

Investec

S&P 500

Digital Plus

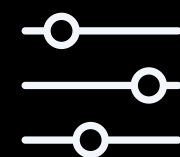
July 2019

Maturing: S&P500 Rand Autocall

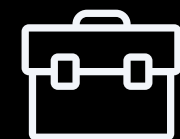
- SPIB10 - Maturing 19 July 2019
- A 5-year growth investment linked to the performance of the S&P 500® Index.
- Callable in 3 year if S&P 500 is flat or positive.
- Downside protected at maturity in Rands, provided the index has not fallen 40% at maturity.
- Digital Return of 15% per annum, $3 \times 15\% = 45\%$ in year 3, 60% in year 4 and 75% in year 5
- As per June month end, index was up 36% - likely to call in year 3 > 45% return



15% annual return
 $3 \times 15\% = 45\%$

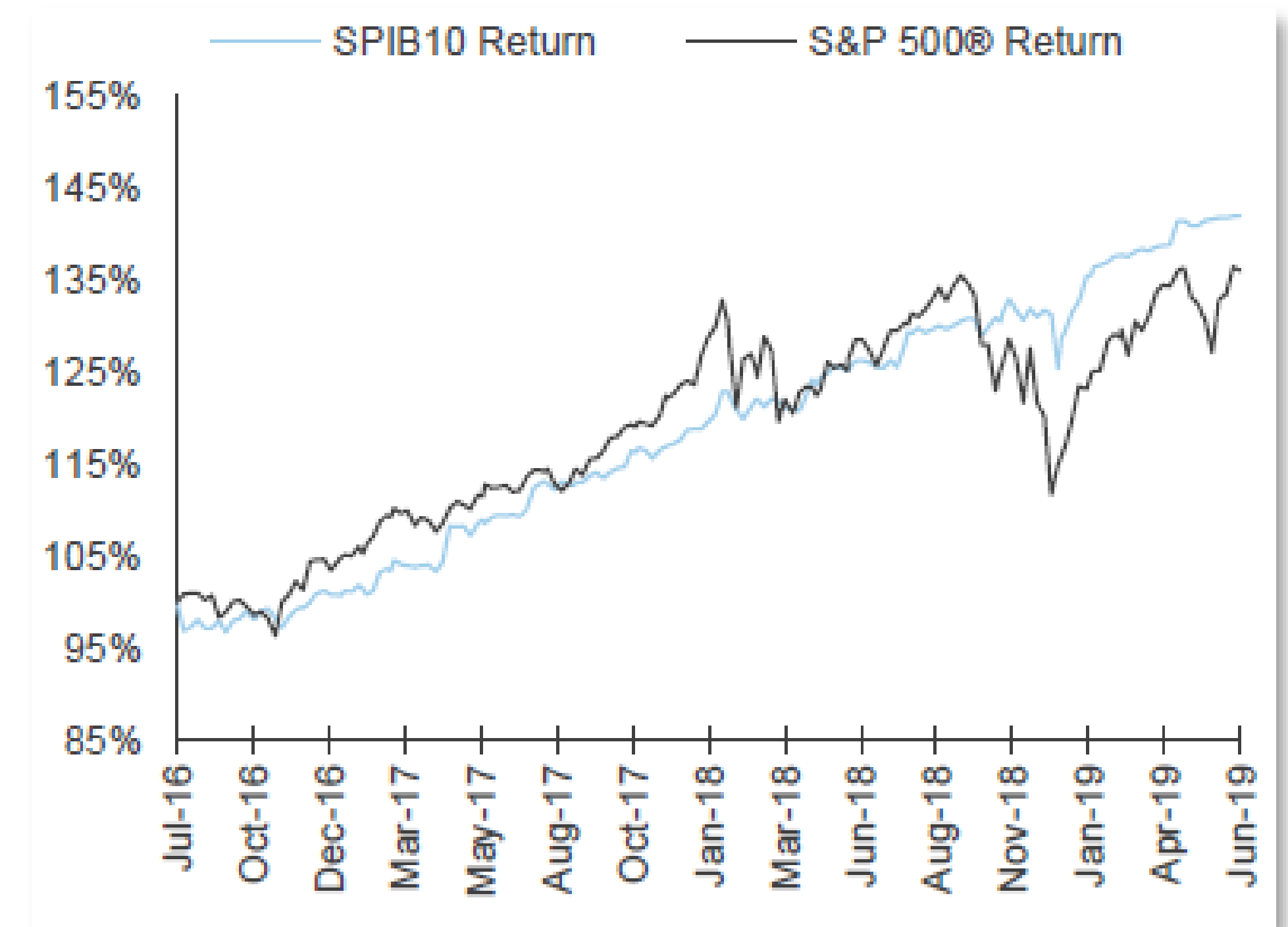


100%
Capital Protected,
provided index does not fall
more than 40% on expiry date



75%
Maximum return in Rand

S&P 500® Rand Autocall ESP returns

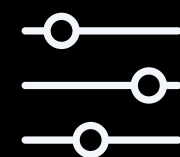


Maturing: S&P500 USD Digital Plus

- A 3.5-year growth investment linked to the performance of the S&P 500® Index.
- 30% USD Digital if S&P 500 is flat or positive, plus 100% of the growth of the exceed 30%.
- Downside protected at maturity in Rands, provided the index has not fallen 30% at maturity.
- As per June month end, index was up 57%, rand appreciation diluted return to 35%.

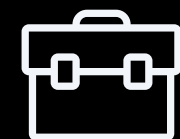


30% digital return in USD
+ growth



100%

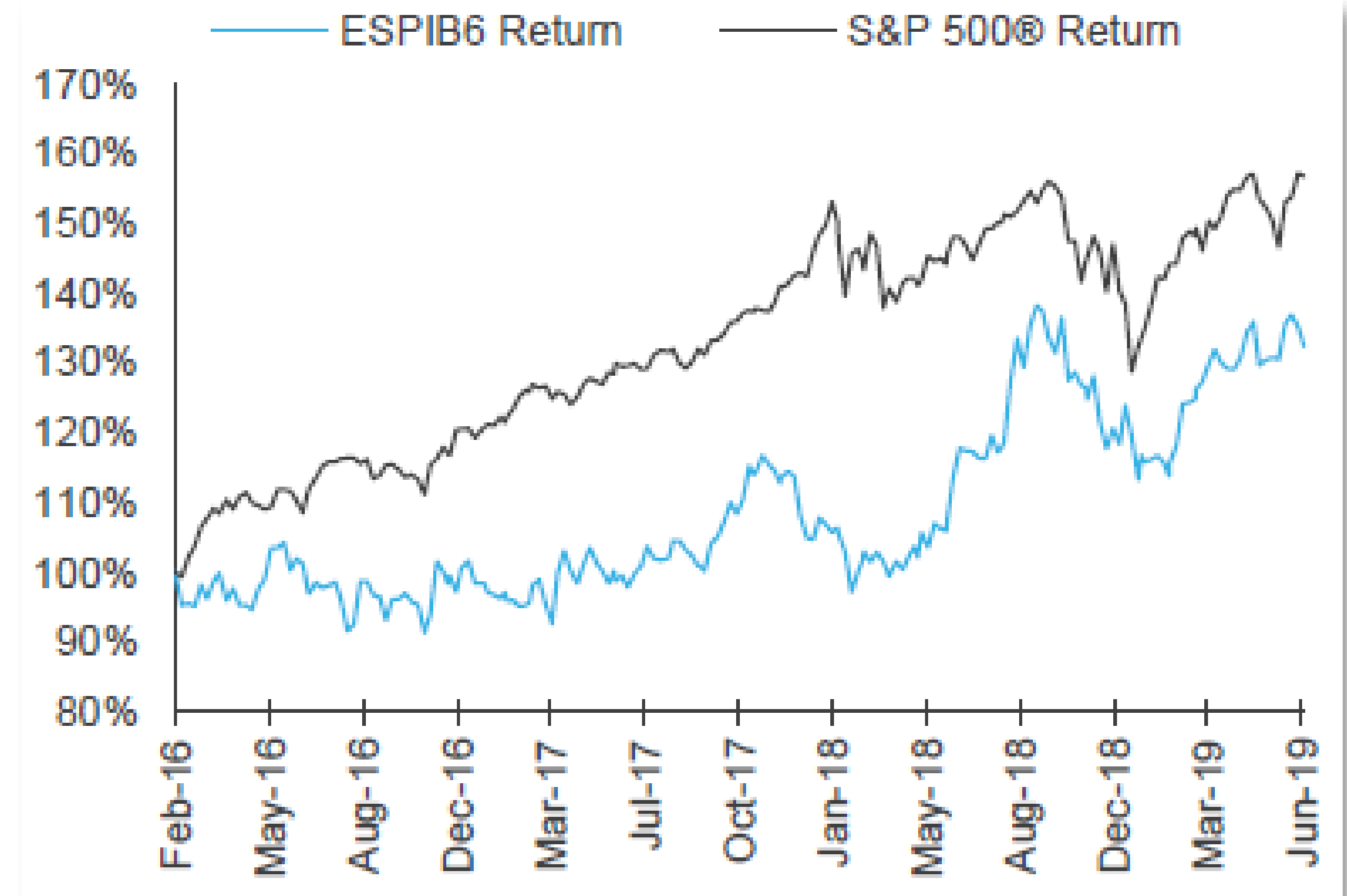
Capital Protected,
provided index does not fall
more than 30% on expiry date



Unlimited

Maximum return in Rand

Investec US Digital Plus ESP returns



Summary of our New Offering



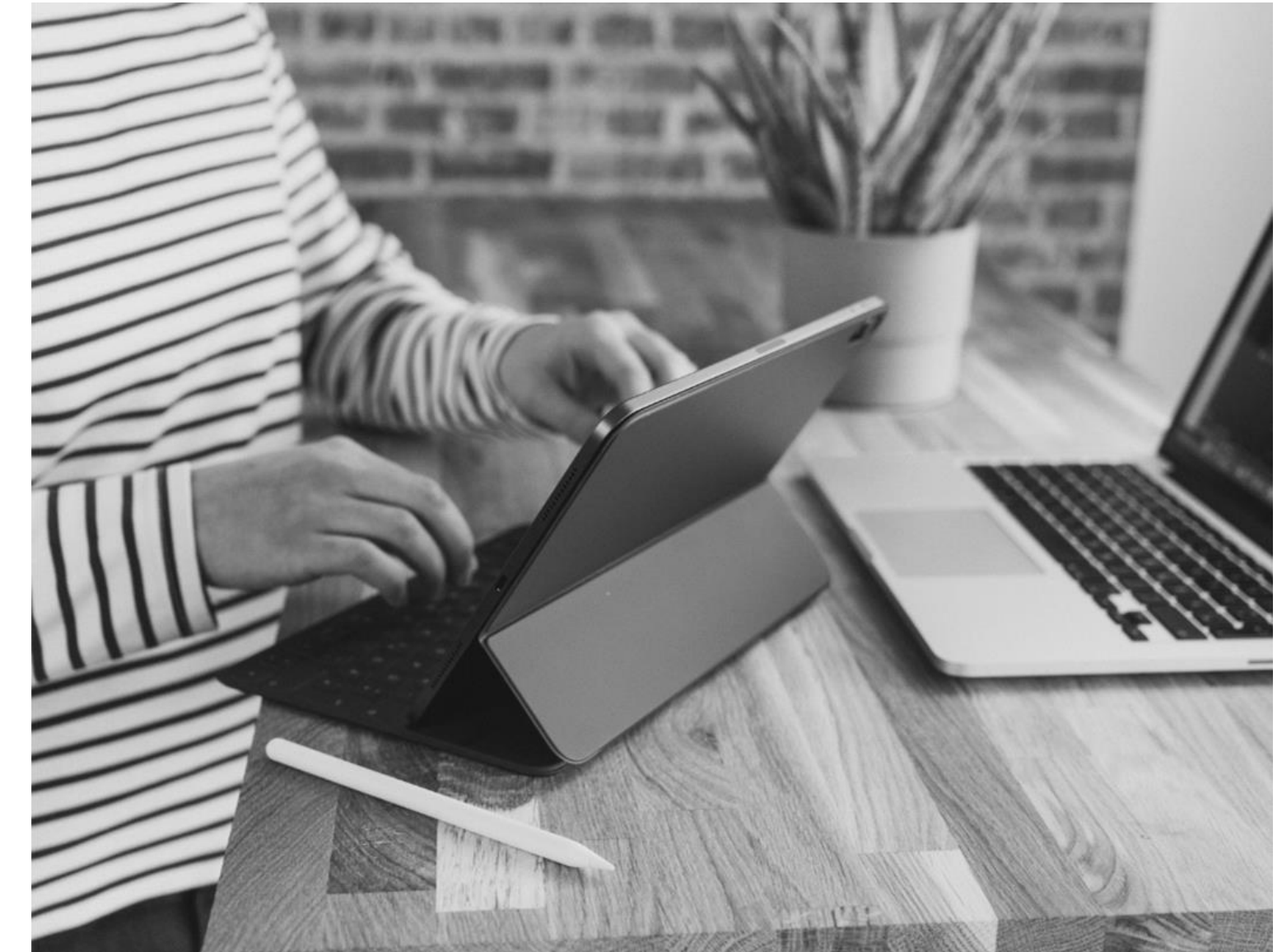
Return Profile

Earn a **minimum 44%** Digital return (IRR 11% pa) in Rand even if the S&P500 is flat after 3.5 years
Uncapped upside should the index grow by more than 44%



Capital Protection

100% capital protection in Rand, provided the Index does not end down more than 40% at maturity.



Term

3.5 year term investment.

Summary of our New Offering



Underlying

Linked to the performance of the **S&P 500** Index.



Liquidity

Daily priced and traded on the JSE. 1% bid offer spread.



Minimum Investment

From **R100 000** and opportunity to re-invest from S&P500 Rand Autocall and Digital Plus.

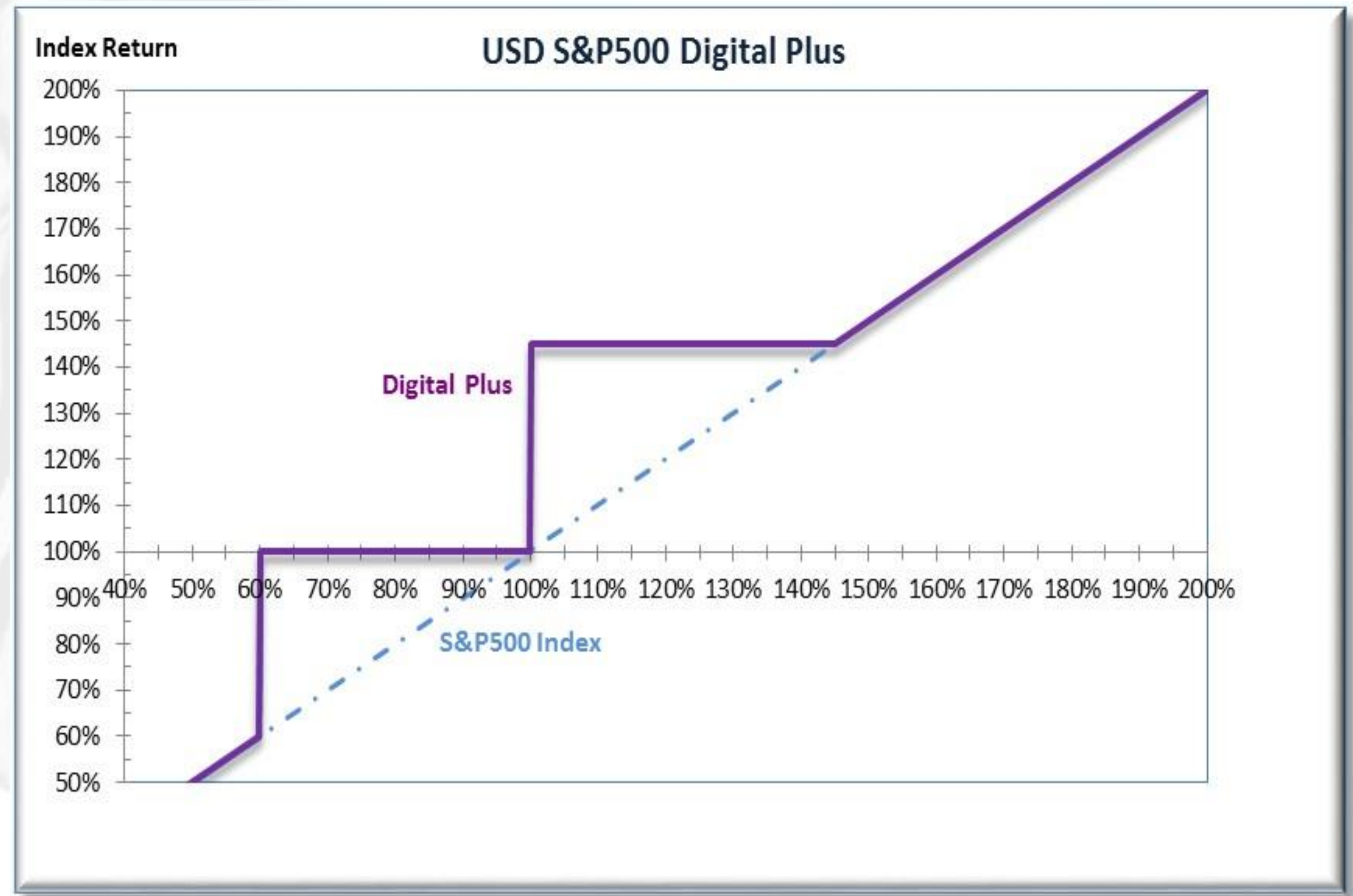
Payoff Profile



44% Digital return in Rands if the index is flat or positive at maturity, plus uncapped upside from 44%



100% Capital Protection in Rands at maturity, provided the Index does not end down more than 40%





What Returns can Investors Expect?

Returns table Digital Plus

Index Return of S&P500	Digital Plus Return in Rands	Initial Investment Rands	Return Digital Plus Rands
S&P 500 returns 65%	Digital Plus returns 65%	R150 000	R247 500
S&P 500 returns 25%	Digital Plus returns 44%	R150 000	R216 000
S&P 500 returns 8.5%	Digital Plus returns 44%	R150 000	R216 000
S&P 500 returns -9%	Digital Plus returns 100% of Capital	R150 000	R150 000
S&P 500 returns -42%*	Digital Plus returns 58% of Capital	R150 000	R87 000

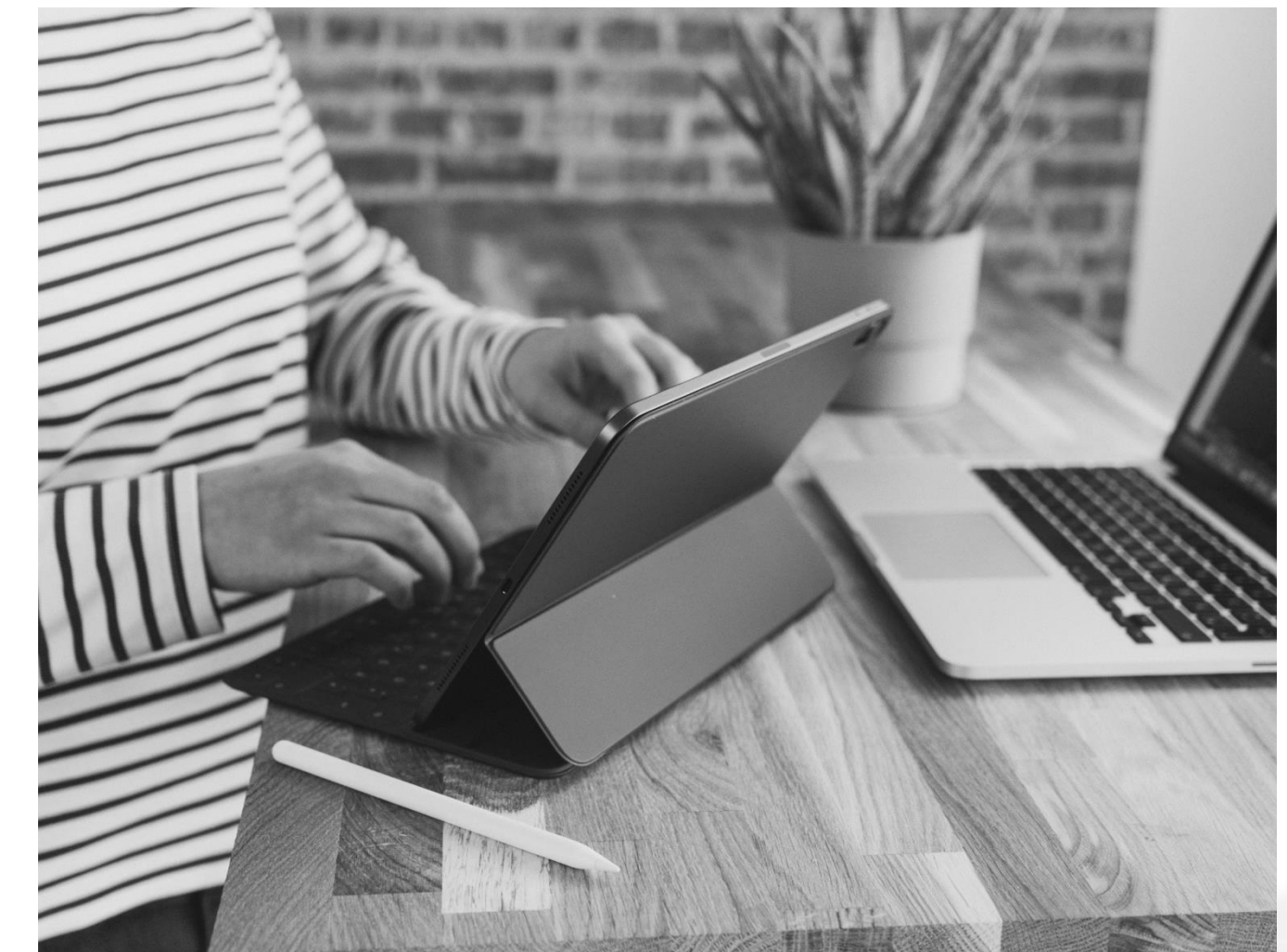
S&P 500 Commentary



Despite October's global sell off in markets of 19%, risk assets have quickly recovered and the S&P500 is once again in the green with 1 year return of 9%. The S&P 500 has also been the best performer of global equity markets.



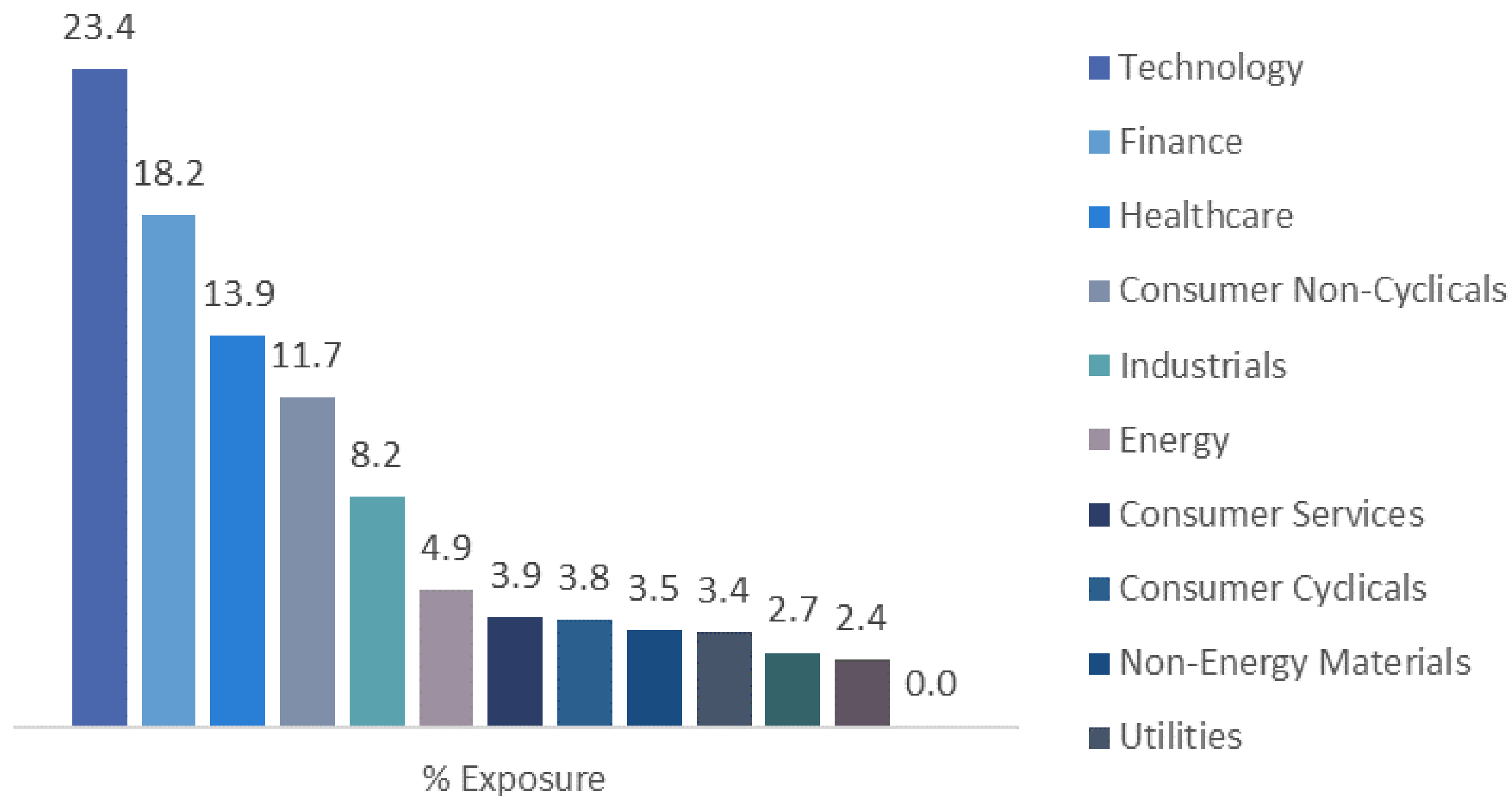
No definitive developments on the trade talk front. Post President Trump and Xi's meeting at the G20, a truce over the trade war was reached to hold off on more tariffs



Economic data out of China and the global economy point to slower growth. Despite this we expect growth to recover moderately as monetary policy becomes more accommodative.

S&P 500 Exposures

Revenue Exposure By Sector

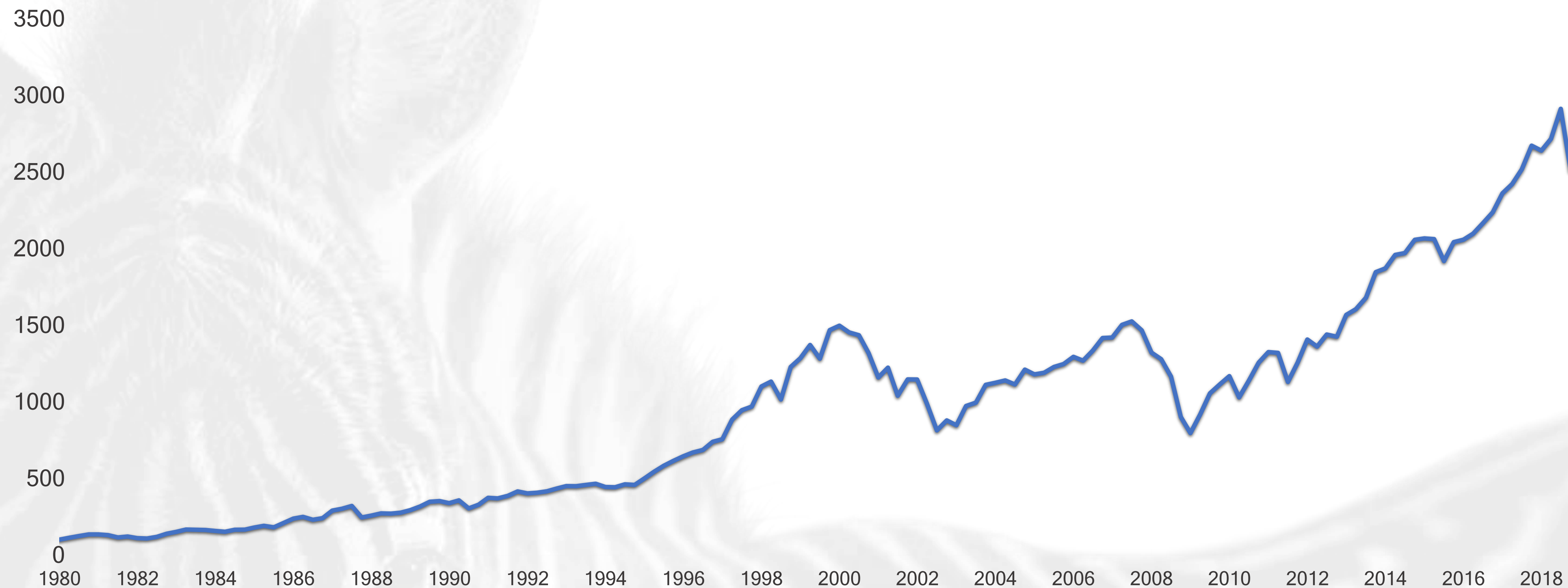


Revenue Exposure By Country

Total LTM Revenue \$84.0B

		% of Tot. Rev.
	United States+	61.5
	Mainland China	5.9
	Japan	2.9
	United Kingdom	2.4
	Germany	2.4
	Canada	2.0
	France	1.4
	India	1.2

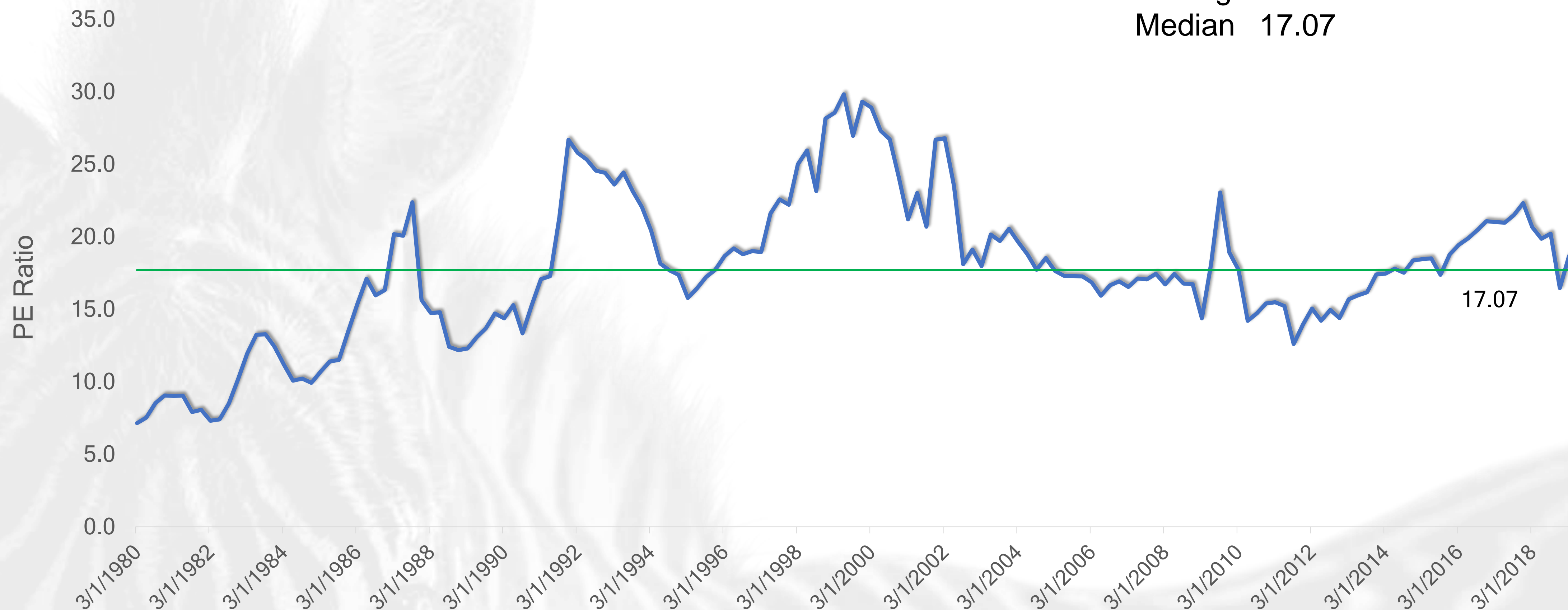
S&P 500 Price Index



After a brief correction in October 2018, the S&P 500 has recovered. The S&P500 is the best performing global equity index.

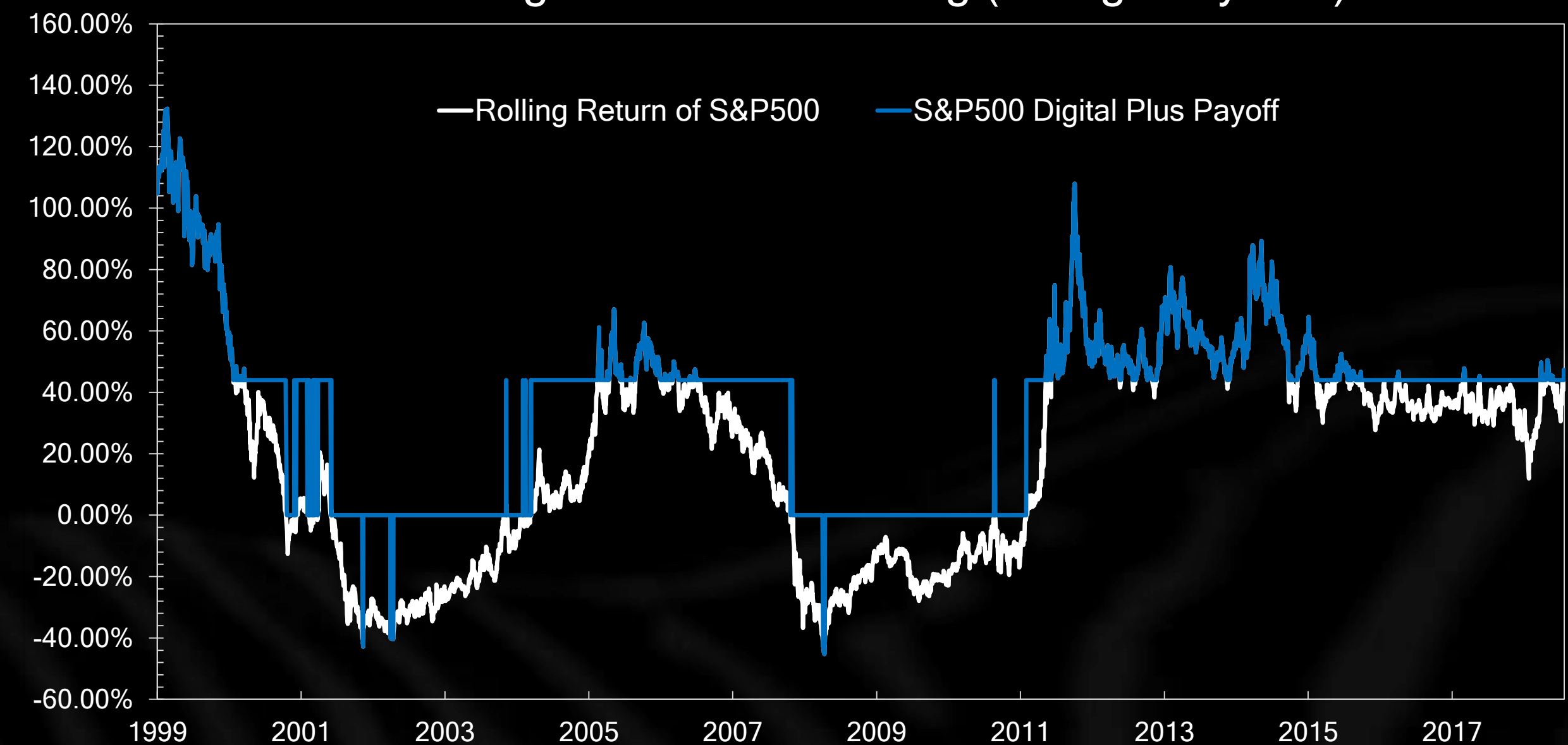
S&P 500 PE Ratio

High 29.83 30/6/99
Low 7.15 31/3/80
Average 16.58
Median 17.07



Investec Digital Plus Back Tested*

S&P 500 Digital Plus Backtesting (rolling 3.5 years)



Assumes no FX Risk

Data collected going back to 1996 and includes 3 356 daily observations.

68.2%

Percent of the time that the S&P 500 Digital Plus would have returned a profit. Historically, average profit made was 12.7%

31.5%

Percent of the time the investor would have received their capital back versus the index that would have produced an average return -24%

0.3%

Percent of the time, the investor would have experienced losses.

What is the dividend opportunity cost?



Net Dividend Yield

(net of fees & dividend withholding tax of 20%) 0.6%



Compounded for 3.5 Years

2.12% compounded for 3.5 years

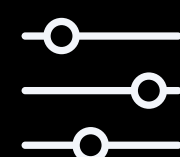


Fees & Procedure to Invest



1.25%

Upfront distribution fee



0.75%

Annual fee in year 2 & 3



Invest

Via a stockbroking account

- Investors are required to have stockbroking accounts in order to invest.

- Financial advisors need the following FSCA licenses:

Category I

1.13 : Securities and Instruments: Derivatives instruments **OR**

1.11 Securities and Instruments: Warrants & certificates

AND

1.14 : Participatory interest in Collective Investment Schemes **OR**

1.8 Securities and Instruments: Shares

Category II

2:10 : Securities and Instruments: Derivatives instruments **OR**

2.9: Securities and Instruments: Warrants, certificates

AND

2:11: Participatory interest in Collective Investment Schemes

OR

2.6 Securities and Instruments: Shares

All fees, including distribution, JSE listing costs and licensing costs, have been priced into the product and will not affect the investor's return.

Tax Implications



- The information provided in this presentation is general information and should not be construed as tax advice. Taxation legislation and its interpretation may change. For as long as an investor is the holder of an ESP, they will be the owner of ETFs. Section 9C of the Act deems receipts and accruals arising from the disposal of ETFs to be of a capital nature if the taxpayer was the owner of the equity share for a continuous period of at least 3 years immediately prior to the sale.
- The tax consequences for investors who elect to sell their ETFs before a period of 3 years has elapsed will be dependent upon individual circumstances and any profit realised from the sale may be subject to Income Tax/CGT.
- 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 IBL 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 have Investec Structured Products Performed?

R17bn

Assets under management

93%

Percentage of products that have returned a profit.

0

Number of publically issued Investec structured products that have lost capital .

* Investec Structured Products have issued 119 public investment products of which 71 are still active, 48 have matured.





Important Dates



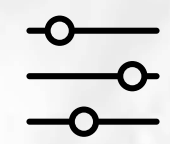
Closing Date

2 September 2019



Listing Date

20 September 2019



Trade Date

6 September 2019



Maturity Date

6 March 2023

Cape Town



Japie Lubbe



Carlo Accolla



Andri Joubert

Johannesburg



Sonia Lynch



Brian McMillan

Contact Us

Brian McMillan	+27 11 291 3180	brian.mcmillan@investec.co.za
Japie Lubbe	+27 21 416 3307	japie.lubbe@investec.co.za
Carlo Accolla	+27 21 416 3316	carlo.accolla@investec.co.za
Andri Joubert	+27 21 416 3679	andri.joubert@investec.co.za
Sonia Lynch	+27 11 286 9450	sonia.lynch@investec.co.za

Investec

S&P 500

Digital Plus

Thank You