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Mariana Global Index Income Builder June 2018

Database id 45

Report created: 19 May 2024

KEY INFORMATION

Dates

Closing date	01 Jun 2018
Strike date	01 Jun 2018
Final market date	03 Jun 2024
Maturity payment date	05 Jun 2024

Terms

Investment Length	6.01 years
Product currency	USD
Product type	Income Autocall
Vehicle	Security
Capital	At risk
Aim	Income
Asset style	Worst-of
Provider	Mariana
Issuer	Investec Bank plc
Plan Manager	Mariana
Underlying Asset	EURO STOXX 50 Index, Hang Seng China Enterprises Index, Nikkei 225 Index, Russell 2000 Index
Counterparty	Investec Bank plc
Issuer credit rating	Moody's A2
Credit rating band	A band
Tax wrapper(s)	Available via a selection of offshore portfolio bonds
Min/Max Investment	\$5,000 and multiples of \$1 in excess thereof

DESCRIPTION

Product features

Total of 12 autocall points

First autocall point after 3 years and then every 3 months

Contingent coupons of 1.9% will be paid each quarter (approximately 7.6% p.a.) if the coupon condition is met

Coupons are paid if the relevant underlying assets are at or above the coupon barrier of 60% of their strike levels

There is a memory feature which allows missed coupon payments to be made if the underlying is above the coupon barrier at a subsequent coupon date

Autocall level of 100% at each call point

Product payoff is based on the worst performing asset

European barrier of 60%

Potential Returns:

This product is classified by FVC as an 'Income Autocall'.

This type of product has both contingent income and autocall components. It will pay the quarterly return of 1.9%, if, on the relevant quarterly measurement date, the worst performing underlying is at or above the contingent coupon level of 60%. If the worst performing underlying is above the required level on any of the autocall observation dates, the product will mature early, returning the initial investment in addition to any income owed.

This product includes a memory feature which allows investors to recover missed payments. If the level of the worst performing underlying is above 60% of its strike level at subsequent measurement dates, the investor will receive the missed coupon payment and the current coupon payment at once. For example, if the level of the worst performing underlying is 80%, 80%, 50%, 80%, the investor would receive no coupon payment on the third coupon payment date but as the fourth observation is above 60%, both coupon payments will be paid, resulting in a coupon stream as follows: 1.9%, 1.9%, 0%, 3.8%.

The full autocall schedule for this product is shown in figure 4.

Capital Repayment:

The product has a European barrier. This means that the barrier is observed at maturity only. The barrier is set at 60% of the strike level and will be breached if the final level of the worst performing underlying asset is below 60% of the strike level. If the worst performing underlying finishes below the European barrier of 60% on the final day of the investment some capital is lost.

If the product has not been called on any of the observation dates, the repayment of capital will depend on whether or not the final level of the worst performing underlying is below the barrier level. If the worst performing underlying finishes at or above the barrier level, the investor will be repaid 100% of their initial investment in addition to any income accrued.

If the worst performing underlying asset finishes below the 60% barrier, the investor will be paid an amount equal to the final level of the worst performing underlying asset, with respect to its strike level. For example, if the final level of the worst performing underlying is 40% of its strike level and therefore the barrier is breached, the investor will be returned 40% of their capital investment.

ASSESSMENT

Figure 1: Statistics

This figure shows some key statistics of the product and compares them to averages of other open products in the market. Full details of the methodology can be found [here](#)

The overall, price and return scores are expressed on a scale of 0-10 with 10 representing the most favourable. The price score is derived from our estimate of value for money while the return score gives an indication of risk-adjusted return prospects. The overall score is the average of the price and risk scores. Please note that an average commission level of 3.5% has been assumed and the scores adjusted relative to the methodology used for the FVC service on the UK market.

The riskmap is expressed on a scale of 0 to 10, where 0 represents lowest risk and 10 the highest. It is calculated from contributions from market risk and credit risk which are shown separately. The maturity and duration (expected maturity) are also stated.

This report was compiled with data available when the product was submitted to us and has not been updated since.

	This product	All products	All At risk
Overall score	8.88	7.08	7.02
Price score	8.43	7.45	7.44
Return score	9.32	6.70	6.60
Riskmap (0-10 scale)	3.81	3.87	3.99
Market riskmap	3.41	3.67	3.80
Credit riskmap	0.41	0.20	0.19
Maturity	6.01	5.11	5.00
Duration	4.39	2.75	2.59

Figure 2 : Payoff chart

This chart shows a sample of simulated outcomes of the final underlying value and the product payoff for the structured product to help identify the risk and return prospects of the investment.

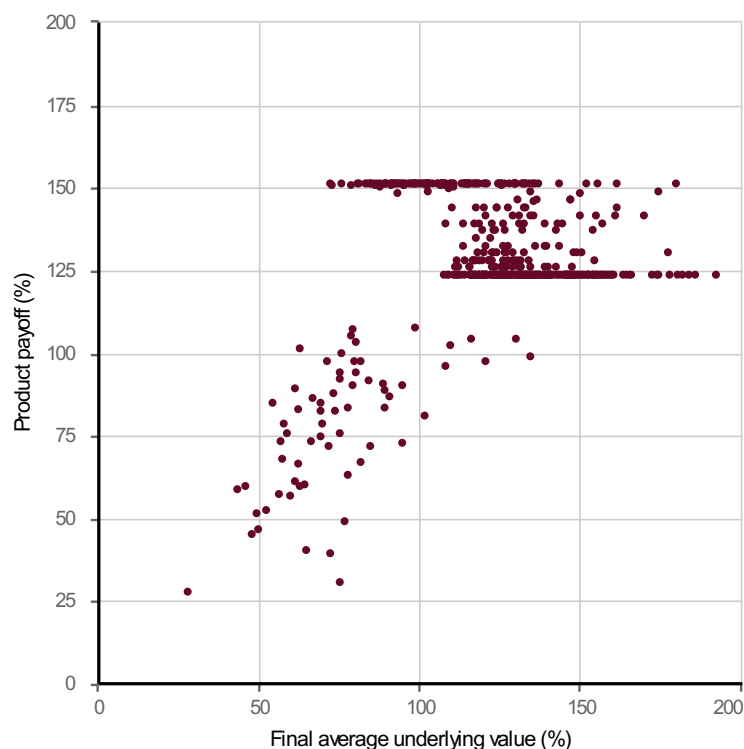
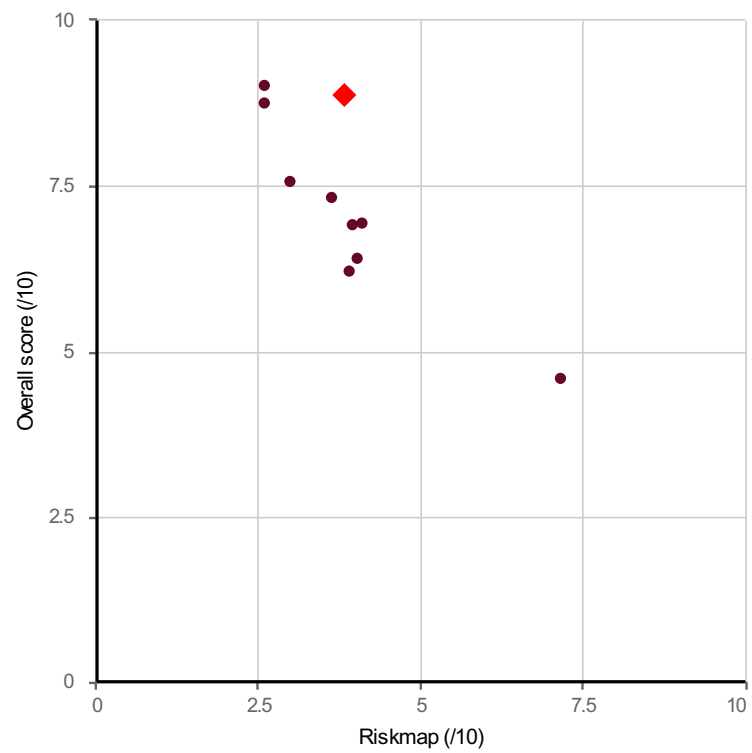


Figure 3 : Comparison chart

This chart plots the riskmap and overall score for all products on report centre, which shows all products listed on this site which are open for investment. The current product is shown with a diamond marker.



OUTCOMES

Figure 4 : Investor results summary

Summary of possible product performances. Calculations from forward looking simulation and 10 year historical backtest (market risk only). This table shows a number of mutually exclusive outcomes of product performance classifications and associated statistics. All figures below are rounded.

Result	Investment length (years)	Average payoff (%)	Simulated probability (%)	Backtested frequency (%)
Autocall on 01 Jun 2021 if at or above 100%	3.00	122.80	39.50	41.99
Autocall on 01 Sep 2021 if at or above 100%	3.25	124.70	4.42	2.22
Autocall on 01 Dec 2021 if at or above 100%	3.50	126.60	3.34	2.35
Autocall on 01 Mar 2022 if at or above 100%	3.75	128.50	2.91	2.75
Autocall on 01 Jun 2022 if at or above 100%	4.00	130.40	2.10	2.13
Autocall on 01 Sep 2022 if at or above 100%	4.25	132.30	2.06	2.97
Autocall on 01 Dec 2022 if at or above 100%	4.50	134.20	1.73	3.91
Autocall on 01 Mar 2023 if at or above 100%	4.75	136.10	1.41	1.95
Autocall on 01 Jun 2023 if at or above 100%	5.00	138.00	1.41	1.73
Autocall on 01 Sep 2023 if at or above 100%	5.25	139.90	1.26	1.78
Autocall on 01 Dec 2023 if at or above 100%	5.50	141.80	1.05	3.15
Autocall on 01 Mar 2024 if at or above 100%	5.75	143.70	1.16	1.11
Full capital return	6.00	145.60	22.49	19.62
Capital loss but total return at or above capital	6.00	101.91	1.21	2.04
Total return loss	6.00	73.03	13.95	10.30

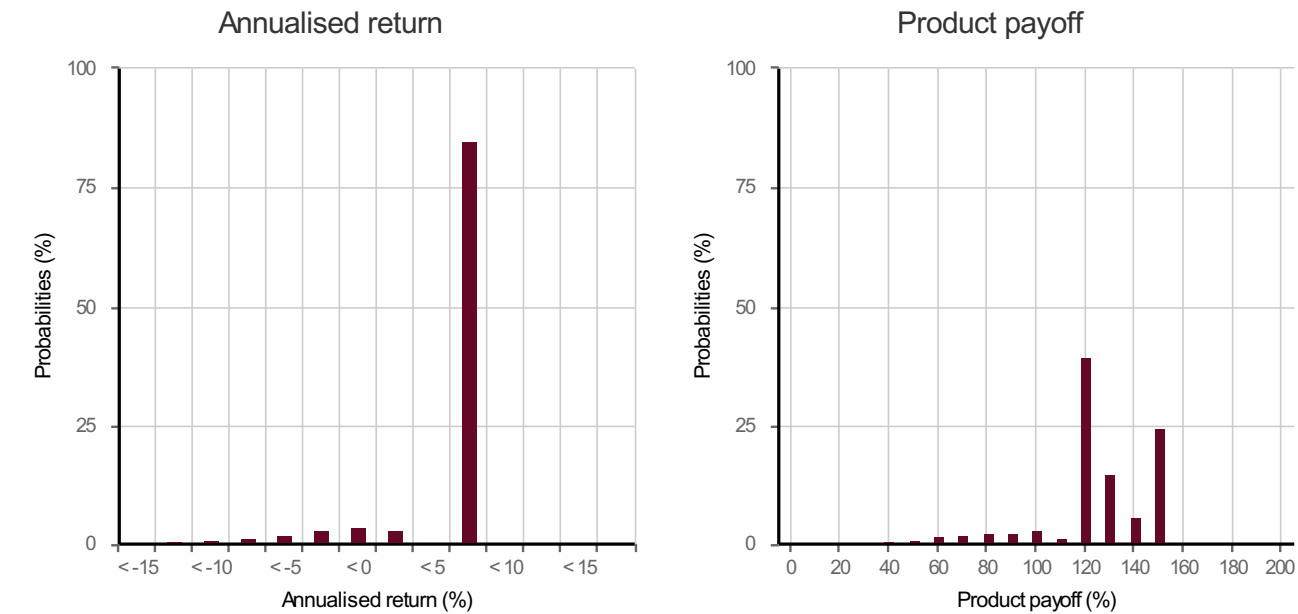
Figure 5 : Prospects for return of capital

This figure shows prospects for return of capital, calculating whether the return might be greater than, equal to or lower than capital invested. These calculations use probabilities from forward looking simulations and the observed frequencies from a 10 year historical backtest.

Outcome	Simulated probability	Backtested frequency
Return less than capital	12.05	5.37
Return exactly capital	0.00	0.00
Return more than capital	87.95	94.63

Figure 6 : Charts of product outcomes (annualised return and product payoff)

Charts of distribution of structured product returns based on forward looking simulation. The first chart shows the annualised return of the product in 2.5% buckets. The second chart shows the payoff of the product. Both of these charts are market risk only.



Provider contact information

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About FVC

Future Value Consultants (FVC) is a research and analytics consultancy, specialising in structured product research, stress testing structured products, independent valuations and index calculation.

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