



 **Investec**

Specialist Bank

Out of the Ordinary®

Investec Emerging Markets Digital Plus

Brochure



Out of the Ordinary®

 **Investec**
Specialist Bank

Table of contents

Introducing the Investec Emerging Markets Digital Plus Equity Structured Product?	3
Summary of investment	3
What happens if the market value of the ETF is up at maturity?	4
What happens if the ETF is down at maturity?	4
Examples of potential returns	4
Illustrative graph of expected return at maturity	5
Credit reference entity	5
Liquidity	6
No currency risk	6
Costs are controlled	6
Tax	6
Is this investment right for you?	7
Application process	7
Contact us	8
Product supplier	8
Recent accolades	8
Disclaimer	9



Out of the Ordinary®



Introducing the Investec Emerging Markets Digital Plus Equity Structured Product

The Investec Emerging Markets Digital Plus Equity Structured Product (“Digital Plus ESP”) is a listed instrument on the Johannesburg Stock Exchange (“JSE”) and can be purchased via a stockbroking account in rands.

The Digital Plus ESP is credit linked and the investor takes credit risk on both Investec Bank Limited (“IBL”) and the Credit Reference Entity – FirstRand Bank Limited (“FSR”). IBL is the product supplier, liquidity provider, issuer and market maker.

Summary of the investment

	A 3.5-year equity investment linked to the performance of the iShare MSCI Emerging Markets exchange traded fund by BlackRock® (EEM US Equity) (“ETF”). The return will be calculated in rand
	Earn a minimum 35% digital return in rand if the market value of the ETF goes up by as little as 0.1% at maturity, plus unlimited upside above 35%
	100% downside protected at maturity in rand provided the market value of the ETF does not end down more than 30% at expiry and no credit event has occurred in respect of the Credit Reference Entity
	Cash investments from R50 000 (minimum) and increments of R10 000
	Daily liquidity in normal market conditions



Out of the Ordinary®

 **Investec**
Specialist Bank

What happens if the market value of the ETF is up at maturity?

The Digital Plus ESP is designed to provide investors with a minimum 35% rand return if the ETF goes up by as little as 0.1% at the end of 3.5-years.

In addition, should the ETF return more than 35%, investors would be paid the full upside return in rands, net of all fees, costs and expenses. *Simply put*; returns are unlimited and will not be capped.

What happens if the ETF is down at maturity?

A further benefit in these turbulent times is that unlike traditional investments, the Digital Plus ESP also provides a buffer should the ETF have a negative return of up to 30% at expiry. If the ETF value has not fallen below 70% of the initial level (a fall of more than 30%), at maturity, the investor will receive back their initial investment in full.

However, if the ETF has fallen more than 30%, at maturity, the investor would incur a loss. For example, if the ETF is down 32% at maturity, then the investor will incur a loss of 32%.

Examples of potential returns

The table below shows examples of the potential return of the Digital Plus ESP, at maturity based on an initial investment of R100 000.

The actual amount that an investor will receive is dependent on the amount invested, whether or not a credit event has occurred and the performance of the ETF over the term of the investment.

ETF basket returns at maturity*	Initial rand amount invested	Digital Plus ESP investment value at maturity
75%	R100 000	R175 000
27%	R100 000	R135 000
12%	R100 000	R135 000
-21%	R100 000	R100 000
-32%	R100 000	R 68 000

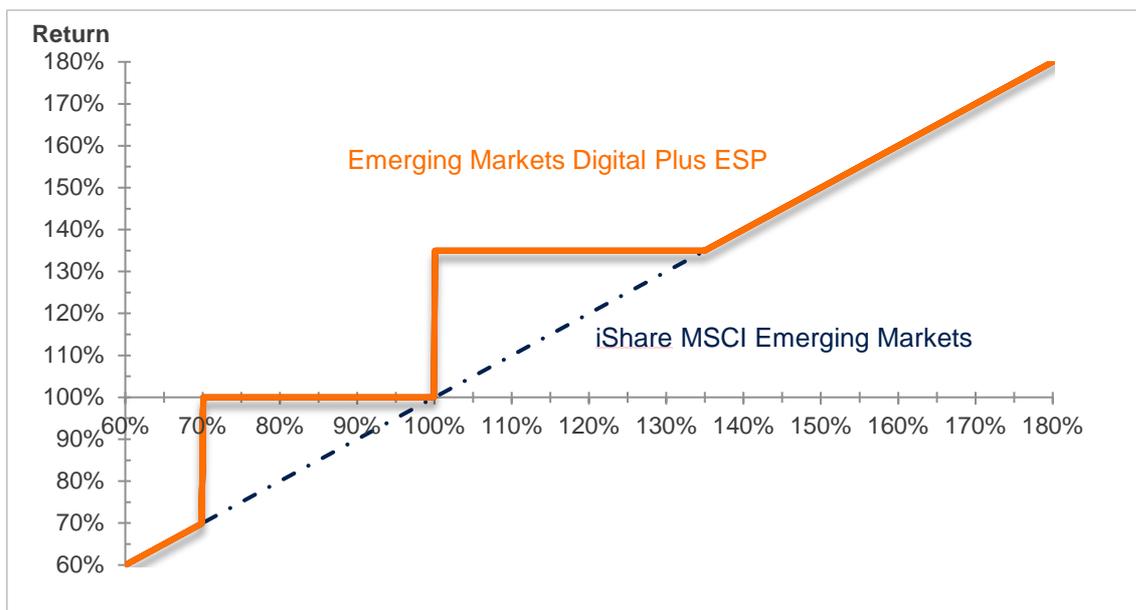
* *Theoretical returns for illustrative purposes*



Out of the Ordinary[®]

 **Investec**
Specialist Bank

Illustrative graph of expected return at maturity



Credit reference entity

The performance of the ESP is subject to the credit risk of FSR. Should a credit event (“Credit Event”: Bankruptcy, Failure to Pay, Obligation Default, Repudiation/Moratorium, Government Intervention or Restructuring) occur in respect of the Reference Entity, the return will be reduced to an amount equal to the price that can be obtained for certain bond or loan obligations of the Reference Entity in the market, pursuant to standard market valuation procedures.

This could result in a total loss of some or all of the ESP value which relates to the capital protection (as determined by the calculation agent), regardless of the performance of the ETF.



Out of the Ordinary®

 **Investec**
Specialist Bank

Liquidity

This investment is designed to be held to maturity. Early redemptions are not encouraged as any capital protection and proposed investment returns only apply at maturity. IBL makes an active daily market in the Digital Plus ESP on the JSE with a bid to mid-spread of 1%, enabling investors to exit early to the extent they have unexpected cash flow requirements or if their investment view changes.

No currency risk

The returns will be paid to the investor in rand i.e. the investment will not be affected by exchange rate fluctuations.

Costs are controlled

All fees, including JSE listing costs and licensing costs, have been priced into the product and will not affect the investor's return.

A distribution fee of 1.25% of the investment amount (inclusive of VAT) will be paid annually in advance in year 1 and 0.75% will be paid in year 2 and 3, to the Financial/Investment Professional.

Tax

The information provided in this brochure is general information and should not be construed as tax advice. Taxation legislation and its interpretation may change. For as long as an investor is the holder of the Digital Plus ESP, they will be the owner of a basket of units in an exchange-traded fund being the Satrix MSCI Emerging markets ETF. Section 9C of the Act deems receipts and accruals arising from the disposal of an exchange-traded fund to be of a capital nature if the taxpayer was the owner of the exchange-traded fund for a continuous period of at least 3 years immediately prior to the sale.

The tax consequences for investors who elect to sell their exchange-traded fund before a period of 3 years has elapsed will be dependent upon individual circumstances and any profit realised from the sale may be subject to Income Tax/CGT. It is recommended that prospective investors seek independent professional legal, tax and accounting advice and consider the investment in the light of the Investor's particular circumstances. No responsibility is accepted by IBL for the treatment of any court of law, tax, banking or other authority in any jurisdiction of the investment and no undertaking, warranty or representation is given with regard to the outcome of any such investment.

All opinions, statements and analysis expressed are based on information, which was current at the time of writing and from sources, which Investec Structured Products believes to be authentic and reliable.



Out of the Ordinary®

 **Investec**
Specialist Bank

Is this investment right for you?

This investment may be right for you if:	This investment may not be right for you if:
<ul style="list-style-type: none">• You think that the market value of the ETF will be above current levels over the next 3.5 years• You are looking for an investment that offers enhanced upside and potential to limit the downside exposure• You are happy to disinvest before expiry at the prevailing ESP price (which may be below the initial investment amount)• You do not need immediate access to your money for the term of the investment• You have a minimum of R50 000 to invest• You want an investment with exposure to emerging markets and no currency risk	<ul style="list-style-type: none">• You think the market value of the ETF may be more than 30% down at expiry• You want to receive regular dividends and income• You cannot commit to the full term of the investment• You do not want to take credit risk on IBL or FSR• You want 100% capital protection under all conditions• You want an investment with exposure to a currency other than rand

Application process

The Digital Plus ESP is a listed instrument on the JSE. Investors will need to hold a stockbroking costs account to purchase the shares. Prospective investors should refer to the Application form and term sheet for detailed information on the product.

The full terms and conditions of the ESP will be set out in the pricing supplement and will be made available on the listing date on the Investec website www.investec.com/invest. Prior to making any investment decision, investors should seek professional advice and read the application form and term sheet. The pricing supplement will be available on the listing date on the IBL website at www.investec.com/invest.

If you are unsure how this listed instrument works or whether it is suitable for your investment needs, please seek advice from your Financial/Investment Professional.



Out of the Ordinary®



Contact us

Please contact one of our product specialists for further information

Brian McMillan	+27 11 291 3180	brian.mcmillan@investec.co.za
Kate Langlois	+27 11 291 9450	kate.langlois@investec.co.za
Japie Lubbe	+27 21 416 3307	japie.lubbe@investec.co.za
Carlo Accolla	+27 21 416 3318	carlo.accolla@investec.co.za
Lynn Bell	+27 21 416 3328	lynn.bell@investec.co.za

Product supplier

As required by the **Financial Advisory and Intermediary Services Act ('FAIS')**, please find below the details of the product supplier:

Product supplier	Investec Corporate and Institutional Banking, a division of Investec Bank Limited
Physical address	100 Grayston Drive, Sandton, Sandown, 2196, Gauteng, South Africa
Postal address	P O Box 785700, Sandton, 2146, Gauteng, South Africa
Contractual relationship	None
Compliance officer	Pieter Erasmus
Address	100 Grayston Drive, Sandton, Sandown, 2196, Gauteng, South Africa
Contact number	+27 11 286 7323



Out of the Ordinary®



Recent accolades



Africa Structured Products & Derivatives Awards 2017

Best Performance in South Africa 2016 & 2017
Best Distributor in South Africa 2016 & 2017
Best House Africa 2017
Deal of the Year 2017

Disclaimer

This document is not a prospectus, nor does it constitute an offer to the public in respect of the Investec Equity Structured Products. Completion and signature of the Application Form contained herein constitutes an offer to invest in the Investec Wealth Accelerator ESP, implementation of which is subject to acceptance of the signed Application Form by Investec. Investors should seek their own independent professional advice regarding the suitability of this ESP for their own particular investment purposes.

The information contained in this communication is for informative purposes and is not intended to constitute advice in any form, including but not limited to investment, accounting, tax, legal or regulatory advice. As product supplier, Investec is not in a position to have regard to the specific investment objectives, financial situation or particular needs of any specific recipient. The material is based upon information that we consider to be reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. All illustrations, forecasts or hypothetical data are for illustrative purposes only and are not guaranteed. The sender accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this communication. Investec does not make representation that the information provided is appropriate for use in all jurisdictions or by all investors or other potential investors. Parties are therefore responsible for compliance with applicable local laws and regulations. Prospective investors should be fully aware of the risks involved in trading investment related products. Profits and benefits are dependent on the performance of underlying assets and other variable market factors and are not guaranteed.

This product is not sponsored, endorsed, sold, or promoted by the Index or indices, as specified herein, or the relevant Index sponsor, being the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant ETF on a regular basis. No ETF sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the ETF and/or the levels at which the ETF stands at any particular time on any particular date or otherwise. No ETF or ETF sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the ETF and the ETF Sponsor is under no obligation to advise any person of any error therein. No ETF sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any transaction in respect of this product. Neither Investec nor the investor shall have any liability to the other for any act or failure to act by the ETF sponsor in connection with the calculation, adjustment or maintenance of the ETF. Investec has no affiliation with or control over the ETF or ETF sponsor or any control over the computation, composition or dissemination of the indices. Although Investec will obtain information concerning the indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by Investec as to the accuracy, completeness and timeliness of information concerning the indices. Corporate and Institutional Banking, a division of Investec Bank Limited. Reg. No. 1969/004763/06. An Authorised Financial Services Provider (FSP 11750) and registered Credit Provider (NCRCP9). A member of the Investec Group.

06.02.2018