

**Your gateway to  
emerging markets**



# Investec USD MSCI Emerging Markets Index Digital Plus - Offshore



## Investec USD MSCI Emerging Markets Index Digital Plus

As nations across the globe begin to reopen and economic activity slowly normalises, emerging markets are on a path to recovery. Emerging markets provide an opportunity to diversify risk, and invest in innovative, dynamic sectors at attractive valuations. GDP growth expectations for emerging China, India and South-East Asia are forecast to average upwards of 7%, outpacing the recent and projected growth in developed markets.

The economic factors contributing to this growth are low interest rates, monetary easing, USD weakness and increased political stability. This has led to increased liquidity, decreased regulatory risk and volatility, as well as provided tailwinds for the commodity production sectors in countries like Brazil and Mexico. Furthermore, long term structural changes such as the technological revolution perpetuated by worldwide lockdowns and the need for e-commerce services, as well as an increased self-reliance in these markets will drive emerging market growth well beyond 2021.

Despite developed markets under performing in prior years, emerging market equities are trading at a 30% discount based on a price to earnings multiple. This has led to the resounding market sentiment that EM will outperform their developed market counterparts in the medium to long term.

To this end, Investec Structured Products is proud to announce the Investec USD MSCI Emerging Markets Index Digital Plus, providing investors exposure to emerging market economies, US currency markets, as well as uncapped returns and a high degree of capital protection.

### Investment objectives

The Investec USD MSCI Emerging Markets Index Digital Plus ('Digital Plus'), provides a minimum return of 22% in USD if the MSCI Emerging Markets Index performance is flat or positive over the 4-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 4-year investment term. At maturity, if the Final Index level is higher than the Initial Index level at inception but growth is less than 22%, the Digital Plus will pay the investor a return of 22%.

In addition, if the growth in the Index exceeds 22%, the investor will also receive the excess growth in the Index. Simply put; returns are unlimited and will not be capped.

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 Investec on the JSE trading system.

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

## Summary of the investment offering

- A 4-year USD investment linked to the performance of the Index.
- 100% capital protection in USD provided the Index does not end more than 30% below the Initial Index Level at maturity.
- Pays a 22% enhanced return if the index is flat or positive at maturity. In addition, investors receive any performance above 22% in the Index at maturity.
- Investments from \$125 000 and increments of \$1,000 thereafter.
- Daily pricing with, 0.5% bid/mid spread
- Liquidity is provided by IBL on a reasonable endeavours basis, who undertakes to act as sole market maker.
- 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 4-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 22% up, the Digital Plus will return the initial investment plus 22%. Should the performance of the Index exceed 22%, 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 \$200 000, based on the performance of the Index.

Performance of MXEF	Initial Investment of \$200 000	Digital Plus Return	Return at maturity
30%	USD200 000	30%	USD260 000
1%	USD200 000	20%	USD244 000
-10%	USD200 000	0%	USD200 000
-35%	USD200 000	-35%	USD130 000

## 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 Credit 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 Barclays Plc as the Credit Reference Entity.

## What are the risks of the Investec USD MSCI Emerging Markets 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 of 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 IBL US\$1,500,000,000 Note Issuance Programme and that they take full credit risk on IBL as Issuer as well as Barclays Plc, 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 4-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 want exposure to international markets in USD.
- You have a minimum of \$125,000 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 Barclays Plc.

## What fees are charged?

Financial advisors receive a USD denominated fee of 0.75% per annum for the investment term (Incl of 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 so as 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 Barclays Plc, should a credit event (bankruptcy, failure to pay, obligation default, repudiation/moratorium, Government Intervention and restructuring) occur in respect of Barclays Plc, 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 Barclays Plc on or before the Maturity Date, IBL, as calculation agent, will obtain tradable quotes in the market, in respect of the obligations of Barclays Plc 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.

IBL gives no representations or warranties as to whether or not a credit event could occur in relation to Barclays Plc, and the Investor is advised to perform its own evaluation of the credit worthiness of Barclays Plc, 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 USD settlement amount will be credited to the investor's Euroclear account.

## What is the MSCI Emerging markets Index?

The MSCI Emerging markets Index is an equity index created, published and calculated by MSCI. The index is comprised of 1,392 stocks domiciled across 27 emerging market countries, such as China, South Korea, India and United Arab Emirates, and weighting method is float-adjusted market cap weighted. This is a price only index which is reviewed quarterly. The index is denominated in USD.

In comparison to the MSCI Emerging Markets Index, the MSCI World Index is exposure to 23 developed markets, with the US making up 67% of its geographic exposure. This highlights the diversity of the MSCI Emerging Markets index and it's opportunity for growth in these less saturated markets.

For more information on the Index and its performance, please see our website at [www.investec.com/DigitalPlus](http://www.investec.com/DigitalPlus)

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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
  - 1.24 Structured Deposits or
  - 1.13 Derivative Instruments
  - 1.4 Long Term Insurance Subcategory C (Life Wrapper Only)

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

- Category II
  - 2.18 Structured Deposits or
  - 2.10 Derivative Instruments

Or

Be a JSE stockbroker with an Investment Services Provider license.

## Important dates

<b>Closing Date:</b> 16 July 2021	<b>Trade Date:</b> 21 July 2021	<b>Listing date:</b> 23 July 2021	<b>Maturity date:</b> 23 July 2025
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## Contact details

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

Brian McMillan	011 291 3180	brian.mcmillan@investec.co.za
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Japie Lubbe	021 416 3307	japie.lubbe@investec.co.za
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Aneeqah Samie	011 263 5203	aneeqah.samie@investec.co.za
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John Sherry	011 384 5307	john.sherry@investec.co.za
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Sonia Lynch	011 286 9440	sonia.lynch@investec.co.za
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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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Physical address	100 Grayston Drive, Sandown, Sandton, 2196, Gauteng, South Africa
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Postal address	P O Box 785700, Sandton, 2146, Gauteng, South Africa
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Compliance officer	Chulekazi Jikijela
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Address	100 Grayston Drive, Sandown, Sandton, 2196, Gauteng, South Africa
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Contact number	+27 11 286 7000
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## Application form and term sheet

The information set out in this Application Form and Term Sheet provides a summary of the Digital Plus only. Terms used, but not otherwise defined herein shall have meanings given to such in the relevant Pricing Supplement.

The full terms and conditions of the Digital Plus will be set out in the Pricing Supplement which will be made available on the listing date on the IBL website at [www.Investec.com/Digital Plus](http://www.Investec.com/DigitalPlus). Prospective Investors must ensure that they are fully aware of the risks involved when investing in financial products. It is recommended that Investors seek professional advice and read the applicable Application Form and Warrant and Note Programme prior to making any investment decision.

Details of this programme are available on the IBL website at [www.Investec.com/DigitalPlus](http://www.Investec.com/DigitalPlus) or from your stockbroker.

Completion and signature of this Application Form and Term Sheet by the Investor constitutes a mandate for IBL to implement the investment in the Digital Plus per the terms and conditions set out herein.

The implementation of the Digital Plus investment remains subject to the acceptance by IBL of the signed Application form and payment of the relevant minimum investment amount by the Investor.

IBL will target a digital return level of 22%, however, due to the volatile nature of the underlying index, IBL reserves the right not to proceed on Trade Date should the level of the digital return offered by IBL be below 20%.

In addition, IBL reserves the right not to implement the Digital Plus if any change in circumstances occurs which would adversely affect its ability to implement the investment. In such an event, IBL will notify the Investor and return the investment amount to the Investors nominated stockbroking/bank account.

While IBL does provide a daily price for the product, the nature of the product is such that the capital protection is only available at Maturity. During the life of the product the value could be lower than the stated protection level irrespective of the Index level at the time. IBL will provide bid and offer prices for the product under normal market conditions (subject to internal policy and applicable laws and regulations), however liquidity could be limited.

The return received is dependent on the Index and past performance of any investment is not a guide to future returns. IBL does not provide any warranty as to the performance or profitability of these investments.



Terms - Index	
Index Sponsor	MSCI
Index Calculation Agent	MSCI
Index Geographical Coverage	Global
Index Bloomberg Ticker	MXEF Index
Index Currency	USD
Index Weighting Methodology	Float-adjusted Market Cap Weighted
Index Type	Market Capitalisation

Terms - Digital Plus	
<b>Product Name</b>	Investec USD MSCI Emerging Markets Index Digital Plus
<b>Issuer</b>	Investec Bank Limited ("IBL")
<b>Calculation Agent</b>	Investec Bank Limited ("IBL")
<b>Currency Exposure</b>	US Dollar "USD"
<b>Specified Denominations ("Units")</b>	\$125 000 per Note and thereafter in increments of \$1 000
<b>Issue Price Per Note</b>	100%
<b>Purchase Price Per Note</b>	100%
<b>Term</b>	4 years
<b>Closing Date of Offer</b>	16 July 2021
<b>Trade Date</b>	21 July 2021
<b>Listing Date</b>	23 July 2021
<b>Valuation Time</b>	The time at which the Index Sponsor publishes the closing level of the Index
<b>Reference Level</b>	The level of the Index published by the Index Sponsor at the Valuation Time
<b>Initial Index Level (IIL)</b>	The Reference Level on the Trade Date
<b>Final Valuation Date</b>	21 July 2025
<b>Maturity Date</b>	23 July 2025
<b>Settlement Currency</b>	US Dollar "USD"
<b>Maturity Value</b>	<p>If no Credit Event has occurred, the Maturity Value will be determined in accordance with the below:</p> <p>If the Final Index Level is greater than or equal to the Initial Index Level:</p> $\text{Maturity Value} = (\text{Notional} \times (1 + (\text{Digital Return} + \text{Investment Growth}))) \times \text{CCFf}$

Terms (continued)	
<b>Maturity Value</b>	<p>OR</p> <p>If the Final Index Level is less than the Initial Index Level, but no Trigger Event has occurred: Maturity Value = Notional</p> <p>OR</p> <p>If the Final Index Level is less than the Initial Index Level and a Trigger Event has occurred: Maturity Value = Notional x FIL/IIL</p>
<b>Final Index Level (FIL)</b>	The Reference Level at the Valuation Time on the Final Valuation Date
<b>Barrier Observation</b>	At the Valuation Time on the Maturity Date
<b>Digital Return</b>	22%
<b>Investment Growth</b>	Investment Growth = Max [ (FIL – IIL) / IIL – Digital Return ; 0]
<b>Barrier</b>	70% of the Initial Index Level
<b>Trigger Event</b>	The Reference Level of the Index is below the Barrier at the time of the Barrier Observation.
<b>Fees</b>	Financial advisors receive 0.75% per annum (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 Digital Plus.
<b>Credit Reference Entity</b>	Barclays Plc
<b>Consequences of occurrence of a Credit Event</b>	<p>If a Credit Event occurs in respect of the Reference Entity, on or before the Maturity Date, the Digital Plus will terminate on the Maturity Date and the Investor will receive the following:</p> <p>Maturity Value: The market value of the Digital Plus on the business day immediately prior to the date of the Credit Event multiplied by the CE Factor (“Reduced Return Amount”) plus CE Interest</p>
<b>CE Factor</b>	The recovery price (expressed as a percentage) of senior bond or loan obligations of the Reference Entity based on tradable quotations obtained in the market, and adjusted to take into account the portion of IBL hedge position affected by the Credit Event, determined by IBL, as calculation agent
<b>CE Interest</b>	If a Credit Event occurs prior to the Maturity Date, the Investor will receive interest (at the overnight SAFEX rate) in respect of the Reduced Return Amount, from the date upon which the recovery price is determined, to but excluding the Maturity Date
<b>Credit Event</b>	Failure to Pay, Obligation Default, Repudiation/Moratorium, Government Intervention and Restructuring



## Important notes

The valuation and calculation of the Index is independently managed by MSCI. IBL is not involved or responsible for the Index and will merely utilise the Index prices published by MSCI. IBL will not be liable for any losses that may occur due to any issues or errors in relation to the Index.

Distributors should note that no payments will be received by IBL and that all settlement will take place via Euroclear accounts on a delivery versus payment basis on the settlement date, being the day following listing date on the JSE.

Investors must provide proof to Investec of the available funds in their respective custodian accounts and ensure that their Euroclear accounts are funded by the full amount applied for before/on the closing date.

Investec will deliver the Digital Plus to the investor's Euroclear account on a delivery versus payment basis on the settlement date.

**Investors whose designated stock broking accounts are not funded by the closing date with the full amount of their requested investment in the Digital Plus or whose available funds are not able to be transferred to pay for their investment in the Digital Plus for any reason, will not participate in this Digital Plus investment.**

**IBL accepts no responsibility or liability for such failure to pay for the Digital Plus by the Investor and IBL shall not be liable for any losses or damages that such investor may suffer as a result of failing to invest in the Digital Plus**

## Investment application form

Nominal Amount invested – Investec USD MSCI Emerging Markets Index Digital Plus

**Total per attached schedule – Minimum investment amount of \$125 000 and thereafter in increments of \$1 000**

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### Instructions for completing this application form

1. Distributors complete application form
2. Distributors complete Investor Schedule
3. Send completed application form and Investor Schedule to: SPSupport@investec.co.za.
4. Confirm investors Euroclear account is funded with required invested amount

Note: no additional FICA documentation is required.

**No Cash to be deposited to IBL, all investors to fund their Euroclear accounts before/on Closing Date.**

**Distributors are required to provide Investec with a schedule of investors with the details of Euroclear account and applicable international agent.**

## Section 1: Distributor

This section provides us with the details of the distributor.

First name(s)	<input type="text"/>
Surnames (for individuals)	<input type="text"/>
ID Number/Passport Number	<input type="text"/>
Registered company name	<input type="text"/>
Email address	<input type="text"/>
Telephone number	<input type="text"/>

## Section 2: Declaration and signature

I, the undersigned hereby confirm that I have read and understood the application form and term sheet and agree to be bound by the terms and conditions thereof and warrant that the particulars supplied below are true and correct and that completion, signature and submission of this application form and attached schedule constitutes a mandate for IBL to implement the investment in the Investec USD MSCI Emerging Markets Index Digital Plus the terms and conditions set out

- I hereby agree and acknowledge that IBL is a product supplier as defined by the Financial Advisory and Intermediary Services Act (FAIS) and as such,
- IBL will not render any investment advice in respect of the Digital Plus. The selection of investments will be made entirely at my/ investors discretion,
- IBL shall bear no responsibility for, nor guarantee the performance of the investment or the index, and IBL will not be liable for any losses I/ investor may incur as a result of acting on inadequate, insufficient or inappropriate advice.
- Distributors should note that completion, signature and submission of this application form and attached schedule constitutes a mandate for IBL to implement the investment in the Digital Plus per the terms and conditions set out herein.

Financial/Investment Professional

Date

Place

## Disclaimer

This document is not a prospectus, nor does it constitute an offer to the public in respect of the Investec Equity Structured Products. Completion and signature of the Application Form contained herein constitutes an offer to invest in the Investec USD MSCI Emerging Markets Digital Plus, implementation of which is subject to acceptance of the signed Application Form by Investec. Investors should seek their own independent professional advice regarding the suitability of this note for their own particular investment purposes.

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This product is not sponsored, endorsed, sold, or promoted by the Index or indices, as specified herein, or the relevant Index sponsor, being the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis. No Index sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any transaction in respect of this product. Neither Investec nor the Investor shall have any liability to the other for any act or failure to act by the Index sponsor in connection with the calculation, adjustment or maintenance of the Index. Investec has no affiliation with or control over the Index or Index sponsor or any control over the computation, composition or dissemination of the indices. Although Investec will obtain information concerning the indices and currencies from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by Investec as to the accuracy, completeness and timeliness of information concerning the indices and/or the currency exchange rates.

Investec Corporate and Institutional Banking is a division of Investec Bank Limited registration number 1969/004763/06, an Authorised Financial Services Provider (11750), a Registered Credit Provider (NCRCP 9), an authorised Over the Counter Derivatives Provider, and a member of the JSE. Investec is committed to the Code of Banking Practice as regulated by the Ombudsman for Banking Services. Copies of the Code and the Ombudsman's details are available on request or visit [www.investec.com](http://www.investec.com).

