

Gold ETN



Investec Gold ETN

Product Name	Investec Gold ETN Exchange Traded Note
Underlying	Physical Spot Gold Price (London)
Issuer	Investec Bank Limited
Maturity Date	October 2017
Exchange	Johannesburg Stock Exchange
Ratio	0.1 (1/10th of an ounce)

- Gain exposure to the US Dollar Gold Price
- No Rand Dollar exchange rate conversion
- Daily trading on the JSE
- Daily liquidity provided by Investec Bank

What is the Investec Gold ETN?

The Investec Gold ETN Exchange Traded Note "ETN" ("Investec Gold ETN") is a financial instrument listed on the JSE Limited ("JSE") that is designed to provide the investor with a simple and transparent way in which to gain exposure to the US Dollar price of gold.

Investec Gold ETN differs from other listed gold notes in that there is no exposure to the Dollar/Rand exchange rate. This is referred to as the Quanto feature. The Quanto feature results in a percentage move in the underlying gold price being reflected in a similar percentage move in the Investec Gold ETN. Investors are now able to invest in the price movements of gold without the effect of also having to predict what the Dollar/Rand exchange rate will be.

Why invest in Investec Gold ETN?

The price of gold is fixed twice daily in USD on the London Bullion Market and is the basis for all sales and purchases of gold. By listing a Quanto Gold ETN like the Investec Gold ETN investors can now for the first time take advantage of the moves in this USD Gold price without having to hedge out the effects of the Rand.

Traditionally the Rand and Gold price have had a negative correlation in that as the price of gold rises the price of the Rand has tended to strengthen against the dollar wiping out some of the profit that investors would have gained from a straight USD gold investment.

The graph below shows the negative correlation that has existed between the Rand and the Gold price over the last 3 years, where it averaged -41% for the period.

Gold vs Rand correlation - 3 year



Source Bloomberg
*Correlation based on 30 day rolling returns

How is Investec Gold ETN priced?

The Investec Gold ETN is listed for a period of 5 years and can be actively traded on the JSE, with Investec Bank Limited (“IBL”) providing liquidity as a market-maker.

The Investec Gold ETN price will closely correlate to the underlying price of Gold which is published daily in US dollars, however the Investec Gold ETN will not be sensitive to currency movements as the Quanto feature provides a built in currency protection.

How does the Quanto Adjustment work?

When investing in an underlying that quotes in a foreign currency, the investment is normally sensitive to currency movements. The Quanto feature provides the investor with “built-in “currency protection. Investec hedges against this risk and a Quanto adjustment is made daily to the Investec Gold ETN price. The Quanto adjustment may be positive or negative dependant on a number of factors including interest rates, volatility and correlation. For more information on the Quanto Adjustment as well as the daily adjustment rate please see our website [www.Investec.co.za/Investec Gold ETN](http://www.Investec.co.za/Investec%20Gold%20ETN).

What are the risks of investing in Investec Gold ETN?

The daily value of the Investec Gold ETN will be determined, amongst other factors, by the price at which the gold price is trading, and the Quanto adjustment.

The gold price value fluctuates and changes to these levels cannot be predicted. Past performance of gold should not be seen as an indication of future performance.

Investors should note that the Investec Gold ETN is a listed instrument under the Investec Bank Note programme and that they take credit risk on Investec Bank Limited.

How to invest and monitor the investment?

IBL will provide a daily market in the Investec Gold ETN during normal market conditions with actively priced bids and offers being made during market hours.

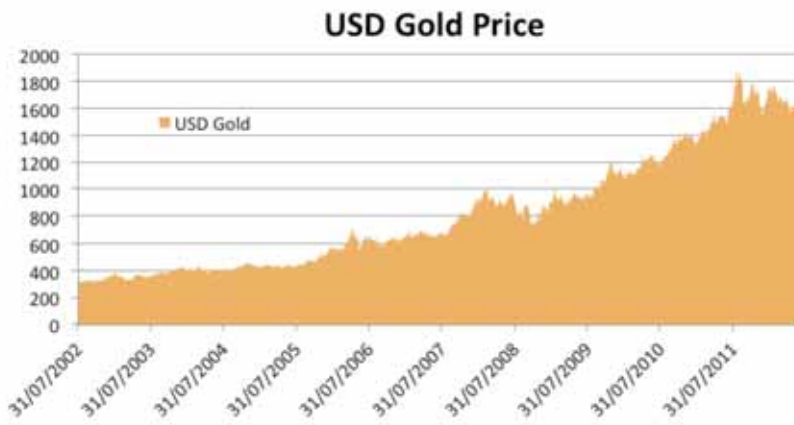
The JSE Code for the Investec Gold ETN is GOLDEN;

Where GOLD = Gold, E= Exchange and N= Notes

What are the costs?

There is no annual management fee for the listing of the Investec Gold ETN, however investors who purchase Investec Gold ETN via a stockbroker will be subject to normal brokerage fees.

Dollar price of Gold



Source: Bloomberg

Important notes

The return received is dependent on a number of factors affecting both the price of Investec Gold ETN amongst which but not limited to the price of the underlying commodity, current volatility, correlation and interest rates. Past performance of any investment is not a guide to future returns and Investec Bank gives no warranty as to the performance or profitability of these investments. Investec provide a daily price for Investec Gold ETN subject to normal market conditions.

No responsibility is accepted by Investec for the treatment of any court of law, tax, banking or other authority in any jurisdiction of the investment and no undertaking, warranty or representation is given with regard to the outcome of any such investment. 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.

If you are unsure as to how the investment works or whether it is suitable for your investment needs please seek advice from your stockbroker. This factsheet should be read in conjunction with the relevant Pricing Supplement and the Investec Bank Note programme, which is available on [www.investec.co.za/Investec Gold ETN](http://www.investec.co.za/Investec%20Gold%20ETN)

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