

Invest easy. Rest easy.

Global Protected Growth
- APBL

October 2022

START



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Product overview

Exposure to Global Equity Markets in USD



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

Index	Geography	Weighting
S&P 500	USA	40%
Euro Stoxx 50	Europe	30%
Nikkei 225	Japan	15%
iShares MSCI Emerging Markets ETF	Emerging Markets	15%

Return



The product will return the growth of the index basket multiplied by a minimum participation of 150%¹, with index growth capped at 40%. Therefore, the maximum return is 60% in USD (150% x 40%).

Capital Preservation



100% capital protection at maturity in USD²

Term



5-year Investment with potential to exit the investment early in normal market conditions (applications close on 2nd December 2022).

Minimum Investment



USD 11,000; or
AUD 16,000

Notes:



1. The minimum participation level is based on current market conditions as at 03 Oct 2022 and the final gearing will be determined on the trade date.
2. The investor's capital, in US dollars, is protected if the investment is held to maturity, subject to the exceptions explained further in this document.



Features of the investment

The investment is in shares ("Shares") in a company called Asia Pacific Basket Limited ("the Company"), registration number 48918. The Company is incorporated in Guernsey and listed on the Bermuda Stock Exchange. The Company offers preservation of capital of the principal amount initially invested if held until maturity, subject to the exceptions set out below.

The Principal Amount will be invested by the Company in:

- **USD denominated credit-linked debt instruments** ("Debt Instruments") which proportionately references the subordinated, Tier 2 debt of three reference entities ("Reference Entities"). The three Reference Entities will be BNP Paribas SA, UBS Group AG and Societe Generale SA, all of which are international banks with investment grade ratings and
- **An equity linked option(s)** issued by an international bank or entity(ies) in the group of an international bank (such bank or entity(ies) having a minimum international S&P rating of A) to provide equity exposure.

Principal preservation

The percentage of the Principal Amount invested in the Debt Instruments will be determined so that the amount received by the Company at the end of the investment period in USD, will be equal to at least 100% of the Principal Amount in USD, as applicable, provided that there was no default by the Debt Issuer, no Credit Event(s) (as defined below) occurred in relation to any Reference Entity being BNP Paribas SA, UBS Group AG and Societe Generale SA, and no Adjustments Events (as described below) or early redemption events occurred in relation to the Debt Instruments.

Should a Credit Event occur in relation to a Reference Entity, then the aggregate nominal amount of the Debt Instruments will be reduced in proportion, taking into account the recovery percentage in relation to such Reference Entity. The Debt Instruments will be issued by Citigroup Global Markets and guaranteed by Citigroup Inc and they reference the subordinated debt of the Reference Entities in equal proportion.

The investor's capital is at risk if (i) the issuer defaults or any of these Reference Entities experience a Credit Event; or (ii) an Adjustment Event occurred under the Debt Instruments (such as a change in law, tax, hedging costs etc) that will reduce the amount to be paid to the Company; or (iii) if there is an early redemption event under the Debt Instruments. The issuer and the Reference Entities are all large, international banks with investment grade ratings.

"Credit Event" means Bankruptcy, Failure to Pay, Restructuring and Government Intervention, terms as defined in the 2014 Credit Derivative Definitions of the International Swaps and Derivatives Association.

Return scenario analysis

Assuming the basket starts at USD100 equivalent, below is an example of expected returns based off an indicative participation of 150% as of 03 Oct 2022

Assumed Basket Level (Initial)	Assumed Basket Level (Close/Final)	Debt Return	Basket Index Return %	Option Return at 140% Participation	Total Share Value at Maturity
100	50	100	-50	0	100
100	130	100	30	45	145
100	150	100	50	60	160

Equity exposure

A targeted basket of offshore indices, namely the S&P500 (40% weighting), Eurostoxx50 (30% weighting), Nikkei 225 (15% weighting) and iShares MSCI Emerging Markets ETF (15% weighting).

The Index Basket value at maturity will be calculated as the aggregate of the simple average of the closing values of the Index on the same date in each month in the averaging period. The maximum averaging period will be 12 months; however, a 3-month period is targeted.

Economies of scale

The public offering results in minimizing overall costs and the provision of efficient asset pricing.

Investment objective

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

1. to preserve the investor's capital in USD; and
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 early 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 5.3 years. The Investment Advisor (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 are 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-one 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 his/her Shares prior to the end of the investment term.

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, but will remain one or more local and/or international banks to be selected by the Investment Adviser on or before the trade date, each with a long-term rating equal to or better than the rating of Investec Bank Limited, in the proportion of the nominal amount of the Debt Instruments.

USD Exposure

The Shares may provide a Rand hedge if the Rand depreciates against the USD as the underlying debt instruments and equity linked options are in US dollars.

If the Rand appreciates against the USD, then the Investors bear such currency risk on maturity of the investment.

Regular valuation

Indication of fair value for the Shares will be made available on the Administrator's website. Monthly overviews will also be provided on the website to show the performance of the offering for each month from inception.

<https://www.sannegroup.com/online-services/investec-basket-information/>

Note: navigate to "Asia Pacific Basket Limited"

Risk factors

Investors should refer to the "Risk Factors" in the Company Prospectus, which is available upon request from the Investment Adviser to the Company or from the Administrator;

- Significant price movements prior to the launch, making the targeted return unachievable and therefore returning cash to Investors without interest
- Tax and regulatory changes
- Exchange rate risk
- Credit risk on counterparties of the Company, in particular the issuer of the Debt Instrument, the Reference Entities and the issuer of equity options
- Lack of liquidity in the Shares
- Adverse market movements on interim Share valuations

Risks associated with credit-linked debt

- Structured products provide principal protection through the assumption of credit risk. They are intended for sophisticated investors who understand this risk and are willing to take it. There is credit risk on the Debt Issuer, each Reference Entity (the credit risk relates to the subordinated debt issued by such Reference Entities) and the equity investment provider(s). A default by any such party(ies) may cause the value of such investment of the Company to be reduced or to become zero, which may adversely affect the Share price or cause the Shares to become worthless.
- Shareholders should be aware that any such breach or default by any party in relation to an investment made by the Company, or any adjustment made by the issuer of an investment made by the Company may adversely affect the ability of the Company to meet its investment objectives.
- If any of the Company's investments are terminated early for any reason the directors will take such steps as they, in their sole discretion, consider practicable in order to try to enable the Company to achieve its investment objective, but there can be no assurance that this will be possible.
- Should a Potential Failure to Pay have occurred, then the Termination Date shall be postponed to determine whether the Potential Failure to Pay will be cured or whether a Credit Event has occurred.

Liquidity through a secondary market or early redemption

Investors will not have the right to redeem their Shares prior to the maturity date. However, should Investors wish to sell their Shares during the investment period:

1. The Administrator will facilitate a book-over of their Shares where it identifies a willing buyer, for a fee of GBP150 per transaction (deducted from the proceeds due to the seller). In order to assist this process an independent trust ('the Trust') (declared on 2 September 2009 in Guernsey known as The Basket Trust) has declared its willingness to purchase Shares (although the Trust is not obliged to do so); and
2. If no buyer is identified, the Company, upon Directors' approval, can arrange a potential early redemption of the Shares at a price either in AUD for A Class Shares, or USD for B Class Shares, at which the Company can liquidate underlying assets. In the event of either of the above occurring, there is an early exit fee of up to 1.25% plus any additional administration and applicable banking fees. Please refer to the Company prospectus for further details on the fees.

In the event of death of the investor, Guernsey probate may need to be sought and the Administrator and the Investment Adviser to the Company may assist.



Fees

Annual fees to be paid by the Company to service providers are in USD and will be as follows:

Distributors	0.60% per annum
Investment Adviser	0.60% per annum
Administrator	0.13% first year fee, then reduced to 0.11% per annum

Other than the upfront fees, the expenses and fees described above are already factored into the payoff and should not affect the potential investment return of the Shares. On the maturity of the investment, the Investor will receive the full-realised fair market value of the Shares in the currency that it subscribed for, based on the value certified by the Company's auditors. Please refer to the Company prospectus for further details on the fees.

The distributors may charge a once off upfront fee of up to 2% plus VAT on new Shares issued for either A Class AUD denominated Shares or B Class USD denominated Shares. 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 ("the Principal Amount") will be invested in Shares of the Company.

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.

Tax

1. The Company has a **Guernsey tax exemption certificate**.
2. Depending on Investors' circumstances and their intentions when buying or selling the Shares, Investors who hold the Shares to maturity and then sell them to the Trust prior to redemption
3. Taxation of individual shareholders will depend on personal circumstances and they should seek independent tax advice. **A change in tax regulations may affect the taxation of Investors.**

may be taxed subject to the tax laws and revenue practice prevailing at the time.

How to invest

Minimum investment of USD 11,000 for B Class USD denominated Shares, or AUD 16,000 for A Class AUD denominated Shares.

Investors can follow the underlying four investment avenues:

- **Offshore allowances** (or any SARB approved offshore allowance)
- **Disclosed** amnesty assets and disclosed foreign assets
- **International assets** held by non-South African Investors
- **Foreign Portfolio Investment Allowance** (asset swap)

Important dates

Closing date	2 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

Daily pricing and monthly overviews

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

Note: navigate to "Asia Pacific Basket Limited"

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

How can you contact us?

Please contact one of our product specialists for further information:

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Website

www.investec.com/invest

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

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 7323

Recent accolades of the Investment Adviser to the Company

- Africa Structured Products & Derivatives Awards
Best Performance South Africa 2016, 2017 & 2019
- Best Distributor South Africa 2016, 2017, 2019 & 2020 Best Distributor Offshore 2019
- Best House Africa 2017
- Deal of the Year 2017 & 2019
- 2018 awards took place in 2019



Disclaimer

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