Crescendo Global Infrastructure

Capital Guaranteed Note

- 100% Capital Guaranteed **at maturity**
- Guaranteed minimum return of up to 12.5% [AR*: 2.4%] **at maturity**
- Up to 140% participation to the Global Infrastructure strategy
- Choice between MUR & USD denominations
- Quarterly liquidity after first year

Limited Offer – closing by April 15, 2015

Terms and conditions apply.

MCB Capital Markets

mcbcm.mu/crescendo

Summary of the key information

Product Name	Global Infrastructure USD40	Global Infrastructure USD80	Global Infrastructure MUR140	Global Infrastructure MUR50
Issuer	MCB Structured Solutions Ltd.			
Denomination Currency	USD	USD	MUR	MUR
Issue Price	USD 100	USD 100	MUR 1,000	MUR 1,000
Guaranteed Capital (at maturity)	100% of Initial Investment (in the respective denomination currency)			
Guaranteed Return (at maturity)	5% [AR*: 1.0%]	None	None	12.5% [AR*: 2.4%]
Guarantor	The Mauritius Commercial Bank Ltd			
Offer Start Date / End Date	March 10, 2015 / April 15, 2015			
Settlement Date	April 15, 2015			
Strike Date / Maturity Date	April 23, 2015 / April 23, 2020			
Term and Recommended Holding Period	5 years			
Reference Index	Dow Jones Brookfield Global Infrastructure Daily Risk Control 10% Index (Bloomberg Code: DJBGI10P)			
Participation Rate	40%	80%	140%	50%
Final Index Level	The arithmetic average of the levels of the Reference Index on or about: 23 April 2019, 23 July 2019, 23 October 2019, 23 January 2020 and 23 April 2020			
Reference Index Performance	The positive performance (if any) of the Reference Index between its level on Strike Date and the Final Index Level		The positive performance (if any) of the Reference Index between its level on Strike Date and the Final Index Level, translated into MUR	
Close Period	1 year from Strike Date			
Minimum Subscription and Minimum Holding	50 Notes (USD 5,000), no fractions		150 Notes (MUR 150,000), no fractions	
Main Risk Factors	Credit Risk, Counterparty Risk, Liquidity Risk, Exchange Rate Risk, Changes in laws or regulations, Tracking Risk, Reference Index Risk For more information, please refer to the Simplified Prospectus			
Liquidity	The Issuer will ensure quarterly liquidity after the Close Period Indicative quarterly redemption prices will be available on the following website after the Close Period: http://www.mcbcapitalmarkets.mu/mcbss			

What is Crescendo Global Infrastructure?

Crescendo Global Infrastructure is a five-year capital guaranteed investment issued by MCB Structured Solutions Ltd and guaranteed by The Mauritius Commercial Bank Ltd. The Note provides investors access to the positive performance of the Reference Index, an index developed and maintained by:

- **S&P Dow Jones Indices** – a leader in benchmarking the publicly listed infrastructure market, and

- **Brookfield Asset Management** – a global alternative asset manager with c. USD 200bn in assets under management with over a 100-year history of owning and operating assets

Through the Reference Index, investors get a dynamically managed exposure to companies deriving at least 70% of their cash flows from owning and operating infrastructure assets.

As an investor in Crescendo Global Infrastructure, you will be exposed to the Reference Index which includes an embedded volatility target of 10% p.a. maintained over the life of the investment. This risk control overlay varies the exposure to the strategy in order to target an annualised risk (volatility) of 10%. For example, exposure will be reduced when the annualised risk of the strategy is greater than 10%; conversely, when the volatility of the strategy is lower than 10%, exposure will be increased up to a maximum of 150%.

How are my returns calculated?

Investors have the flexibility of choosing between four options.

Expected returns will vary according to the performance of the Reference Index and the chosen option.

Please refer to Payout Simulations section for detailed calculations of returns under each option.

Investors in MUR-denominated versions of the Global Infrastructure notes should understand that the underlying investment is in USD and the performance of the MUR against the USD will have an impact (either positive or negative) on their net returns.

Figures used are for illustration only and past performance of the Reference Index is not an indication of future returns.

Please refer to the Simplified Prospectus for more details on the return calculation methodology.

What are the main benefits of Crescendo Global Infrastructure?

- 100% of your initial investment is guaranteed at maturity by the MCB
- You can choose to have a minimum guaranteed return at maturity or a greater participation in the performance of the Reference Index
- The Reference Index provides a dynamically managed exposure to companies deriving at least 70% of their cash flows from owning and operating infrastructure assets
- You will not participate in the negative performance of the Reference Index, i.e., if the performance of the Reference Index is -25%, your participation will be floored at 0%. However, there is no ceiling as to the upside potential, i.e., if the Reference Index performs 250%, you benefit up to 140% of the 250% performance depending on your choice

What are the potential limitations?

- Most of the above benefits will accrue only if you hold the investment to maturity. Early redemption may lead to significant capital losses particularly in the early years
- If the Reference Index performs poorly, you may end up at maturity with only your initial investment and any applicable guaranteed return
- Performance of the Reference Index is observed quarterly during the last year. Should the average of these observation levels be below the initial level, even if it was above the initial level for most of the preceding four-year period, no positive performance will be captured
- Participation in the Reference Index is calculated in USD terms for investors in the MUR-denominated versions. Translation at the exchange rate prevailing at the time of payout may adversely impact net returns in MUR terms depending on the movement in the USDMUR
- The performance of the Reference Index may not perfectly replicate that of its parent index (it can be higher or lower) on account of the embedded annualised volatility target of 10%

Payout Simulations

The payout at maturity is calculated by multiplying the initial investment by the following performance factor:

For MUR-denominated versions $1 + \text{Max}\left(GR, GR + \frac{FIL - RI_s}{RI_s} \times \text{Participation Rate} \times \frac{Fx_m}{Fx_s}\right)$

For USD-denominated versions $1 + \text{Max}\left(GR, GR + \frac{FIL - RI_s}{RI_s} \times \text{Participation Rate}\right)$

Where FIL = Final Index Level
GR = Guaranteed Return or 0% if none specified,
RI_s = Level of the Reference index on or about Strike Date and
Fx_m & Fx_s = USDMUR exchange rate on or about Maturity Date & Strike Date respectively.

The scenarios described below have been simulated assuming USDMUR=33 on Strike Date.

	Global Infrastructure USD40	Global Infrastructure USD80	Global Infrastructure MUR140	Global Infrastructure MUR50
Initial Investment	USD 100,000	USD 100,000	MUR 1,000,000	MUR 1,000,000

Scenario 1: Above Average USDMUR closes at 36 at maturity and performance of the Reference Index is 95%

Performance Factor	1+Max(5%, 5%+95%×40%) = 143%	1+Max(0%, 0%+95%×80%) = 176%	1+Max(0%, 0%+95% ×140%×36/33) = 245%	1+Max(12.5%, 12.5%+95% ×50%×36/33) = 164.3%
Payout at Maturity	USD 100,000 × 143% USD 143,000	USD 100,000 × 176% USD 176,000	MUR 1m × 245% MUR 2,450,000	MUR 1m × 164.3% MUR 1,643,000
Representing an **annualised** return of	7.4% in USD	12.0% in USD	19.6% in MUR	10.4% in MUR

Scenario 2: Average USDMUR closes at 33 at maturity and performance of the Reference Index is 35%

Performance Factor	1+Max(5%, 5%+35%×40%) = 119%	1+Max(0%, 0%+35%×80%) = 128%	1+Max(0%, 0%+35% ×140%×33/33) = 149%	1+Max(12.5%, 12.5% +35%×50%×33/33) = 130%
Payout at Maturity	USD 100,000 × 119% USD 119,000	USD 100,000 × 128% USD 128,000	MUR 1m × 149% MUR 1,490,000	MUR 1m × 130% MUR 1,300,000
Representing an **annualised** return of	3.5% in USD	5.1% in USD	8.3% in MUR	5.4% in MUR

Scenario 3: Below Average USDMUR closes at 30 at maturity and performance of the Reference Index is 10%

Performance Factor	1+Max(5%, 5%+10%×40%) = 109%	1+Max(0%, 0%+10%×80%) = 108%	1+Max(0%, 0%+10% ×140%×30/33) = 112.7%	1+Max(12.5%, 12.5% +10%×50%×30/33) = 117%
Payout at Maturity	USD 100,000 × 109% USD 109,000	USD 100,000 × 108% USD 108,000	MUR 1m × 112.7% MUR 1,127,000	MUR 1m × 117% MUR 1,170,000
Representing an **annualised** return of	1.7% in USD	1.6% in USD	2.4% in MUR	3.2% in MUR

What is "Global Infrastructure"?

Global Infrastructure developments, knowingly or unknowingly, impact our day-to-day lives. Think of toll roads, rail, gas, electricity, water distribution, communication cables, hospitals, schools, etc. We all use at least one of these assets on a daily basis. Globally, infrastructure assets provide essential services that are necessary for populations and economies to function, prosper and grow. This is why investing in infrastructure assets has become popular in the recent years, all the more so as such assets are also generally considered to be low-risk and inflation-protected, thus providing new sources of return and diversification of risk.

Global Infrastructure can be divided into five general sectors:

- Transport – e.g. toll roads, airports, seaport, rail
- Energy – e.g. gas and electricity transmission, distribution and generation
- Water – e.g. pipelines and treatment plants
- Communications – e.g. broadcast, satellite and cables
- Social – e.g. hospitals, schools, prisons

Why invest in Global Infrastructure?

The main advantages of this asset class are that:

- it generates consistent, stable cash flow streams, usually with lower volatility than traditional asset classes as the assets are long-lived and regulatory contracts to operate them are usually long-term;
- it has high barriers to entry, resulting in monopoly for existing owners and operators;
- due to the essential nature of infrastructure assets and their inelastic demand, owners and operators are able to pass on inflation to consumers via price increases, thus providing inflation-protected revenues.

Consequently, the infrastructure asset class may provide investors with a degree of protection from the business and economic cycles as well as attractive income yields and inflation hedge. It is also generally considered to be an asset class poised for strong growth. As the global population continues to expand and standards of living around the world become higher, there is a vast demand for improved infrastructure. This demand includes the refurbishment and replacement of existing infrastructure worldwide and new infrastructure developments in emerging markets. Though financing public infrastructure has traditionally been the responsibility of the state, fiscally constrained governments are increasingly turning to the private sector to provide funding for new projects. As a result, the investment opportunities in this sector continue to grow.

The backtested historical performance of the Reference Index compared to the MSCI World is provided below.

Source: Bloomberg
Note: Backtest results are hypothetical in nature. Results do not take into account transaction fees and other costs.

Accessing Global Infrastructure through the Reference Index

To provide investors access to the performance of global companies involved in the infrastructure sector, the Dow Jones Brookfield Global Infrastructure 10% Risk Control Index, which uses a pure play approach by selecting only companies that obtain a majority (70% or higher) of their cash flows from owning or operating infrastructure assets, is used as the Reference Index. A 10% risk control overlay is built into the index to ensure an annualised volatility of about 10% is maintained over the life of the investment. This is achieved by adjusting accordingly the exposure of the Reference Index, subject to a maximum level of 150%, through leverage and deleverage based on predetermined rules.
To ensure diversification of the portfolio, individual stock weights, country weights and industry weights are capped (but with slight deviations permitted) at 10%, 50% and 50% respectively. The basket comprises some 130 stocks (as at July 1, 2014) and is rebalanced on a quarterly basis in March, June, September and December. Moreover, only stocks with a minimum float-adjusted market capitalization of at least USD 500 million are included.

Risk Factors

The Crescendo Global Infrastructure Note is a capital guaranteed investment but still involves some degree of risk, the main ones being: guarantor default risk, counterparty risk, liquidity risk, exchange rate risk and tracking risk. Please refer to the Simplified Prospectus for a detailed explanation of the risk factors.

Important Note

Applications for subscription to the Crescendo Global Infrastructure can only be made on an application form attached to the Simplified Prospectus. The full Prospectus is available for inspection at MCB Stockbrokers Ltd, Sir William Newton Street, Port Louis. 100% of Initial Investment and the Guaranteed Return where applicable are guaranteed **only if the investment is held to maturity. Early redemption may lead to significant capital losses particularly in the early years**. Guarantee is provided by The Mauritius Commercial Bank Ltd and is subject to default risk of the latter, in which case you may lose up to the whole amount invested. The recommended holding period for this investment is five years and it may not be in your interest to redeem the investment before its maturity. The Issuer will, however, ensure quarterly liquidity as from the second year of issue. Please note that **the capital guarantee and any minimum guaranteed return will NOT apply in case of early redemptions**. The distribution in certain countries of the information contained in this brochure may be restricted by law and persons who access it are required to inform themselves of and to comply with any such restrictions. The information is not intended to be published or made available to any person in any jurisdiction where doing so would contravene any applicable laws or regulations. This brochure does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This brochure is provided for information purposes only and does not constitute investment, legal, tax or other advice or any recommendation to buy or sell the Crescendo Global Infrastructure. Any past performance figures published in this brochure are not to be taken as a guide to future returns.

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The public is encouraged to seek professional advice prior to subscribing to the Crescendo Global Infrastructure Notes

MCB Capital Markets

9-15 Sir William Newton Street
Port Louis – Republic of Mauritius
T: +230 202 5000
F: +230 213 5961
E: crescendo@mcbcm.mu
www.mcbcapitalmarkets.mu

* Annualised Return