

Global Growth with Capital Protection in USD

Presentation & FAQ

19 October 2022



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Product Overview



Term

5-year Investment with potential to exit the investment early in normal market conditions.

Applications close on **2nd December 2022**.



Capital Preservation

100% capital protection at maturity in USD.

Subject to the credit risks as highlighted on page 6.



Exposure to Global Equity Markets in USD

The product's return is linked to a diverse basket of indices:

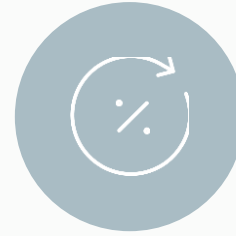
S&P 500
(40% weighting)

Euro Stoxx 50
(30% weighting)

Nikkei 225
(15% weighting)

iShares Emerging Markets ETF
(15% weighting)

98% correlated to world index



Return

The product will return the growth of the index basket multiplied by a **minimum participation of 150%**, with index growth capped at 40%.

Therefore, the **maximum return is 60%** in USD (150% x 40%), equivalent to 9.86% per annum compounded.



Minimum Investment

USD 11,000
or
AUD 16,000

Back Tested Payoff Simulation

5-year rolling returns of global equity markets, vs Global Protected Growth - APBL with 150% gearing to an index cap of 40% (maximum return of 60%)



The graph on the left illustrates a simulated payoff of Asia Pacific Basket Limited from 1992. The basket of indices is 98% correlated to the market capital weighted global equity market. The arrows indicate periods where the return on the index was negative, however Asia Pacific Basket Limited investors would have received their capital back over those periods.

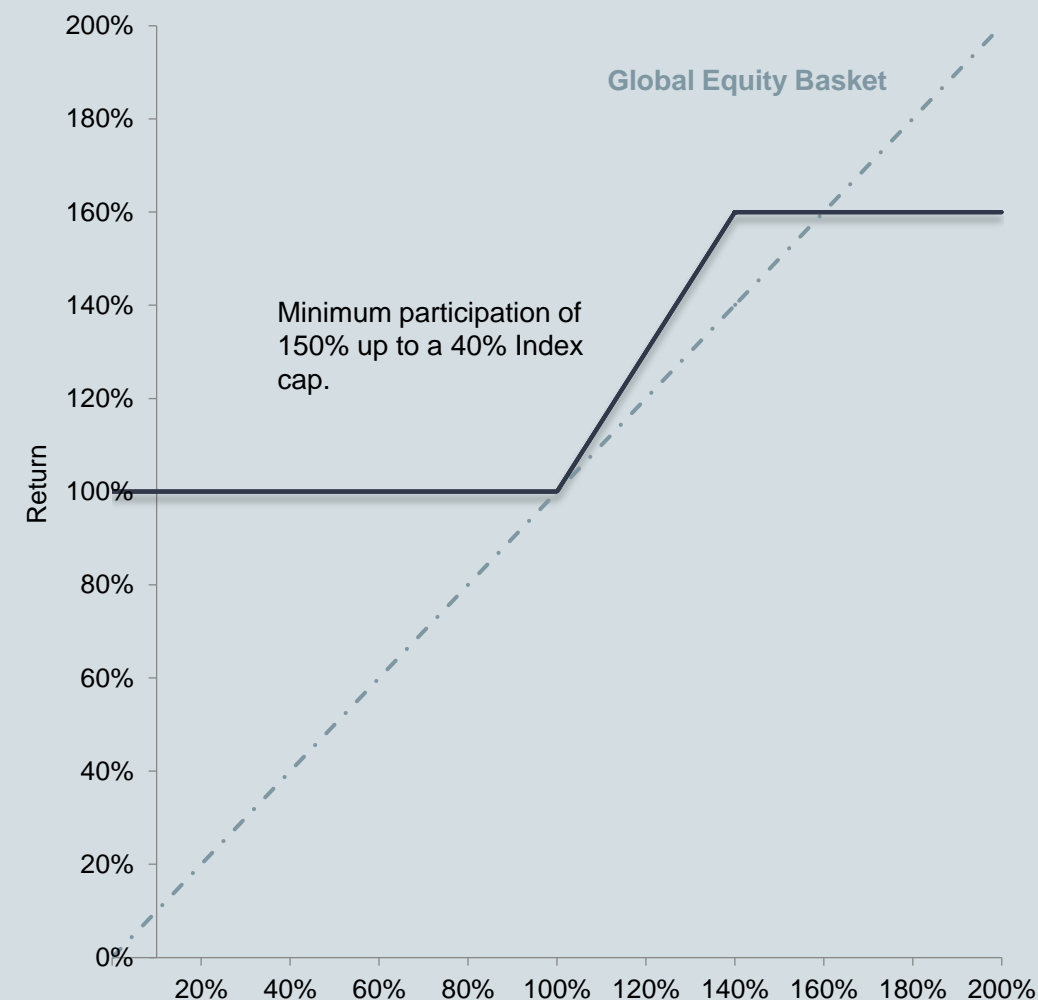
Since inception of world index in 1987	
% of negative rolling 5Y returns	21.3%
World Index rolling 5Y Avg IRR	5.51%
Simulated Product 5Y Avg IRR	6.21%

*Source: Bloomberg 27 September 2022

Product Return Example

Assumed Index Level (Initial)	100	100	100
Assumed Index Level (Close/Final)	50	130	150
Debt Return	100	100	100
Basket Return %	-50	30	50
Option Return with Current Minimum Participation of 150% up to a 40% Basket Growth Cap	0	45	60
Total Share Value at Maturity	100	145	160

Investment payoff profile



Credit Risk

Credit Names

The initial Debt Instrument purchased will be issued by Citigroup Global Markets Holdings Inc., and guaranteed by Citigroup Inc. The three credit reference obligations (each amounting to 33.3% exposure to the investor) are the subordinated debt of:

- BNP Paribas SA
- UBS Group AG
- Societe Generale SA

Further purchases of Debt Instrument/s (if any) will be made in line with the requirements of the Prospectus. The Debt Issuer and the Reference Entities (on the top-up portion) may be different to the names mentioned above.

Credit Analysis

The below table illustrates the market capitalization of the Debt Issuer and three Reference Entities, together with the relevant credit ratings. It should be noted that the senior unsecured debt of the issuer, and the subordinated Tier 2 debt of all three reference entities are investment grade.

Entity	Market Cap (USD Billion)	Issuer Rating			Subordinated Debt Rating		
		Fitch	Moody's	S&P	Fitch	Moody's	S&P
Citigroup Inc	82.48	A	A3	BBB+			
Societe Generale SA	16.94				BBB	Baa3	BBB-
UBS Group AG	52.13				BBB	N/A	N/A
BNP Paribas SA	51.27				A-	Baa2	BBB+

Credit Event

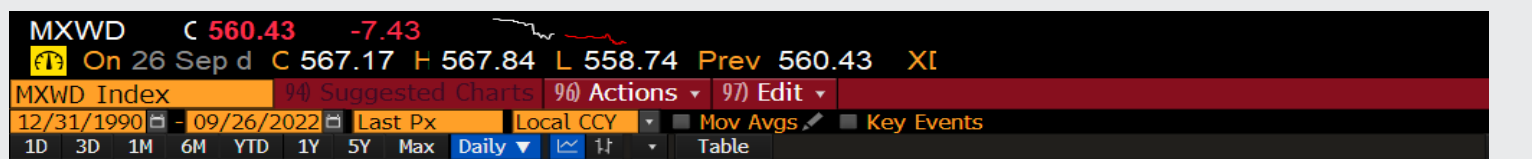
A Credit Event is defined as the following:

- Bankruptcy
- Failure to pay
- Restructuring
- Government intervention

Adjustment Event

This includes a change in law, tax or hedging costs which increases the issuer's costs and the costs may then be passed on to the debt holder. This may have an impact on the expiry value of the Debt Instrument and thus the capital protection may not be fully effective. Such clauses are included as standard wording in debt instruments and credit linked notes. The clauses exist to protect the issuer from a change in law which has a material impact on the economics of the transaction. In discussions with a number of international banks they confirmed that they are not aware of ever having invoked these clauses. Therefore, we feel there is a very low risk that this circumstance materializes.

Global Equity Markets Price Graph



● MXWD Index – Last Price 560.43

560.43

The value of a 100% capital protection at expiry

The graph (left) illustrates the volatility of the equity markets. The red rectangular area on the graph to the left indicates a previous basket term (2007 to 2012).

Investors received 100% of their capital back at expiry even though the underlying indices were some 44% down. If an investor had invested directly in the underlying indices, they would have been some 38% down after adding back dividends.

Historic Volatility – Global Equity Markets



*Source: Bloomberg 27 September 2022

Volatility affects option pricing significantly. Higher Volatility (historical volatility for Global equity markets is shown on the graph to the left) results in a higher cost of options.

If an investor had to purchase protection on a Global equity index, it would cost investors some 15% of the investor's initial capital as of 26-Sep-22. Investors in Asia Pacific Basket Limited will not incur this cost.

Historic Returns of Global Asset Classes (USD)

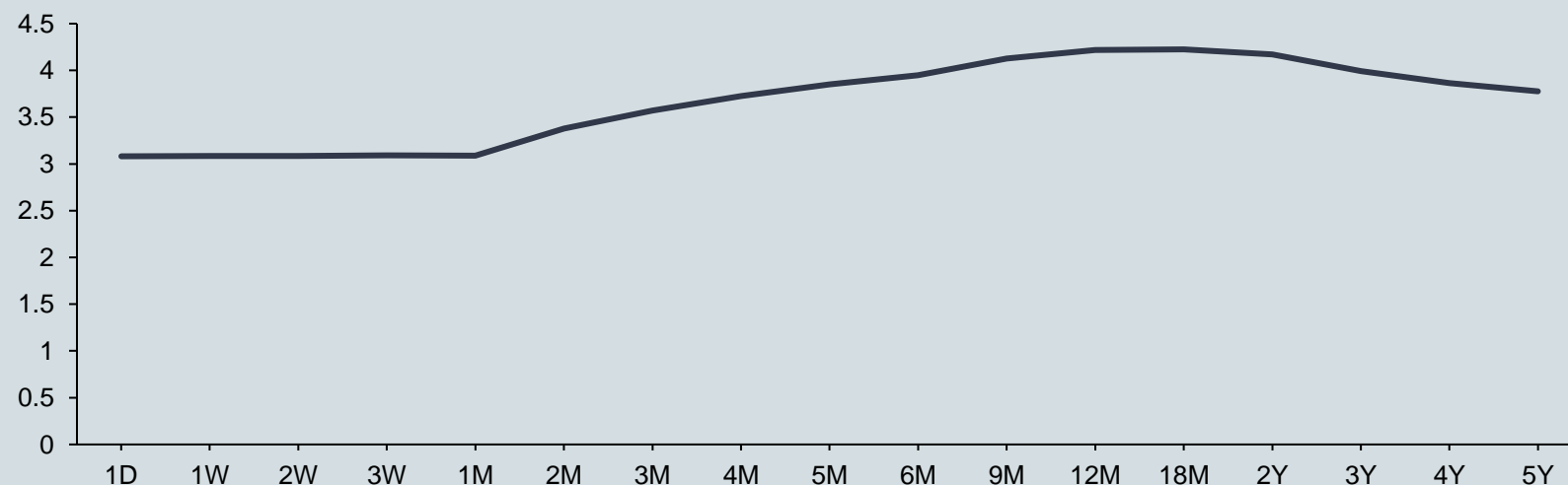
Asset Class	Nominal Growth p.a.	Real Growth p.a.	Compounded Real Return over 120 years
Equities	8.20%	5.30%	49,037%
Bonds	5.00%	2.10%	1,111%
Bills	3.70%	0.80%	160%

*Source: Credit Suisse global investment returns yearbook 2021

The above table illustrates that over multiple decades, the real value of equities (for a globally diversified portfolio with income reinvested), grew by a factor of 490 (real return of 5.3% per annum incl. dividends), compared to 2.1% for bonds and 0.8% for bills (cash).

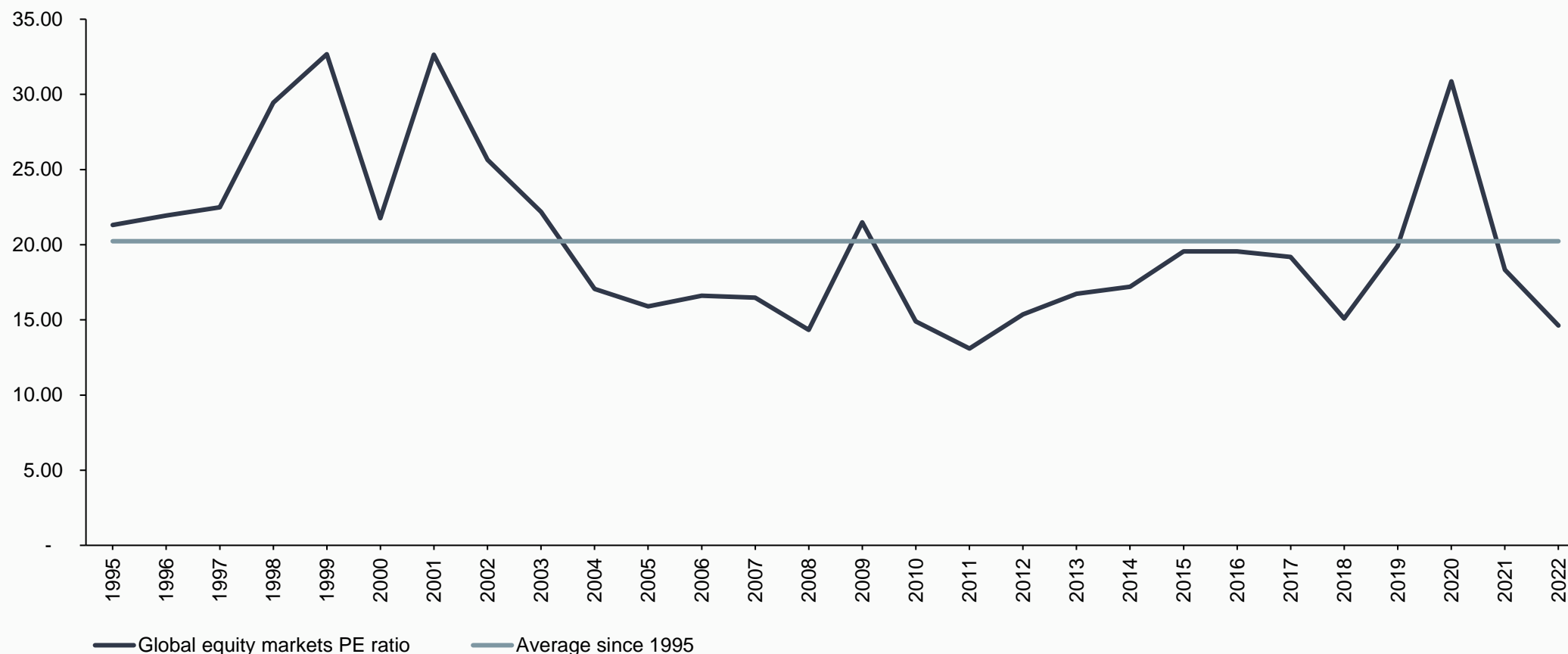
The USD Overnight Interest Rate Swap Curve (right) shows a proxy for current yields applicable to cash and interbank deposits.

USD Overnight Interest Rate Swap Curve



*Source: Bloomberg 28 September 2022

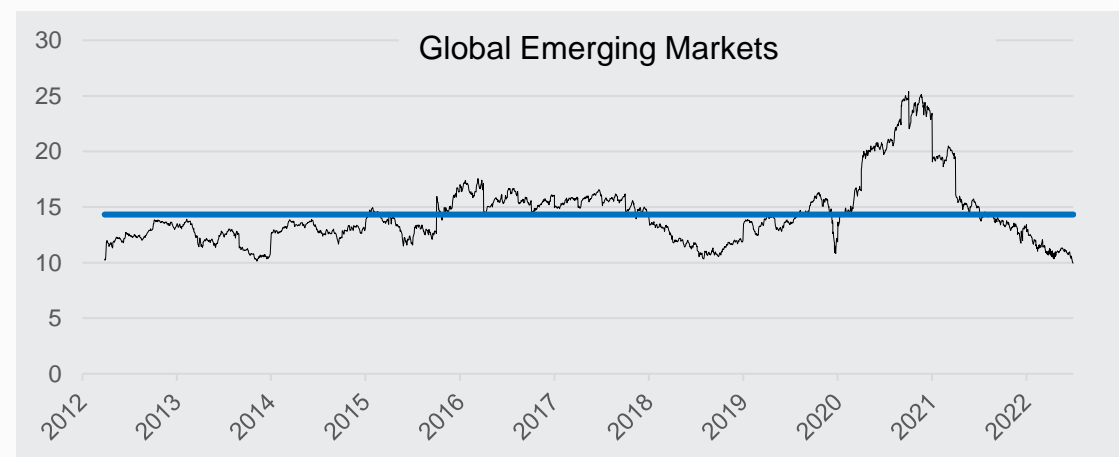
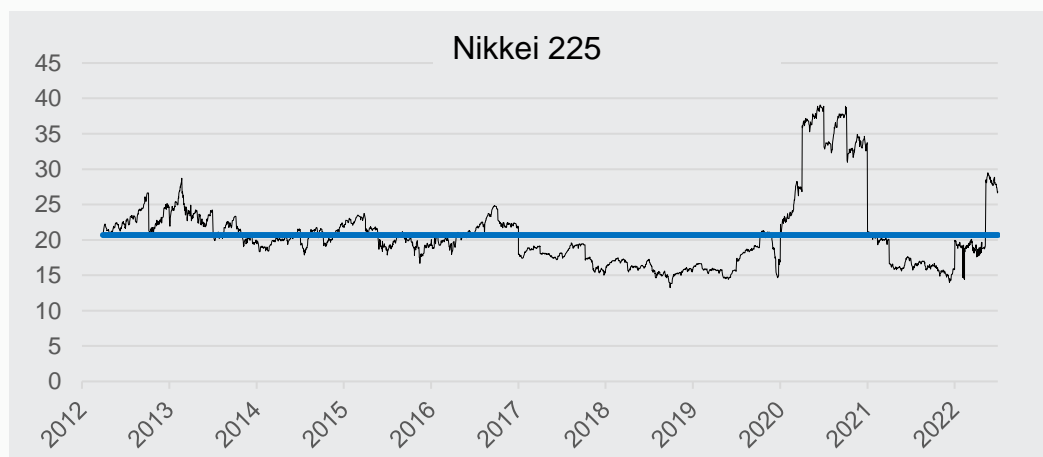
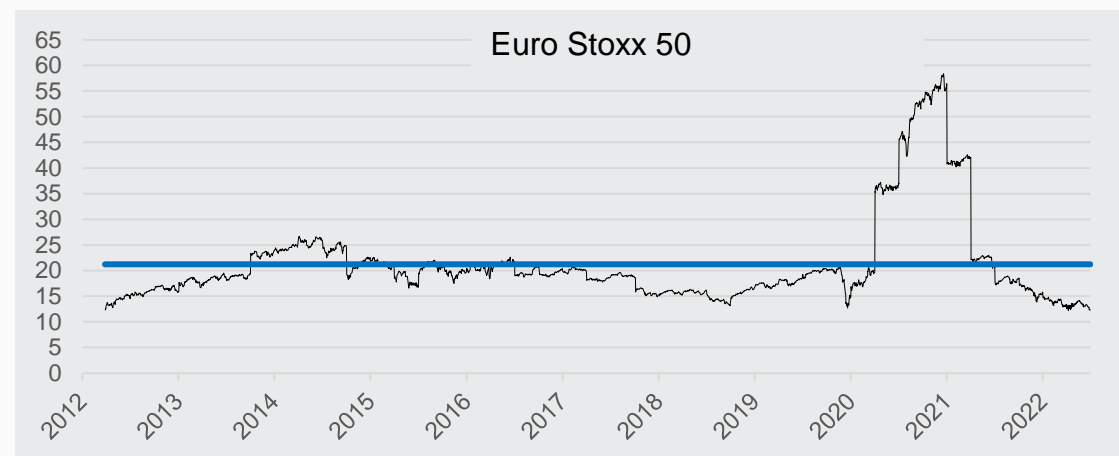
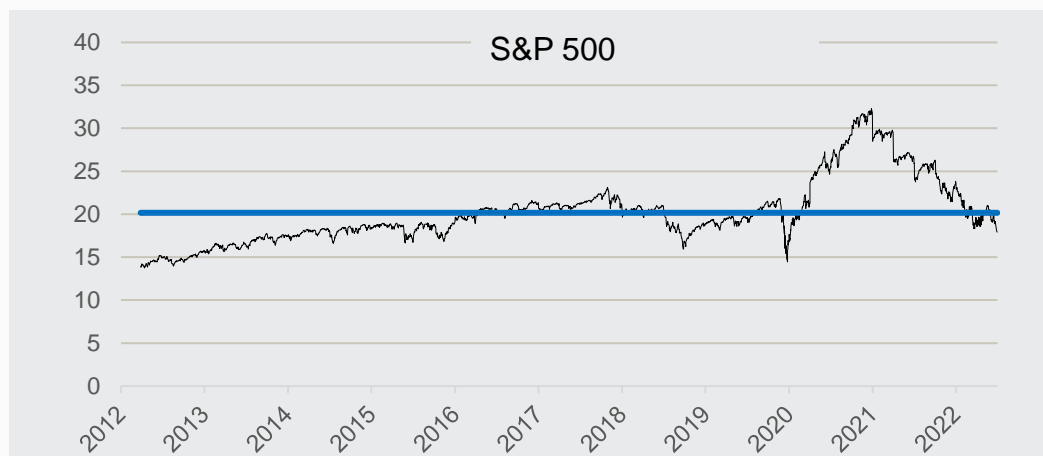
Price/Earnings Ratio over time



The above table indicates the Price/Earnings ratio of Global equity markets since 1995. It is evident that the PE ratio as at 28 September 2022 (14.62) is below the average PE since 1995 (20.2).

Price/Earnings Ratio per underlying index (last 10 years)

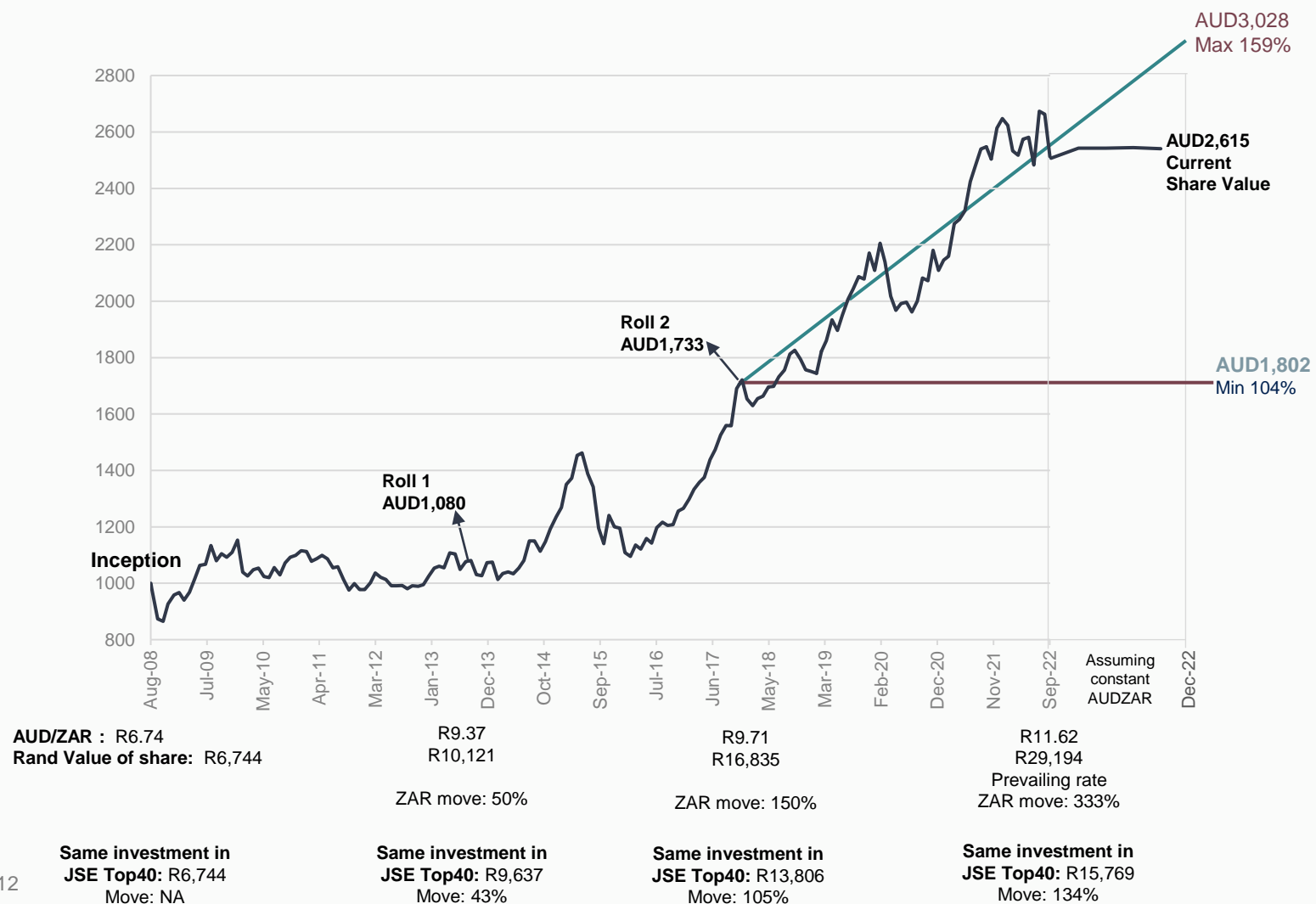
Most indices are trading at discounts to their 10-year average P/E ratios (blue line in graphs). This can indicate favourable timing to enter the market.



*Source: Bloomberg 27 September 2022

Historical Share Performance

Asia Pacific Basket Limited



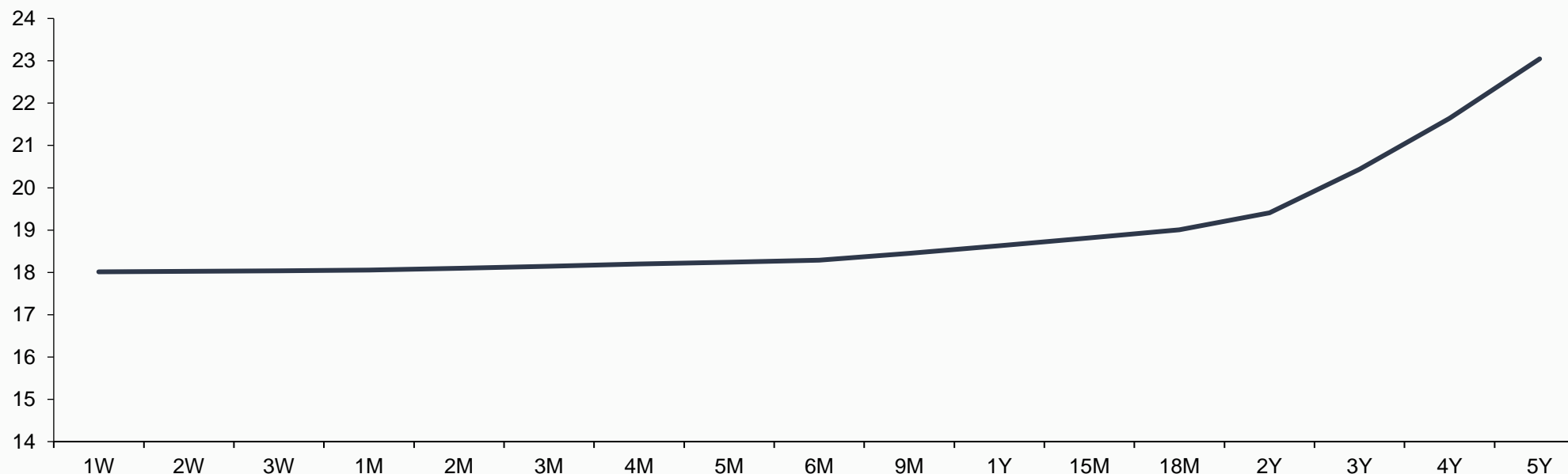
To demonstrate the value of retaining these shares, we use the performance of the shares of Asia Pacific Basket Limited since inception in 2008.

The graph indicates that with every maturity/roll of the investment the investor managed to lock in profits and reduce risk as the expiry value at maturity becomes the new 100% protected value of the new investment (if investors elect to roll the investment). Because the investor has a known worst case value at expiry, he/she can avoid mid term volatility. If markets collapse the investors can avoid loss by being paid out the minimum capital protected value.

*Source: Investec Corporate and Institutional Banking, updated 12 October 2022

What is the USD/ZAR forward rate over the targeted term?

USD/ZAR Currency



The USD vs the ZAR forward rates over the term of the offering can be seen above.

The USD/ZAR forward appreciation rate is approximately **28.1%** over the next 5-years, indicating a 5.1% annual ZAR depreciation is priced in by the market.

Costs and Fees

An initial once off expense provision of some 0.50% of the Principal Amount will be set aside to cover the Company's costs over the investment period and the Company will not invest this amount.

Annual fees will be charged within the Company to cover the following service providers:

Distributor fee:	0.60%
Investment Advisor fee:	0.60%
Administrator:	0.13% in Year One, and 0.11% per annum thereafter

The distributor may charge a once off upfront fee of up to 2% plus VAT on new Shares issued for either Class A Shares denominated in AUD or Class B Shares denominated in USD. This will be deducted from the gross AUD or USD investment amount paid by each subscriber to the Company such that only the net amount ("Principal Amount") will be invested in Shares of the Company.



Market Risk

Market Risk on interest rates

The investment objective as described in the Prospectus of the Company is twofold:

1. To preserve the investor's capital in USD
2. To give meaningful participation in the growth in international equity markets

Interest rates and credit spreads have shown significant volatility in recent months as global inflation and the prospect of recession in many countries has influenced markets. As of 28 September 2022, interest rates and credit spreads are at elevated levels, which in turn improves the potential equity participation of the Company over the next roll period. The Investment Adviser (Investec Bank Limited) will therefore seek to purchase some instruments (being some of the Debt Instruments as well as interest rate hedges) ahead of the product trade date in order to secure these attractive levels. Please note that it is not possible to purchase all of the Debt Instruments ahead of trade date given the uncertain size of the trade.

These instruments will be sold on to the Company on trade date at the same levels at which they were acquired. This will ensure that the Company can still meet its investment objectives even if the market yield on the Debt Instrument is lower than current levels on trade date. In addition, the interest rate hedge will ensure that the Company still benefits from any further material increases in interest rates (more than a 1% increase in the USD 5yr swap rate).

Investors should therefore be aware that movement in interest rates between now and the trade date will have the following effect on the payoff and day 1 valuation in various scenarios.

Change in Debt Instrument yield	-1%	1%	1.50%	2%
Change in equity participation	-3.94%	3.94%	18.55%	33.16%
Day 1 valuation gain or loss*	3.24%	-3.24%	-3.24%	-3.24%

Note: The above indicative table assumes a total company size of \$200m on Trade Date. Any valuation gain or loss on day one will only be realized to the extent that the investor sells its shares prior to the end of the investment term.

Daily Pricing & Monthly Overview (Bloomberg)

To access the daily pricing and monthly overviews please use the Administrator's website at:
<https://www.sannegroup.com/online-services/investec-basket-information/>

AUD A Class	USD B Class
ISIN: GG00B3B1B651	ISIN: GG00BYZ0RF63
Bloomberg: ASIPACB GU	Bloomberg: ASPBLBU GU

Important dates

Closing Date	02 December 2022
Trade Date	Within 35 business days of the Closing Date
Contract Notes	Within 10 business days of the Trade Date
Fees Paid	Within 10 business days of Contract Notes issued, provided all client due diligence is in order

Financial Service Provider (“FSP”) License Categories

FSP Category 1 (“CAT I”) and Category 2 (“CAT II”) license holders qualifying criteria to provide financial services on structured products:

- Where advice is being given, financial advisors/stockbrokers/wealth managers should ensure that they understand the underlying instruments and are able to advise clients appropriately; and
- The onus is on the financial advisor/stockbroker/wealth manager to ensure that they have the appropriate license to provide financial services on this product.
- As a result of continuous review of the various subcategories required to distribute our products, we have established that in order to distribute this product, a distributor must be authorised to provide financial services in the following subcategories:

CAT I license holders

1.8
Securities and
Instruments: Shares

1.4
Long-term insurance
subcategory C (life
wrapper only)

CAT II license holders

2.5
Securities and
instruments: Shares

2.2
Long-term insurance
subcategory C (life
wrapper only)

*Wrapper - Investments made into the Company by a wrapper must be done by a validly licensed entity.

Contact Us

Please contact one of our product specialists for further information

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Product Supplier Details

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

Product supplier	Asia Pacific Basket Limited
Physical address	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA
Contact number	+44 1481 737 622
Postal address	Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA

South African product promoter	Investec Corporate and Institutional Banking, a division of Investec Bank Limited
Physical address	100 Grayston Drive, Sandown, Sandton, 2196, Gauteng, South Africa
Postal address	P O Box 785700, Sandton, 2146, Gauteng, South Africa
Contact number	+27 11 286 7000
Contractual relationship	Investment Adviser to the Board of Asia Pacific Basket Limited
Compliance officer	Chulekazi Jikijela
Contact number	+27 11 286 9157

Thank you

Disclaimer

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