all PRISM profiles.

Capital Financial Markets has appointed Capital International's Investment Team to manage the Master Investment Strategy and to deliver the underlying investment performance.

Are returns guaranteed?

All investments carry risk, including cash and gilts. No investment can offer a genuine guaranteed return. After all, who guarantees the guarantor? PRISM returns should not be confused with fixed or other so called guaranteed return investments, such as structured deposits or fixed interest securities. PRISM provides a range of defined risk-return profiles. The return achieved in any period is calculated based on the defined mean return and defined volatility of each PRISM profile respectively, together with the actual performance of the Master Investment Strategy. The range of expected returns over time from each PRISM profile can therefore be stated with precision, giving clients and their professional advisers clarity to select the balance of risk and return that is appropriate.

What is capital protection?

Some lower risk PRISM profiles incorporate a self-stabilisation mechanism such that the profile value should not fall below a specified percentage of its initial value over the profile's rolling investment time horizon. Nonetheless, each client's PRISM profile valuation may fall below this level during the rolling investment time horizon.

How does the capital protection operate?

The capital protection is provided by the Master Investment Strategy prior to the allocation of returns and is similarly recovered by the Master Investment Strategy in periods of subsequent growth. Capital protections apply over a PRISM profile's full investment time horizon; Protected Prism Profiles should not fall below a specified percentage of their initial value over the profile's rolling investment time horizon. Nonetheless, each client's PRISM profile valuation may fall below this level during the rolling investment time horizon.

Are the capital protections guaranteed?

The capital protections provided are robust; nevertheless, it is again impossible to provide any form of guarantee. In circumstances where an 'extreme' or 'force majeure' market event occurs it is possible that the capital protections may fail. Capital protection levels will be adjusted over time to reflect the changing investment environment and the current levels are detailed in the monthly PRISM Chartbook.

Will actual returns always exactly match the defined mean returns?

The periodic nature of returns means that when viewed in hindsight there will always be periods when returns are above or below each profile's mean expected return. This can be seen in the historic performance published in the monthly PRISM Chartbook and available on our website.

What does the defined volatility mean?

The defined volatility of each profile indicates the degree to which the actual return would be expected to deviate from the profile's mean return over time. 68% of the time we would expect the actual return in any year to be within a range either side of the defined mean return of +/- the defined volatility.

Will the Defined Return Profiles change?

The PRISM profiles are designed to be truly compelling when compared to traditional investments and investment strategies. This means that the PRISM profiles will need to be updated over time to reflect the ever changing economic and investment environment. For example, should interest rates and inflation rise, it is unlikely that the current profiles would remain sufficiently attractive in comparison to other investments. The reverse may also be true if interest rates and inflation falls: it may not be possible to maintain the profiles at current levels. In response, the expected return, volatility and capital protection levels of each PRISM profile may be adjusted over time to reflect the changing investment environment. The current PRISM profiles are detailed in the monthly PRISM Chartbook.

What are the underlying assets of the Master Investment Strategy?

The underlying assets of the Master Investment Strategy will be carefully selected by Capital International's Investment Team across a wide and diversified range of different asset classes including equities, corporate and government debt, property, commodities and selected alternative strategies. Actual investments will be drawn largely from individual securities, although investment trusts, exchange traded funds, actively managed funds and other investments may also be used.

What happens if an underlying asset or bank deposit within the Master Investment Strategy defaults?

The Master Investment Strategy will remain highly diversified at all times and the default of any one asset or bank deposit

is unlikely to have a significant impact on the overall strategy. Nevertheless, any loss would be absorbed by the Master Investment Strategy, reducing its performance and the subsequent performance of each PRISM profile according to its defined mean return and defined volatility parameters. (See above for more detail on how the capital protection feature operates).

What is a Limited Liability Contract?

A PRISM LLC is a principal financial contract that legally binds the issuer, Capital Financial Markets, to deliver the financial performance specified by the contract. The terms of each PRISM LLC are set out in the operating memorandum of each PRISM profile, which is available on request. Each PRISM LLC is not a margined transaction and is not leveraged. The liability of the owner is explicitly limited to the amount paid for the PRISM LLC. PRISM specifies a range of defined return profiles with some that incorporate an element of capital protection, providing significantly enhanced protection in addition to the limited liability nature of the contract itself.

Is PRISM a fund?

PRISM is not a fund or collective investment scheme. PRISM uses principal financial contracts to deliver the defined risk-return profiles.

Are there any limitations on investments that can be made?

In order to maintain the integrity of the service at all times, PRISM reserves the right to restrict access or limit the maximum size of investment into one or more PRISM profiles. This may occur if there is excessive demand for one or more PRISM profile(s). Similarly, PRISM reserves the right to close part or all of an existing position in the event that the integrity of the PRISM service cannot be adequately maintained.

Can a client's professional adviser be paid from PRISM?

Your professional adviser may receive initial and/or ongoing servicing remuneration on your account, but they should agree this with you first.

How can a client track investment performance?

The latest PRISM profiles and investment performance are published in the monthly PRISM Chartbook and are available on our website. In addition, all discretionary clients will receive a quarterly electronic valuation and investment report. Finally, if clients want more frequent access they can log-in to our website to get up-to-date valuation information at any time.

Can a client change Profiles if required?

PRISM profiles can be switched at any weekly dealing date.

When and how can a client withdraw their investment?

A client can request to withdraw part or all of their investment at any time. The withdrawal will be transacted on the next available weekly dealing date.

What is the cut-off time for dealing instructions?

All dealing instructions for PRISM profiles need to be received by 12:30pm every Tuesday. Any instructions received after this time will be processed on the following Tuesday.

The Master Investment Strategy will be valued using a mid-market price; we reserve the right to apply a bid/offer spread to transactions in Prism profiles where appropriate to reflect the true economic cost of effecting a transaction.



About Capital International Group

At Capital International Group we use our decades of experience to help clients achieve their short and long term financial goals, whatever they may be. We have provided generations of investors with opportunities to grow and protect their wealth as well as the peace of mind that comes with our commitment to innovation, integrity and excellence.

Capital International Group was founded in 1996 on a single-minded mission to provide the best possible service to independent advisors, wealth managers and private investors.

For more than 20 years we have been unwavering in our commitment to that goal, developing and investing in our business to support our clients in achieving their financial objectives.

With offices in the Isle of Man and in Cape Town, South Africa, we now manage and administer over \$4bn through a full suite of financial solutions.

Platform | Investment | Treasury



Isle of Man | Head Office
Capital International Group
Capital House
Circular Road
Douglas
Isle of Man
IM1 1AG

+44 (0) 1624 654200
info@capital-iom.com

South Africa Office
Capital International SA
Great Westerford
240 Main Road
Rondebosch 7700
South Africa

+27 (0) 21 201 1070
info@capital-sa.com

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