# Investec
# Triple Index 80-70 Memory Income Autocall September 2017
# Factsheet



## INVESTMENT DESCRIPTION

A 6 year investment linked to the performance of UK, US and European indices.

If on any of the quarterly observation dates, including the final observation, the closing levels of all the underlyings are at or above 80% of their initial levels, the income will be paid plus any previously missed income payments.

This investment will autocall and mature early if all underlyings are equal to or above their initial levels on any quarterly observation date starting at 24 months. If early maturity occurs, full capital is returned and the investment will end. If early maturity does not occur the investment will continue to the final observation date.

At the final observation date, if all underlyings are at or above 70% of their initial levels, then full capital is returned. If any underlying is below 70% of its original level, capital return will be reduced on a 1-for-1 basis. For example if the worst performing underlying has fallen to 40% of its original level, 40% of the capital will be returned.

## BENEFITS

- Opportunity for regular income payments even where the underlyings show significant falls.
- A memory feature, whereby income previously unpaid, will be included when the income trigger is next activated.
- Autocall feature potentially shortens the investment term and is triggered by minimal growth.
- Early maturity provides an opportunity to re-assess client's wealth strategy.
- Daily pricing.

## RISKS

- The return is limited to the pre-defined investment terms.
- The income payment is conditional upon the underlying performance.
- There is a risk to capital should one of the underlyings breach the capital protection barrier on its Final Observation Date or in the event of an issuer default.
- Should investors need to sell their investment before maturity, the trading price will likely mean they get back less than they invested.

## PRODUCT FACTS & FEATURES

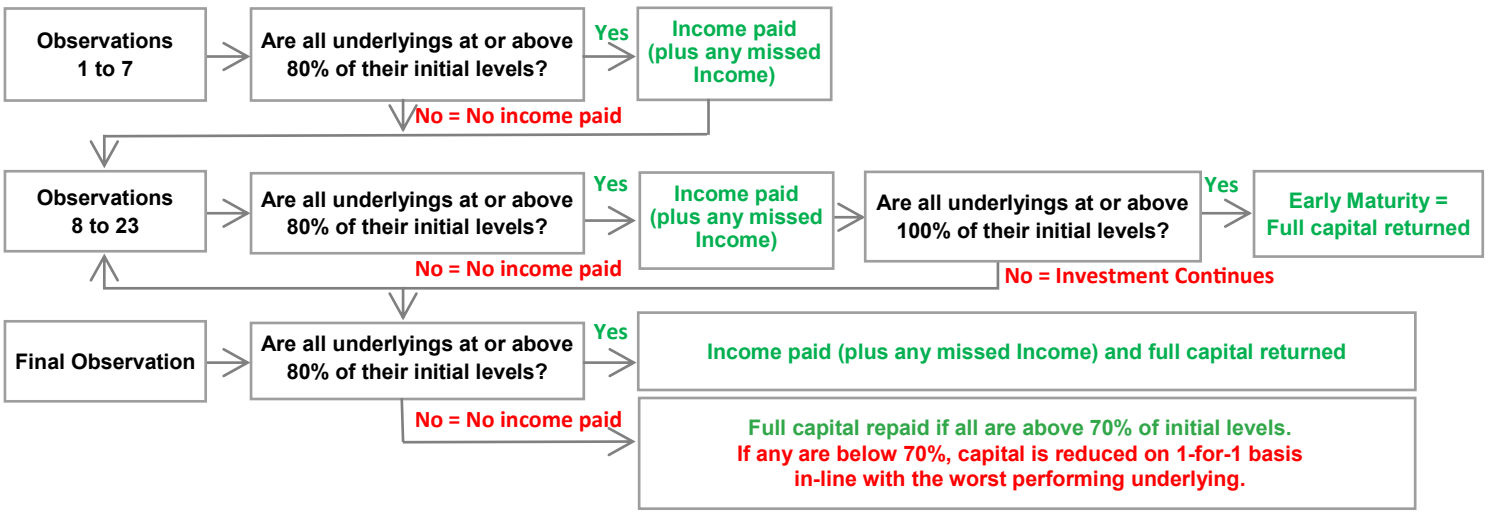
| | |
|---|---|
| **Issuer and Counterparty:** | Investec |
| **Credit Ratings:** | Moody's A2; Fitch BBB<br>**Source**: Bloomberg 24.07.2017 |
| **Maximum Term:** | 6 years |
| **Investment Structure:** | Quarterly Memory Income Autocall |
| **Autocall opportunities:** | Quarterly<br>(First observation at 24 months) |
| **Autocall Trigger:** | 100% of initial level |
| **Memory Income Rate:** | GBP = 1.30% Quarterly<br>USD = 1.60% Quarterly |
| **Income Trigger:** | 80% of initial level |
| **Capital Risk:** | Not capital protected |
| **Capital Protection Barrier:** | 70% Final level<br>(European style) |

| **Underlying Basket** | **Bloomberg Code** |
|---|---|
| UK: FTSE 100 | UKX Index |
| US: S&P 500 | SPX Index |
| Europe: Euro Stoxx 50 | SX5E Index |

## KEY INFORMATION

| | |
|---|---|
| **Subscription Period:** | 24 Jul 2017 – 31 Aug 2017<br>(4.30pm UK Time) |
| **Issue Price:** | 100% |
| **Strike Date:** | 01 September 2017 |
| **Issue Date:** | 08 September 2017 |
| **1st Coupon Observation:** | 01 December 2017 |
| **1st Autocall Observation:** | 03 September 2019 |
| **Final Observation:** | 01 September 2023 |
| **Maturity Date:** | 08 September 2023 |
| **Denominations:** | 1,000 then lots of 1 |
| **ISIN:** | GBP = XS1654325841<br>USD = XS1654326229 |

## HOW THE INVESTMENT WORKS




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## Observation Dates (some payment dates may vary if a bank holiday occurs)

| | Observation Date | Payment Date | Income Trigger | Autocall Trigger |
|---|---|---|---|---|
| **Observation 1** | 01 December 2017 | 08 December 2017 | 80% | n/a |
| **Observation 2** | 01 March 2018 | 08 March 2018 | 80% | n/a |
| **Observation 3** | 01 June 2018 | 08 June 2018 | 80% | n/a |
| **Observation 4** | 04 September 2018 | 11 September 2018 | 80% | n/a |
| **Observation 5** | 03 December 2018 | 10 December 2018 | 80% | n/a |
| **Observation 6** | 01 March 2019 | 08 March 2019 | 80% | n/a |
| **Observation 7** | 03 June 2019 | 10 June 2019 | 80% | n/a |
| **Observation 8** | 03 September 2019 | 10 September 2019 | 80% | 100% |
| **Observation 9** | 02 December 2019 | 09 December 2019 | 80% | 100% |
| **Observation 10** | 02 March 2020 | 09 March 2020 | 80% | 100% |
| **Observation 11** | 01 June 2020 | 08 June 2020 | 80% | 100% |
| **Observation 12** | 01 September 2020 | 08 September 2020 | 80% | 100% |
| **Observation 13** | 01 December 2020 | 08 December 2020 | 80% | 100% |
| **Observation 14** | 01 March 2021 | 08 March 2021 | 80% | 100% |
| **Observation 15** | 01 June 2021 | 08 June 2021 | 80% | 100% |
| **Observation 16** | 01 September 2021 | 08 September 2021 | 80% | 100% |
| **Observation 17** | 01 December 2021 | 08 December 2021 | 80% | 100% |
| **Observation 18** | 01 March 2022 | 08 March 2022 | 80% | 100% |
| **Observation 19** | 01 June 2022 | 08 June 2022 | 80% | 100% |
| **Observation 20** | 01 September 2022 | 08 September 2022 | 80% | 100% |
| **Observation 21** | 01 December 2022 | 08 December 2022 | 80% | 100% |
| **Observation 22** | 01 March 2023 | 08 March 2023 | 80% | 100% |
| **Observation 23** | 01 June 2023 | 08 June 2023 | 80% | 100% |
| **Final Observation** | 01 September 2023 | 08 September 2023 | 80% | 70% European Barrier |

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**Investec**: Investec Bank PLC operates as a bank. The Company offers asset management, wealth and investment, and specialist banking services in United Kingdom and internationally.

Source: Bloomberg 24.07.2017

## RATIONALE

Structured products are becoming increasingly popular for investors due to the wide variety of payoffs and levels of protection that can be achieved by the different types of structures that are available.

The opportunity for an income stream can be of key importance to investors as part of their wealth planning. The probability of an income payment being triggered is increased with this investment as an underlying needs to show a fall of 20% from its initial level on any observation date before the income stream is disrupted.

The investment also benefits from a memory feature so that if any income payments have missed being paid, they will catch-up the next time all underlyings are above 80% of their initial levels on an observation date.

These three underlyings have been selected in order to support the anticipated delivery of that income.

The autocall payoff can bring an early return of capital allowing the opportunity for a re-assessment of investment strategy. The value of this feature cannot be underestimated as it brings with it the opportunity to secure capital value, as well as the chance to take advantage of future market trends.

To manage the capital risk, a final level barrier set at 70% means an underlying must fall by more than 30% over 6 years before capital is at risk.

## SUITABILITY

This product may be suitable for investors who:

- Are seeking the opportunity for higher returns than current cash rates at the time this product was launched.
- Are seeking income rather than growth.
- Understand and accept there is a risk to capital and how the Capital Protection Barrier works.
- Understand the impact of global economic issues and how they will affect the product.
- Understand the criteria which will determine the income payments.
- Are looking to invest for the medium to long term, being happy to remain invested until maturity.
- Can afford to have their cash invested for the full term of the Product.
- Wish to use this investment as part of a well-diversified portfolio.
- Understand that the returns are pre-defined and that they will forgo any growth in the underlyings which exceeds the fixed level available with this investment product.
- Understand the risk to capital in the event of a counterparty default.
- Should they need to sell their investment, accept that the trading price will likely mean they get back less than they invested.
- Appreciate that income payments are conditional but understand that the memory feature can deliver previously missed income payments.

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## THE UNDERLYINGS

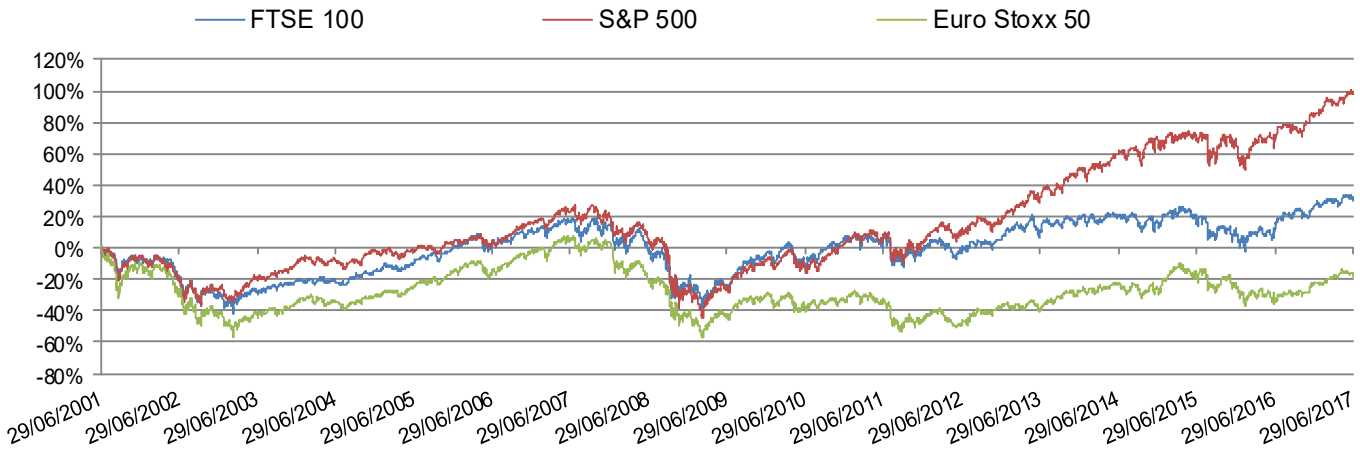
The **FTSE 100 Index** (UKX) is a capitalization-weighted index of the most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983

The **Standard and Poor's 500** (SPX) Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Eurostoxx 50** (SX5E) Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of super sector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries and is licensed to financial institutions to serve as an underlying for a wide range of investment products.

**Source**: Bloomberg 24.07.2017

## MOVEMENT IN THE UNDERLYINGS OVER A 16 YEAR PERIOD




## 16 Year Back-Testing

Back-testing shows how the investment would have performed historically using data from previous potential strike dates and observations. Although past performance is not an indication of future performance, it can give a factual insight into how the investment would have performed historically.

This 16 year back-test shows the historical data for a full 10 years of 6 year products that could reach the full term.

Of the 2,501 scenarios tested, 24.23% would reach the full term without autocalling and 16.43% would have breached the 70% final level barrier.

Every coupon observation has also been tested, and out of all 2,501 scenarios tested, 76.86% of all coupons would have been paid thanks to the Memory Income feature.

| Autocall Test | Autocalled | % | Autocall Test | Autocalled | % | Autocall Test | Autocalled | % | Autocall Test | Autocalled | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **24 Months** | 1,110 | 44.38% | **36 Months** | 78 | 3.12% | **48 Months** | 145 | 5.80% | **60 Months** | 6 | 0.24% |
| **27 Months** | 51 | 2.04% | **39 Months** | 43 | 1.72% | **51 Months** | 71 | 2.84% | **63 Months** | 23 | 0.92% |
| **30 Months** | 86 | 3.44% | **42 Months** | 31 | 1.24% | **54 Months** | 10 | 0.40% | **66 Months** | 18 | 0.72% |
| **33 Months** | 107 | 4.28% | **45 Months** | 95 | 3.80% | **57 Months** | 5 | 0.20% | **69 Months** | 16 | 0.64% |

| Total Number Tested | % Matured Early | % To Reach Final Date | % That Returned Full Capital | % Barrier Breach | % Of Coupons Paid | Average Historic Return GBP | Average Historic Return USD |
|---|---|---|---|---|---|---|---|
| 2501 | 75.77% | 24.23% | 83.57% | 16.43% | 76.86% | 3.52% p.a. | 4.56% p.a. |

**Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks**

**Source:** Bloomberg 24.07.2017, Data period: 29.06.2001 to 29.06.2017

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### Secondary Market

The Issuing bank will endeavour to provide quotes under normal market conditions for trading purposes upon request, subject to a Bid-Offer spread of 1%. On the secondary market, traded prices will include any accrued interest ("dirty prices").

Trade orders should be sent to orders@idad.biz

All trades will be settled direct with Investec's Euroclear a/c 22281

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