New Investec Investment Opportunity: **China Seas Limited** offers rand hedge and full capital protection

Investec has launched an investment product that will provide investors with two times the growth of a basket of European and Asian indices to a maximum return of 40% in GBP, over a 4.3 year investment period, and with 100% downside protection in GBP.

The investment entity, **China Seas Basket Limited**, will be incorporated in Guernsey and listed on the Bermuda Stock Exchange. Investors are invited to buy shares in the company, offering returns in GBP, which provides South Africans the added benefit of a ZAR hedge. The current market implied GBP vs. ZAR depreciation over the term of the investment is approximately 48%.

With a GBP internal rate of return over the investment term of up to 8.14% per annum, the investment aims to cater for investors looking for capital protection and long-term growth in uncertain times. This investment may be of appeal, specifically within the context of the current heightened economic volatility and uncertainty.

Japie Lubbe, of Investec Structured Products, says, “The **China Seas** product offers investors the opportunity to invest in one product, allowing access to international markets that are ordinarily risky to participate in, with the comfort that their capital is protected in GBP, in case those markets go down. Should markets rise, investors will enjoy accelerated gains.”

Apart from the capital guarantee and the potential to double their returns up to a maximum of 40%, investors will also be gaining exposure to markets that are trading at Price/Earnings valuations below their long-term averages and therefore offer a potentially attractive entry point.

The **China Seas basket** is linked to five equally weighted indices comprising the MSCI Taiwan Index (TAMSCI), Japan’s Nikkei225 (NKY), Hong Kong’s Hang Seng Index (HSI), Singapore’s MSCI Singapore Index (SIMSCI) and the Eurostoxx 50 (SX5E).

“We have targeted markets that have quite weak currencies at the moment, but are not commodity producers,” Lubbe explains. “They will benefit from lower oil and commodity prices as they produce consumer goods that feed growing global consumption, particularly from China.”

SA investors who have R160 000 to invest offshore would qualify for purchasing the shares. These would typically be investors seeking to move their ZAR into a foreign currency and access growth potential on foreign stock exchanges to diversify local exposures.

South African investors can subscribe with offshore funds, their single discretionary allowance of R1m, or the R10m annual allowance (subject to exchange control approval). In addition to the direct investment method, an asset swap capacity can be utilised. Most institutions, including Investec Wealth and Investments, provide this service.

*The **China Seas** offer is currently available and will close on 03 March 2016. Applicants are encouraged to submit their applications early, as there is a limited capacity.*

*For more information on the **China Seas Basket Limited** product visit:*
www.investec.co.za/chinaseas

Please note that only IFAs registered for Licence Category 1.8 will be allowed to market this product. Investec will provide both generic training on structured products as well as product specific training for interested and qualified advisers.