

## GLOBAL TOP 20 STRUCTURED PRODUCT



### Product snapshot

- Invests** in the **Sasfin Global Top 20 companies ("the Basket")**
- Performance of the best 8** - At the end of the 5-year investment term, you will receive the performance of the best 8 of the top 20 companies, up to a maximum return of 100%
- Capital protection** - if the Basket is down at the end of the term, the first 20% of your capital is protected
- Liquidity** - early redemption is available
- Investment currency** - ZAR (only positive returns are exposed to currency movements)
- Investment term** - 5 years
- Issuer and Credit Risk** - Absa Bank Limited ("Absa")
- Minimum investment** - R250,000 with increments of R50,000 thereafter
- Closing date** - 18 April 2019
- Fees**
  - Distribution: 0.6% per year (Excl. VAT)
  - Asset Management: 0.3% per year (Excl. VAT)

### How does the product work?

An equally weighted Basket of 20 global shares is selected by Sasfin and quoted in US Dollars (USD). At maturity, if the performance of the Basket is positive, you will receive the performance of the best 8, equally weighted. In addition, the return from the best 8 will be enhanced if the ZAR has depreciated against the USD, and vice versa.

At maturity, if the Basket is negative in USD, you will get your capital back in ZAR, provided the Basket has not lost more than 20%. If the Basket has fallen by more than 20% at maturity, you will only experience a capital loss in line with the percentage loss in the Basket below 20% (e.g. if the Basket is down 21%, the capital loss will be 1%).

The initial capital invested is not exposed to currency movements over the term of the investment, only the equity returns, or growth (if any).

The maximum return payable from the equity Basket is 100%, but this could be more or less depending on whether ZAR has depreciated or appreciated against the USD.

### Product information

- Suitable for conservative investors requiring offshore exposure with an element of capital protection
- Local JSE listed global equity structured product with a 5-year term
- No foreign exchange clearance required
- Issuer of the note is Absa Bank Limited, holders of the note take on Absa credit risk
- Application closing date is 18 April 2019



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### How does the capital protection work?

- At maturity, if the Basket is negative, you will get your capital back provided the Basket has not lost more than 20%
- If the Basket has lost more than 20% at maturity you will only experience a capital loss in line with the percentage loss in the Basket below 20% (e.g. if the Basket is down 21% your capital will only be down 1%)
- The initial capital invested is not exposed to currency movement over the term of the investment

### Examples of maturity values of an original investment of R250,000 with currency movements

Below, we illustrate how a loss in the Basket of greater than 20% will result in a capital loss (scenario 1) and how FX is irrelevant in instances where there is no growth in the Basket (scenarios 1 & 2). Furthermore, we illustrate how the equity return (i.e. performance from the best 8 stocks) is augmented from a ZAR depreciation (scenario 3) and reduced from a ZAR appreciation (scenario 4). Lastly, we illustrate in scenario 5 that whilst equity returns are capped at 100%, the maximum return is not, and in the case of ZAR depreciation, the returns could be more than 100% under the note.

Scenario	Basket 20 performance	Best 8 performance	Equity return	Net return after 10% ZAR depreciation	Net return after 10% ZAR appreciation	Total payment at maturity
1	-30%	N/A	-10%	N/A	N/A	R225,000
2	-15%	N/A	0%	N/A	N/A	R250,000
3	15%	25%	25%	27.5%	N/A	R318,750
4	15%	25%	25%	N/A	22.5%	R306,250
5	110%	130%	100%	110%	N/A	R525,000

### Termination before maturity

The amount you receive from your sale instruction will be the Market Value of the product. The Market Value will be dependent on prevailing market conditions including, but not limited to:

- interest rates
- the level of the Basket at that time
- rates at which the Issuer lends to or borrows from other banks
- the actual and perceived ability of the Issuer to make payments when due
- the length of time to maturity of the investment

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### Historical performance illustration

To illustrate how the various aspects of the note come together, we have illustrated how an investment made in December 2013 would have matured in December 2018. It is clear that by concentrating the returns on the best 8 provides a marked improvement over and above the already strong performance of the Basket of 20. In addition, it's evident how the ZAR depreciation further enhanced the equity returns over and above the 100% cap.

#### Sasfin best 8 of 20

Basket of 20 Performance = 56.71%

Best 8 of 20 Performance (pre FX) = 100% (capped out)

FX performance = ZAR depreciated by 33.53% against USD over the period

Sasfin Top 20 Note = 133.53% (or 26.71% p.a.)

The past performance of the note is not a guide to its future performance.



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