Investec USD ETN

Brochure
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Investec USD ETN

The Investec Bank Limited ("Investec") USD Exchange Traded Note ("Investec USD ETN") is an investment product issued by Investec, inward listed and traded on the Johannesburg Stock Exchange ("JSE"). The Investec USD ETN is designed to provide Investors with direct exposure to the U.S Dollar ("USD") currency via a USD investment in a convenient and cost efficient structure.

What are Exchange Traded Notes (ETNs)

Exchange Traded Notes ("ETNs") are investment instruments, providing cost-effective access to various asset classes including commodities, currencies, and other investments. ETNs are issued and listed on the JSE, exactly like a share, and are linked to the return of a benchmark index or price. Like Exchange Traded Funds ("ETFs"). ETNs provide Investors with the ability to gain exposure to the performance of various asset classes, however unlike an ETF the underlying asset is owned by Investec, and is not held in a Segregated Fund or Collective Investment Scheme.

Summary of the Investec USD ETN

The Investec USD ETN is a senior debt security issued by Investec, designed to provide Investors with a simple, easy to access liquid investment in USD.

Investment Return

In addition to USD exposure for the nominal value, the Investec USD ETN provides an interest return in USD, accrued on a daily basis at the USD 1 month London Interbank Offered Rate (LIBOR) less a spread. USD interest accrued over the term of the investment will be paid to Investors on an annual basis, on the relevant Interest Payment Date(s), converted to Rand at the prevailing USD / ZAR exchange rate on the prescribed date.

Investment valuation

Each Investec USD ETN has a nominal value of $100. In addition, interest earned since the previous Interest Payment Date will be included in the value of each note. The value of each Investec USD ETN will therefore reflect any unpaid accrued interest, and entitle the holder of the ETN to interest distributions on the relevant Interest Payment Date(s). The value of the ETN will be the Nominal Amount of the note payable in the Specified Currency (USD) plus accrued interest (if any) settled in Rand at the prevailing USD / ZAR exchange rate.
Liquidity of investment
Investec as Market Maker will endeavour to make a reasonable daily secondary market in the Investec USD ETN under normal market circumstances.

Investor Fees
No fees are charged by the Issuer. When purchasing the Investec USD ETN in the secondary market, brokerage may be payable as specified by your stockbroker.

Investec USD ETN Benefits and Features
By investing in the Investec USD ETN Investors will have access to the following benefits:

- **Diversification:** Allows Investors to diversify their investment portfolio, providing direct exposure to USD in a convenient and cost efficient structure;

- **Liquidity in Rand:** The Investec USD ETN can be held to maturity or sold on the secondary market via the JSE during normal trading hours (Investec will act as market maker);

- **Ease of transacting:** Listed and traded on the JSE, allowing for easy access and daily pricing via your stockbroking account;

- **Convenient offshore exposure:** The Investec USD ETN is inward-listed on the JSE and therefore does not utilise foreign investment allowance, for corporate and individual Investors.

Investment considerations
The Investec USD ETN may be a suitable investment if:

- You want an investment that provides exposure to the USD, as well as a LIBOR based interest return in USD, settled in Rand;
- You do not seek a guaranteed return in Rand of your principal investment amount, and are willing to accept potential loss of some or all of your investment;
- You are willing to invest in an unsecured uncollateralised note and assume credit risk on Investec.
### Terms of the Investec USD ETN

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>Investec Bank Limited (“Investec”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issue date</strong></td>
<td>19 October 2016</td>
</tr>
<tr>
<td><strong>Long name</strong></td>
<td>IBL USDZAR OCT46</td>
</tr>
<tr>
<td><strong>Short name</strong></td>
<td>IBLUSDZAR</td>
</tr>
<tr>
<td><strong>JSE code</strong></td>
<td>IBLUSD</td>
</tr>
<tr>
<td><strong>Specified Currency</strong></td>
<td>USD</td>
</tr>
<tr>
<td><strong>Nominal Amount</strong></td>
<td>Minimum of 1 note being $100</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>30 years, however can be sold in the secondary market at anytime</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>USD LIBOR 1 month rate less 0.10%</td>
</tr>
<tr>
<td><strong>Interest capitalisation</strong></td>
<td>Interest accrues daily and capitalises monthly</td>
</tr>
<tr>
<td><strong>Interest Payment Date(s)</strong></td>
<td>Accrued Interest will be paid annually in arrears settled in Rand</td>
</tr>
<tr>
<td><strong>Targeted valuation</strong></td>
<td>Nominal Amount plus accrued interest</td>
</tr>
<tr>
<td><strong>Market Maker</strong></td>
<td>Investec</td>
</tr>
<tr>
<td><strong>Settlement date</strong></td>
<td>Trade date plus 3 business days (as per JSE timelines)</td>
</tr>
<tr>
<td><strong>Settlement Currency</strong></td>
<td>All amounts due by, or payable to, Investors shall be calculated in the Specified Currency converted to Rand at the prevailing USD / ZAR exchange rate</td>
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</table>
What are some of the risks associated of the Investec USD ETN?

An investment in ETNs involves certain risks, including possible loss of principal, and may not be suitable for all Investors. Some of these risks are summarised below, but this should be read in conjunction with the more detailed explanation of all associated risks in the applicable Pricing Supplement and relevant Domestic Medium Term Note (DMTN) Programme. Possible risks include:

- **No principal protection**: ETNs are riskier than ordinary unsecured debt securities and have no principal protection, and as a result you may lose some or all of your principal investment (original Rand amount invested).
- **Returns are not guaranteed in Rand**: Returns are USD based, but settled in Rand.
- **Currency risk**: Investors are exposed to the performance of the Rand relative to the USD currency.
- **Credit Risk**: By investing in the Investec USD ETN, Investors are exposed to the credit risk of Investec Bank Limited. Credit risk exposes Investors to potential losses in the event of the bankruptcy, lack of liquidity, operational or economic failure of Investec, whether caused by economic conditions or other reasons. Investors are exposed to the risk that Investec may be unable to perform its obligations under the Investec USD ETN which could result in a total loss of the amount invested regardless of the performance of the Investec USD ETN.

Tax considerations

Investec does not provide tax advice or guarantee how an investment will be treated for tax purposes. The taxation profile of each investor is different and 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 Investec 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.

How to invest

The Investec USD ETN is inward listed and traded on the JSE. Clients can purchase and sell the Investec USD ETN via registered JSE stockbrokers anytime during market hours. The investment amount of the Investec USD ETN will be denominated in the Specified Currency settled in Rand at the prevailing USD / ZAR exchange rate. The Investec USD ETN may not be suitable for all Investors. Investment suitability must be determined individually for each Investor. This information is not intended to provide and should not be relied upon as providing accounting, legal, regulatory or tax advice. Investors should consult with their own advisors as to these matters.
FAQs

Who is the Issuer of the ETN?
The Investec USD ETN is issued by Investec Bank Ltd (reg no. 1969/004763/06), authorised and regulated by the Financial Services Board and the South African Reserve Bank.

Who can buy Investec USD ETN?
The Investec USD ETN is available to both individuals and corporates.

To which index or asset class is the performance of my investment linked?
The Investec USD ETN provides direct exposure to USD in a simple and cost efficient structure.

How can I buy or sell the Investec USD ETN?
ETNs are bought on exchanges in the same manner as other publicly traded securities. The Investec USD ETN is inward listed on the JSE and can be bought or sold through a registered stockbroker at any time during market hours and will be subject to relevant brokerage charges.

Is there a minimum trade size for investment in Investec USD ETNs?
The minimum of 1 note being $100 plus any accrued interest during that interest period.

What is the term and liquidity of investment?
Although the Investec USD ETNs are issued for a fixed term of 30 years, Investec, as market maker will maintain a reasonable bid offer in normal market circumstances and in accordance with the JSE listing requirements for an ETN. Investors wishing to sell their notes prior to maturity can do so in the secondary market via the Market Maker subject to JSE settlement timelines (currently 3 days).

How will the value of my investment fluctuate?
The Rand value of the Investec USD ETNs is directly linked to the USD / ZAR exchange rate. This USD / ZAR exchange rate is a foreign exchange spot rate that measures the relative values of two currencies, the USD and the Rand. When the USD appreciates relative to the Rand, the USD / ZAR exchange rate (and the value of the ETNs) increases; when the USD depreciates relative to the Rand, the USD / ZAR exchange rate (and the value of the ETNs) decreases.

What happens when I sell my Investec USD ETN?
The Investec USD ETN is denominated in USD, however as an inward-listed instrument on the JSE the note will be settled in Rand upon selling of the ETN, having been converted at the prevailing USD/ZAR exchange rate on each relevant date.
What are the exchange control implications for an Investor?

The Investec USD ETN are inward-listed securities on the JSE, approved and governed by the South African Reserve Bank (SARB) Exchange Control Rulings. As such, all individual and corporate SA Investors can invest in the Investec USD ETN with no impact on their foreign investment allowance limits, and they can purchase the instrument freely without approvals or BoP reporting. Institutional Investors may invest in inward-listed instruments such as the Investec USD ETN, but are subject to their prudential limits.

Where will I find the value of my investment?

The value of the Investec USD ETN will be published daily on the JSE and will reflect in your stockbroking account or is available directly from your stockbroker. Monthly statements showing the latest value of your investment will be sent to you from your stockbroker.

Contact details

For more information please contact your Financial Advisor or Stockbroker, or contact us on the details below:

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