

# Investec ASX 200 Index Digital Plus



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Australia is set to become the world's 12th largest economy in 2021, according to the International Monetary Fund. Not only did Australia's economy recover strongly after the global pandemic, but it also has a long history of strong economic growth. The last time Australia recorded a recession was in 1991, 30 years ago. GDP is forecast to grow at 5.1% in 2021 and 3.4% in 2022, this coupled with strong labour demand and accommodative monetary policy means market confidence continues to grow.

The S&P/ASX 200 Index ('Index') is one of the largest stock markets globally. One of the key reasons why the ASX has shown such stable growth is due to the diverse range of industries and companies making up the index. Over the past 20 years, the index has recorded returns of 8.2% per annum. In the medium term, its high exposure to financials and materials are set to drive its growth in an environment of upward commodity prices and increased liquidity due to stimulus policy.

To this end, Investec Structured Products is proud to announce the Investec ASX 200 Index Digital Plus, providing investors exposure to 200 of the largest companies listed in Australia, in Rands (ZAR), as well as uncapped returns and a high degree of capital protection.

### Investment objectives

The Investec ASX 200 Index Digital Plus ('Digital Plus'), provides a minimum return of 55% in ZAR if the S&P/ASX 200 Index performance is flat or positive over the 3.5-year term of the investment.

By purchasing the Digital Plus, the investor has exposure to the performance of the Index from the trade date for a 3.5-year investment term. At maturity, if the Final Index level is higher than the Initial Index level at inception but growth is less than 55%, the Digital Plus will pay the investor a return of 55%.

In addition, if the growth in the Index exceeds 55%, the investor will also receive the excess growth in the Index. Simply put; returns are unlimited and will not be capped. The investor's return is calculated and settled in ZAR.

If, however, the Index has fallen from the Initial Index Level at Maturity, investors will receive back their initial investment in full, provided that the index does not end down more than 30% at expiry and there has been no credit event in respect of the Credit Reference Entity.

The Digital Plus is a structured product issued by Investec Bank Limited ("IBL") and listed on the JSE. The listing provides Investors with the ability to hold the Digital Plus in their stock broking account, daily liquidity is provided by IBL on the JSE trading system.

The Digital Plus is credit linked and accordingly the Investor takes credit risk on both IBL, as Issuer, and BNP Paribas SA, as the Credit Reference Entity.

## Summary of the investment offering

A 3.5-year ZAR investment linked to the performance of the ASX 200 Index.

100% capital protection at maturity provided the Index does not end more than 30% below the Initial Index Level at maturity.

Pays a 55% enhanced return if the index is flat or positive at maturity. In addition, investors receive any performance above 55% in the Index at maturity.

Investments from R100 000 and increments of R1,000 thereafter.

Daily pricing on the JSE, 0.5% bid/mid spread and monthly statements from your stockbroker.

Liquidity is provided by IBL, who undertakes to act as sole market maker on a reasonable endeavours' basis.

The Digital Plus is issued by IBL.

## How is the return calculated?

By investing in the Digital Plus, the investor has exposure to the performance of the Index for a 3.5-year period. On Trade Date, the Initial Index Level is recorded. At maturity, if the index performance is flat or positive but not more than 55% up, the Digital Plus will return the initial investment plus 55%. Should the performance of the Index end higher than 55% investors will also receive any upside above that level. The table below shows examples of the potential return of the Digital Plus for an initial investment of R100 000, based on the performance of the Index.

Initial Investment	Performance of the S&P/ASX200 Index at Maturity	Return of the Digital Plus	Maturity Value
R100,000	60%	60%	R160,000
R100,000	25%	55%	R155,000
R100,000	1%	55%	R155,000
R100,000	-10%	0%	R100,000
R100,000	-35%	-35%	R65,000

## Is capital at risk?

In times of adverse market performance, capital protection helps to shield an investor's investments from losses. If at expiry the market value of the Index has fallen below its Initial Index Level and no credit event has occurred in respect of the reference entity, the Digital Plus will be 100% Capital protected, provided that the Index has not fallen more than 30% on the Maturity Date.

Capital is also at risk to the extent that a credit event occurs in respect of IBL, as the Issuer, and/or BNP Paribas SA as the Credit Reference Entity.

## What are the risks of the Investec ASX 200 Index Digital Plus?

The Digital Plus provides capital protection only in the event that the Index does not end more than 30% below the Initial Index Level on the Maturity Date. If the Index falls below this level, the capital protection falls away and the investor is exposed to the full downside of the Index at Maturity.

Selling the investment before the relevant Maturity Date may result in a capital loss even if the product would have been capital protected (the capital protection is only applicable at scheduled Maturity).

The Index value fluctuates and changes, these levels cannot be predicted. Past performance of the Index should not be seen as an indication of future performance.

Investors should note that the Digital Plus is a listed instrument issued under the Investec Bank Limited Warrant and Note Programme and that they take full credit risk on IBL as Issuer as well as BNP Paribas SA, as the Credit Reference Entity.

During the life of the Digital Plus, the value could be lower than the stated protection level irrespective of the market value of the Index at the time.

Investors will not receive Dividends in the Digital Plus.

### This investment may be right for you if:

- You think that the Index 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 do not need immediate access to your money for the term of the investment.
- You have a minimum of R100,000 to invest.

### This investment may not be right for you if:

- You want 100% capital protection under all conditions.
- 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 BNP Paribas SA.

## What fees are charged?

A fee of 1.25% (incl VAT) will be charged upfront (1% to the financial advisor and 0.25% to Wealthport) and 0.75% (0.5% financial advisor and 0.25% Wealthport) for the second and third year (Incl VAT) paid by IBL. This fee is built into the cost of the Digital Plus and the investor will have 100% of their funds allocated to the product. All other listing, administration and ongoing custody fees have been priced into the product; however, investors may incur brokerage costs as determined by their stockbroker if the investment is sold before the Maturity Date.

## How is the Digital Plus taxed?

It is incumbent upon potential investors to seek independent professional legal, tax and accounting advice to consider the investment in the light of the investor's particular circumstances. IBL provides no investment, tax or legal advice and make no representation or warranty about the suitability of this product for a particular client or circumstance.

## What are the credit risks?

As the Digital Plus is credit linked to BNP Paribas SA, should a credit event (bankruptcy, failure to pay, obligation default, repudiation/moratorium, Government Intervention and restructuring) occur in respect of BNP Paribas SA, the return would be reduced as set out in more detail in this brochure. This could result in a total loss of the amount invested, regardless of the performance of the Index.

If a credit event occurs with respect to BNP Paribas SA on or before the Maturity Date, IBL, as calculation agent, will obtain tradable quotes in the market, in respect of the obligations of BNP Paribas SA and will determine a recovery price (expressed as a percentage) based on such quotations adjusted to take into account the portion of IBL's hedge position affected by the credit event.

The return due to the Investor will then be equal to the market value of the Digital Plus multiplied by such adjusted recovery price, which will be payable on the Maturity Date. This reduced return will earn interest at the overnight SAFEX rate, from the date upon which the recovery price is determined after the credit event occurs, until the scheduled Maturity Date.

IBL gives no representations or warranties as to whether a credit event could occur in relation to BNP Paribas SA, and the Investor is advised to perform its own evaluation of the credit worthiness of BNP Paribas SA, and the suitability and appropriateness of this investment, based on the Investor's own judgement and upon advice from such tax, accounting, regulatory, legal and financial advisers as the Investor deems appropriate and/or necessary.

## What happens at Maturity?

When the Digital Plus matures under the conditions set out above, the relevant settlement amount will be credited to the investor's stockbroking account in ZAR.

## What is the S&P/ASX 200 Index?

The S&P/ASX 200 is recognised as the institutional investable benchmark in Australia. Index constituents are drawn from eligible companies listed on the Australian Securities Exchange. The S&P/ASX 200 is designed to measure the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. The index represents almost 80% of the market as a whole. Representative, liquid, and tradable, it is widely considered Australia's preeminent benchmark index.

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

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The investment manager/financial advisor must be authorised to provide intermediary and advisory services in the following sub-categories:

### **Category I**

1.11 Warrants, Certificates and other instruments or

1.24 Structured Deposits or

Or, to manage the Investors investments on a discretionary basis:

### **Category II**

2.8 Warrants, Certificates and other instruments or

2.18 Structured Deposits

Be a JSE stockbroker with an Investment Services Provider license.

## Important dates

<b>Closing Date:</b> 01 October 2021	<b>Trade Date:</b> 8 October 2021	<b>Listing date:</b> 15 October 2021	<b>Maturity date:</b> 07 April 2025
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## Contact details

For more information, please contact your financial advisor or one of our product specialists

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## Product supplier

Please find below the details of the product supplier:

Product supplier	Investec Corporate and Institutional Banking, a division of Investec Bank Limited
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