



Marketing Brochure | For Non-Professional Clients – February 2023

## BNP PARIBAS Technology Balanced Index Cliquet (ZAR) Series 3

Subscription Period: From 13 March 2023 to 8 May 2023

The Issuer of the Certificate is BNP Paribas Issuance B.V. (the Issuer) and the Certificate is guaranteed by BNP Paribas S.A. (Société Anonyme) (the Guarantor).

At each annual Observation Date, this investment offers you:

- A return, in ZAR, linked to the performance of the BNP Paribas Technology Balanced Index (the Index) which is made up of a diversified portfolio of 100 of the largest US and international non-financial companies as well as US Treasury futures and which has the addition of a risk control (RC mechanism);
- A Cashflow<sup>(1)</sup> with a gearing level indicatively estimated at 420%<sup>(2)</sup> of the annual Index Performance which will be paid on the Maturity Date.

On the Maturity Date, after five years:

- All Cashflows locked-in at each Observation Date are paid<sup>(1)</sup>;
- Principal protection: your Initial Investment<sup>(1)</sup> is returned even if the Final Index Level is below the Initial Index Level;
- A return in ZAR: you are not exposed to foreign exchange (USD/ZAR) fluctuations.

You should consult your financial adviser to advise you as to the suitability of the Certificate for your personal investment needs.

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(1) Except in the event of bankruptcy or default of payment by the Issuer and Guarantor. Please see page 4 for credit ratings and other financial information.

(2) The gearing level is determined by the Issuer on the Trade Date and will not be less than 350%. If market conditions do not allow to offer the aforementioned minimum gearing level, your Initial Investment<sup>(1)</sup> will be returned.



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## INITIAL ZAR INVESTMENT

Minimum ZAR 100,000

### ■ Each year, on the Observation Date:

- If the Index Performance is positive, your investment locks-in:

**A Cashflow<sup>(1)</sup> with a gearing level indicatively estimated at 420%<sup>(2)</sup> of the annual Index Performance**

- If the Index Performance is negative or nil:

No cashflow is locked-in

### ■ After 5 years, on the Maturity Date, you will receive:

**The sum of all locked-in Cashflows<sup>(1)</sup>**



**100% of your Initial Investment<sup>(1)</sup>**

**The annual Index Performance** is calculated as the percentage change of the official closing level of the Index between the previous Observation Date and the current one. On the first year, the Strike Date is defined as the previous Observation Date.

## Is this investment right for me?



### MAY BE SUITABLE IF YOU:

- Are seeking exposure to the largest US and international non-financial companies listed in one of the most well-recognized technology focused market indices (as explained on page 3).
- Wish to benefit from full principal protection at maturity, regardless of the Index Performance<sup>(1)</sup>.
- Do not need to access to your Initial Investment<sup>(1)</sup> before the end of the five year investment term<sup>(3)</sup>.
- Are happy to accept the credit risk<sup>(4)</sup> of BNP Paribas Issuance B.V. and BNP Paribas S.A. (Société Anonyme) for five years.
- Wish to have an investment with ZAR as the base currency and no exposure to the currency of the underlying Index (USD).



### MAY NOT BE SUITABLE IF YOU:

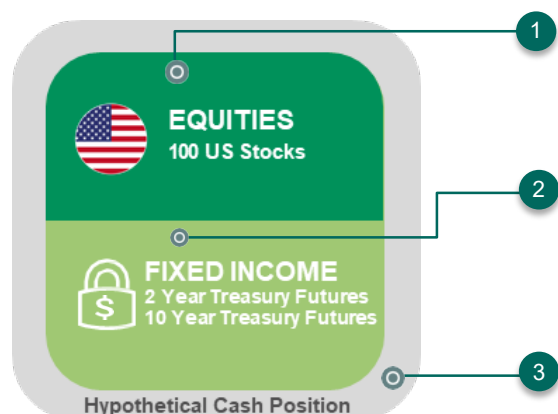
- Are not comfortable with the investment strategy of the Index.
- May need to access to your Initial Investment<sup>(1)</sup> before the end of the five year investment term<sup>(3)</sup>.
- Wish to benefit from a guaranteed annual floor for locked-in cashflows.
- Do not wish to be exposed to the credit risk<sup>(4)</sup> of BNP Paribas Issuance B.V. and BNP Paribas S.A. (Société Anonyme).
- Do not wish to have an investment with ZAR as the base currency.
- Wish to be exposed to the currency of the underlying index (USD).

**You should consult your financial adviser to advise you as to the suitability of the Certificate for your personal investment needs.**

- (1) Except in the event of bankruptcy or default of payment by the Issuer and Guarantor. Please see page 4 for credit ratings and other financial information.
- (2) The gearing level is determined by the Issuer on the Trade Date and will not be less than 350%. If market conditions do not allow to offer the aforementioned minimum gearing level, your Initial Investment<sup>(1)</sup> will be returned.
- (3) You can withdraw your investment before the Maturity Date but you will then receive the market value of your investment, which may be less than your Initial Investment.
- (4) The bankruptcy or default of payment by the Issuer and Guarantor.

## What is the methodology of the Index?

The **BNP Paribas Technology Balanced Index** provides variable exposure to:



1 A leading equity index, through futures on the **Nasdaq 100 Total Return Index**, that includes 100 of the largest US and international non-financial companies listed in the Nasdaq Stock Market based on market capitalization.

2 In addition to equities, the BNP Paribas Technology Balanced Index utilizes exposure to either **2 Year US Treasury Futures** or **10 Year US Treasury Futures** for diversification.

3 In order to maintain an annualized volatility<sup>1</sup> of 5%, the Index employs a **risk control methodology** that adjusts allocations among the stocks, Treasury futures, and a hypothetical cash position on a daily basis.

On a daily basis, the Index adjusts its exposure among the stocks and Treasury Futures<sup>1</sup> to target an annualized realized volatility of 5%:

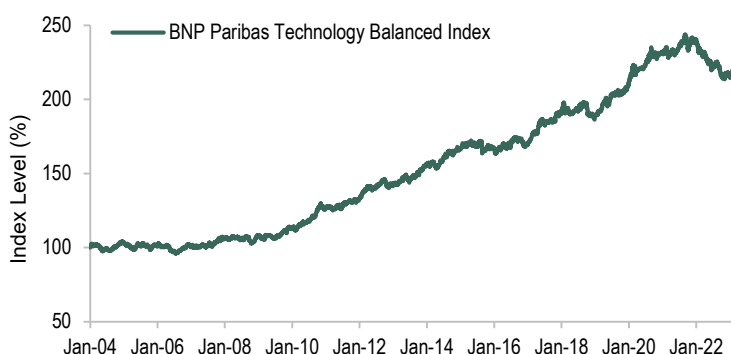
- If the volatility level of the equity portion of the Index is higher than 5%, the BNP Paribas Technology Balanced Index will shift its exposure to more stable components by reducing the weight of the equity portion and rebalancing it with **US Treasury Futures**.
- If the volatility level of the portfolio composed of equity and fixed income is still higher than 5%, the Index will reduce the weights of those two components and rebalance the portfolio with a **hypothetical cash position** that is uninvested and does not earn interest or any other return. The exposure to the hypothetical cash position is adjusted based on the volatility control mechanism of the Index and in an attempt to maintain an annualized volatility of 5%.

The bond portfolio will be fully allocated to the **10 Year US Treasury Futures Index** if the monthly trend of the latter is above its trend over a year, otherwise it will be fully allocated to the **2 Year US Treasury Futures Index**.

### <sup>1</sup> What is Volatility?

Volatility is a measure of price movements, or of the amount by which the daily return of the Index moves from its average daily return over a set period of time. It is an indicator of the level of risk. High volatility equates to high risk. A volatility control mechanism is added to ensure that the Index does not exceed a certain volatility threshold.

## Index past performance



Jan 04 – Feb 23	BNP Paribas Technology Balanced Index
Annualized Performance	4.10%
Annualized Volatility	5.07%
Sharpe Ratio	0.81
Max Drawdown	-12.47%

Sources: BNP Paribas, Bloomberg as of 28 February 2023. Performances of BNP Paribas Technology Balanced Index in USD. Index level rebased at 100% on 2<sup>nd</sup> January 2004. Simulated or historical past performance is not an indicator of future performance.<sup>1</sup>Either 2 Year US Treasury Futures or 10 Year Treasury Futures, depending on performance.

## What is the role of SIP Nordic SA (PTY) Ltd?

- Structured Investment Products South Africa (Pty) Ltd T/A SIP Nordic South Africa is a registered & licensed FSP service provider (FSP number 51065). They are responsible for the exclusive marketing of the products via a network of accredited and licensed Financial Advisers. Contact [info@sipnordic.co.za](mailto:info@sipnordic.co.za).

**SIP** *nordic*  
SOUTH AFRICA

<b>Issue type</b>	Certificate
<b>ISIN Code</b>	ZAE000320552
<b>Issuer</b>	BNP Paribas Issuance B.V. (S&P A+, 28/02/2023)
<b>Guarantor</b>	BNP Paribas S.A. (Société Anonyme) (S&P A+, Moody's Aa3, Fitch AA-, 28/02/2023)
<b>Currency</b>	ZAR
<b>Initial Value per Certificate</b>	ZAR 100
<b>Issue Price</b>	ZAR 100 (100% per Certificate)
<b>Investment Term</b>	5 years
<b>Subscription Period</b>	From 13 March 2023 to 8 May 2023.
<b>Trade Date</b>	15 May 2023
<b>Strike Date</b>	16 May 2023
<b>Issue Date</b>	30 May 2023
<b>Observation Dates</b>	16 May 2024, 16 May 2025, 18 May 2026, 17 May 2027 and 16 May 2028 (the day on which the annual Index Performance and the Cashflow are recorded).
<b>Maturity Date</b>	30 May 2028
<b>Index</b>	BNP Paribas Technology Balanced Index (Bloomberg code: BNPITEC5 Index).
<b>Capital Protection</b>	Yes, on the Maturity Date only, and dependent on the financial solvency of the Issuer and Guarantor.
<b>Cashflow</b>	Each Cashflow paid at the Maturity Date is calculated with a gearing level indicatively estimated at 420% <sup>(1)</sup> of the annual Index Performance.
<b>Listing</b>	Johannesburg Stock Exchange. Common Code: 107925
<b>Platform</b>	Itransact

## What are the fees and charges when investing?

Please refer to the Itransact fees<sup>(2)</sup> schedule. Note:

- The financial adviser fee will not exceed 2.88% (including VAT) of your Initial Investment<sup>(3)</sup> (equivalent to 0.58% p.a.).
- The Itransact administration fee will not exceed 2.15% (including VAT) of your Initial Investment<sup>(3)</sup> (equivalent to 0.43% p.a.). This includes the SIP Nordic SA Distribution fee of 1%.
- The Guardrisk endowment fee will not exceed 0.50% (not subject to VAT) of your Initial Investment<sup>(3)</sup>.

The fees will be deducted upfront and paid to Itransact who will pay the relevant portions of the total fees to the parties mentioned above. These deductions have been included in the returns described in this brochure and any return will be based on the whole of your Initial Investment<sup>(3)</sup>, before fees deducted. Itransact fees schedule is available on <https://www.itransact.co.za/>.

- The gearing level is determined by the Issuer on the Trade Date and will not be less than 350%. If market conditions do not allow to offer the aforementioned minimum gearing level, your Initial Investment<sup>(3)</sup> will be returned.
- Itransact may pay a portion of the administration fee to Structured Investment Products South Africa (Pty) Ltd T/A SIP Nordic SA (Pty) Ltd in accordance with any agreements between the two parties.
- Except in the event of bankruptcy or default of payment by the Issuer and Guarantor. Please see page 4 for credit ratings and other financial information.

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The Index Methodology embeds certain costs in the strategy which cover amongst other things, friction, replication and repo costs in running the Index. The levels of such costs (if any) may vary over time in accordance with market conditions as determined by the Index Sponsor acting in a commercially reasonable manner.

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