



East Asian Growth Basket Limited

Brochure

March 2022

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Disclaimer

EAST ASIAN GROWTH BASKET LIMITED

The investment is in shares ("Shares") in a company called East Asian Growth Basket Limited ("the Company"), registration number 44743. The Company offers preservation of capital of the principal amount initially invested if the Shares are held until maturity.

Summary of offering

Growth



A five-year equity investment linked to growth in diversified global equity markets.

Return



At least 100% upside participation capped at an index level of 40% in global equity markets –

- S&P500 (45% / Bloomberg Code: SPX)
- Euro Stoxx 50 (20% / Bloomberg Code: SX5E)
- Nikkei 225 (20% / Bloomberg Code: NKY)
- Global emerging markets ETF (15% / Bloomberg Code: EEM US)

Capital Preservation



100% protected at maturity in US dollars (USD), by means of a subordinated debt instrument, with the Call Date explained on Page 5.

Liquidity



Daily liquidity in normal market conditions

Minimum Investment



USD 19,000
AUD 25,000

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 three-month period is targeted.

Features of the investment

The investment is an investment in Shares of a company incorporated in Guernsey and listed on the Bermuda Stock Exchange.

The Principal Amount will be invested by the Company in:

- Subordinated debt instruments ("the Debt Instruments") of a debt issuer ("the Debt Issuer") that has a rating equal to or better than Investec Bank Limited.
- **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 A rating) 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.

Assuming the basket starts at USD100 equivalent, below is an example of expected returns.

| Assumed Basket Level (Initial) | Assumed Basket Level (Close/Final) | Debt Return | Basket Index Return % | Option Return at 100% Participation | Total Share Value at Maturity |
|--------------------------------|------------------------------------|-------------|-----------------------|-------------------------------------|-------------------------------|
| 100 | 50 | 100 | -50 | 0 | 100 |
| 100 | 130 | 100 | 30 | 30 | 130 |
| 100 | 150 | 100 | 50 | 40 | 140 |

Equity exposure

- S&P500 Index (45%)
- Euro Stoxx 50 Index (20%)
- Nikkei 225 Index (20%)
- Global emerging markets ETF (15%)

Economies of scale

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

Call date

The board of the Company is targeting a termination date after five years and one day to align to the first call date on the Debt Instruments. The capital recognition of the Debt Instruments will reduce by 20% per annum after the first call date, making this instrument less attractive for the Debt Issuer as a regulatory capital instrument.

However, if the Debt Issuer elects not to call at the five-year date or on each quarterly date thereafter, (or the South African Reserve Bank “SARB” or any other relevant regulator does not grant the required approval to call), then

- the investment term may be for up to 10 years after the subscription date of the Shares;
- a dividend equal to the proceeds received by the Company from the equity option (if any) will be declared by the Company on the first call date; and
- a dividend will be declared annually thereafter equal to three-month USD LIBOR plus approximately 2.9%, up to the actual maturity date of the Debt Instruments.

Rand

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 USD. 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.praxisifm.com/services/funds/investec-basket-information/>

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 providers of the principal protection and equity options
- Lack of liquidity in the Shares
- Adverse market movements on interim share valuations





EAST ASIAN GROWTH BASKET LIMITED

Risks associated with Subordinated, Tier 2 Debt

Risks associated with the Debt Instruments:

- 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. In this case the credit risk is to the Debt Issuer, and represents a claim which ranks behind all depositors and other senior creditors. Investors must be comfortable with this before investing in the product.
- The Company's claims for payment against the Debt Issuer will be sub-ordinated to the claims of more senior creditors of the Debt Issuer, which means that the senior creditors will be paid first and the Company will only be paid by the Debt Issuer from what is available (if any) after such payments were made in full;
- On default by the Debt Issuer, the Company may only institute proceedings for the winding-up of the Debt Issuer (and/or prove a claim in any winding-up of the Debt Issuer) but take no other action in respect of that default;
- The Debt Instruments contain a provision to the effect that, at the option of the SARB/relevant regulator, such instruments must be written off, in part or in total, upon the occurrence of a trigger event determined by the relevant authority (the trigger event is the point at which the SARB/ relevant regulator determine that the Debt Issuer will become non-viable without intervention);
- The maturity date of the Debt Instruments is 10 years after the issue date of the Debt Instruments. If the Debt Issuer does not exercise the call option in accordance with its terms, or if the SARB/ relevant regulator does not grant permission to call, then the investment in the Shares will be for a maximum of 10 years.

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 Australian dollars (AUD) for A class, 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, Guernsey probate may need to be sought and the Administrator and the Investment Adviser to the Company may assist.

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.

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, there are expenses and fees described above which 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. Share proceeds will not be subject to any settlement or de-registration fees on redemption at the maturity of the investment. Please refer to the Company Prospectus for further details on the fees.

Tax

1. The Company has a **Guernsey tax exemption certificate**.
2. The Company has the ability to **pay dividends during the term**.
3. 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 **may be taxed subject to the tax laws and revenue practice prevailing at the time**.
4. 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.**

How to invest

Minimum investment of USD 19,000 for B Class USD Shares, or AUD 25,000 for A Class AUD 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 | 22 June 2022 |
| Trade date | Within 20 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:
<http://www.praxisifm.com/services/fund-services>.

| AUD A Class | | USD B Class | |
|------------------|--------------|------------------|--------------|
| ISIN | GG00B1VS6J08 | ISIN | GG00BYX92725 |
| Bloomberg | EAGRWBK GU | Bloomberg | EASGRWA 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 | East Asian Growth Basket Limited |
| Physical address | Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA |
| Contact number | +27 11 286 9450 |
| 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 East Asian Growth 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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