



GCR affirms the ratings assigned to Global Equity Investments 3, 4, 5, 6, 10, 11, 13 and 14 Ltd with outlook revised to Negative on the latter; and downgrades the ratings assigned to Global Equity Investments 8 Ltd revising outlook to Negative

## Rating Action

Johannesburg, 30 April 2020 - GCR Ratings ("GCR") has affirmed the international scale long term ratings assigned to the securities issued by the Primary Investment Vehicles ("PIVs") trading as Global Equity Investments ("GEI") 3, GEI 4, GEI 5, GEI 6, GEI 10, GEI 11 and GEI 13 Limited while maintaining their respective outlooks. The rating assigned to GEI 14 Limited has been affirmed while its outlook has been revised to Negative.

At the same time, GCR has downgraded the rating of GEI 8 Limited to 'BB<sub>(sf)</sub>' with a Negative outlook, from 'BB+<sub>(sf)</sub>'.

The rating actions follow a change in the ratings and/or outlooks related to some of the underlying linked credits and reflect the lower of either these changes or the 'BBB+(sf)' rating cap introduced at the June 2019 review.

PIV	Underlying Linked Credit	Rating class	Rating scale	Rating	Outlook / Watch
GEI 3	HSBC Bank plc	Long Term	International	BBB+ <sub>(sf)</sub>	Stable
GEI 4	Goldman Sachs Group Inc	Long Term	International	BBB+ <sub>(sf)</sub>	Stable
GEI 5	UBS AG/Stamford CT	Long Term	International	BBB+ <sub>(sf)</sub>	Stable
GEI 6	Scottish Widows Limited	Long Term	International	BBB+ <sub>(sf)</sub>	Stable
GEI 8	Sasol Financing International plc	Long Term	International	BB <sub>(sf)</sub>	Negative
GEI 10	Barclays Bank plc	Long Term	International	BBB+ <sub>(sf)</sub>	Stable
GEI 11	MTN Mauritius Investments	Long Term	International	BB+ <sub>(sf)</sub>	Negative
GEI 13	UniCredit SpA	Long Term	International	BBB <sub>(sf)</sub>	Stable
GEI 14	Commerzbank AG	Long Term	International	BBB+ <sub>(sf)</sub>	Negative

The abovementioned international scale ratings relate to timely payment of dividends and principal. The ratings exclude an assessment of the ability of the Issuers to pay either any early repayment or default interest rate penalties.



The Issuers are established PIVs which may issue rand-denominated redeemable shares to a specific institutional investor in South Africa on a private basis. The proceeds from the subscription in the PIV shares are ultimately invested in rated credit assets, such that each PIV has an underlying exposure to a single credit counterparty.

## Rating Rationale

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### Rating Cap

In assessing the transaction in June 2019 under GCR's Criteria for Rating Structured Finance Transactions, GCR noted the risk introduced to the transaction by the Custodian Account Bank and the Hedge Provider due to insufficient replacement triggers and the absence of remedial language in the event that these counterparties fail to perform their duties. GCR capped the ratings to the lower of either Standard Chartered Bank, Singapore (the Custodian Account Bank through which dividends are paid), or Investec Bank plc (the Hedge Provider).

GCR affirmed the rating assigned to Investec Bank plc of 'BBB+' with a Stable outlook on 20 December 2019. Standard Chartered Bank, Singapore is rated 'A1' by Moody's Investors Service ("MIS") with a Stable Outlook. The rating cap has been maintained at the lower 'BBB+<sub>(sf)</sub>' rating assigned to Investec Bank plc.

### Underlying Credit Rating Movements

In April 2020, Fitch Ratings upgraded its ratings of HSBC Bank Plc to 'AA-', with a Negative outlook following a criteria review. In March 2020 MIS revised the outlook on its 'Aa3' rating of HSBC Bank Plc to Negative. GCR has affirmed the GEI 3 rating of 'BBB+<sub>(sf)</sub>' with a Stable outlook, which reflects the rating cap.

In April 2020, Fitch Ratings revised the outlook on its rating of Goldman Sachs Group Inc to Negative from Stable. GCR has affirmed the GEI 4 rating of 'BBB+<sub>(sf)</sub>' with a Stable outlook, reflecting the rating cap.

In March 2020, Fitch Ratings revised the outlook on its rating of UBS AG/Stamford CT to Negative from Stable. GCR has affirmed the GEI 5 rating of 'BBB+<sub>(sf)</sub>' with a Stable outlook, reflecting the rating cap.

In April 2020, Fitch Ratings revised the outlook on its rating assigned to Scottish Widows Limited to Negative from Stable. GCR has affirmed the GEI 6 rating of 'BBB+<sub>(sf)</sub>' with a Stable outlook, reflecting the rating cap.

In March 2020, MIS downgraded its rating of Sasol Financing International plc and placed it under review with the possibility of being downgraded. At the same time, in March 2020, S&P Global



Ratings (“S&P”) downgraded its rating of Sasol Financing International plc to ‘BB’ with a Negative outlook. GCR has downgraded the GEI 8 rating to BB<sub>(sf)</sub> with a Negative outlook, reflecting the lower of these two ratings.

In April 2020, Fitch Ratings revised the outlook on its rating of Barclays Bank plc to Negative from Stable. At the same time, in April 2020, S&P revised the outlook of its Barclays Bank plc rating to Negative. GCR has affirmed the GEI 10 rating of ‘BBB+<sub>(sf)</sub>’ with a Stable outlook, reflecting the rating cap.

In April 2020, MIS affirmed its rating of MTN Mauritius Investments. GCR has affirmed the GEI 11 rating of ‘BB+<sub>(sf)</sub>’ with a Negative outlook, which reflects this action.

Between March and April 2020, Fitch Ratings, MIS and S&P affirmed their respective ratings of UniCredit SpA and maintained the respective outlooks. GCR has affirmed the GEI 13 rating with a Stable outlook, which reflects this action.

In March 2020, Fitch Ratings downgraded its ratings of Commerzbank AG to ‘BBB’ with a Negative outlook. At the same time, in April 2020, S&P downgraded its rating of Commerzbank AG to ‘A-’ with a Negative outlook. GCR has affirmed the GEI 14 rating while revising the outlook to Negative, which reflects the middle of the three Commerzbank AG ratings.

### Surveillance and Monitoring

GCR continuously monitors the rating movements of the underlying linked credits of the PIVs and has published the latest Monitoring Dashboard on its website.

### Analytical Contacts

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## Related Criteria and Research

Criteria for Rating Structured Finance Transactions, September 2018
Criteria for Rating Credit Linked Notes and Repackaging Vehicles, November 2018
Global Equity Investments 1-14 Limited Surveillance Report, June 2019

## Ratings History

### Global Equity Investments 1-14 Limited

Issuer	Underlying Linked Credit	Rating	Outlook	Initial Rating
GEI 1	Investec Bank plc	BBB+ <sub>(sf)</sub>	Stable	Nov. 2016
GEI 2	Emirates NBD PJSC	A <sub>(sf)</sub>	Stable	Nov. 2016
GEI 3	HSBC Bank plc	AA <sub>(sf)</sub>	Stable	Nov. 2016
GEI 4	Goldman Sachs Group Inc	A <sub>(sf)</sub>	Stable	Nov. 2016
GEI 5	UBS AG/Stamford CT	A+ <sub>(sf)</sub>	Stable	Nov. 2016
GEI 6	Scottish Widows Limited	A <sub>(sf)</sub>	Positive	Nov. 2016
GEI 7	Fidelity International Ltd	BBB+ <sub>(sf)</sub>	Stable	Nov. 2016
GEI 8	Sasol Financing International plc	BBB <sub>(sf)</sub>	Negative	Nov. 2016
GEI 10	Barclays Bank plc	A <sub>(sf)</sub>	Negative	Nov. 2016
GEI 11	MTN Mauritius Investments	BB+ <sub>(sf)</sub>	Negative	Sep. 2017
GEI 12	Raiffeisen Bank International	BBB+ <sub>(sf)</sub>	Stable	Sep. 2017
GEI 13	UniCredit SpA	BBB <sub>(sf)</sub>	Stable	Sep. 2017
GEI 14	Commerzbank AG	BBB+ <sub>(sf)</sub>	Stable	Sep. 2017
Security class	Underlying Linked Credit	Rating	Outlook	Last Rating
GEI 1	Investec Bank plc	BBB+ <sub>(sf)</sub>	Stable	Jan. 2020
GEI 2	Emirates NBD PJSC	BBB+ <sub>(sf)</sub>	Stable	Mar. 2020
GEI 3	HSBC Bank plc	BBB+ <sub>(sf)</sub>	Stable	Mar. 2020

GEI 4	Goldman Sachs Group Inc	BBB+ <sub>(sf)</sub>	Stable	Jan. 2020
GEI 5	UBS AG/Stamford CT	BBB+ <sub>(sf)</sub>	Stable	Jan. 2020
GEI 6	Scottish Widows Limited	BBB+ <sub>(sf)</sub>	Stable	Jan. 2020
GEI 7	Fidelity International Ltd	BBB+ <sub>(sf)</sub>	Stable	Jan. 2020
GEI 8	Sasol Financing International plc	BB+ <sub>(sf)</sub>	Stable	Mar. 2020
GEI 10	Barclays Bank plc	BBB+ <sub>(sf)</sub>	Stable	Mar. 2020
GEI 11	MTN Mauritius Investments	BB+ <sub>(sf)</sub>	Negative	Jan. 2020
GEI 12	Raiffeisen Bank International	BBB+ <sub>(sf)</sub>	Stable	Mar. 2020
GEI 13	UniCredit SpA	BBB <sub>(sf)</sub>	Stable	Jan. 2020
GEI 14	Commerzbank AG	BBB+ <sub>(sf)</sub>	Stable	Mar. 2020

## Glossary of Terms/Acronyms

Account Bank	A bank where the transaction account is held.
Agency	An insurance sales office which is directed by an agent, manager, independent agent, or company manager.
Agent	An agreement where one party (agent) concludes a juristic act on behalf of the other (principal). The agent undertakes to perform a task or mandate on behalf of the principal.
Arranger	Usually an Investment bank that advises and constructs a transaction and acts as a conduit between the transaction parties: Client, Issuer, Credit Rating Agency, Investors, Legal Counsel and Servicers.
Asset	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Assets	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Contract	An agreement by which an insurer agrees, for a consideration, to provide benefits, reimburse losses or provide services for an insured. A 'policy' is the written statement of the terms of the contract.
Credit Rating Agency	An entity that provides credit rating services.

Credit Risk	The possibility that a bond issuer or any other borrowers (including debtors/creditors) will default and fail to pay the principal and interest when due.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than X days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Downgrade	The rating has been lowered on its specific scale.
Equity Investment	An instrument that signifies an ownership position of shares of stock in a company that is either listed or traded on a stock exchange (also known as a counter) or are unlisted.
Equity	Equity is the holding or stake that shareholders have in a company. Equity capital is raised by the issue of new shares or by retaining profit.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Hedge	A form of risk management aimed at mitigating financial loss or other adverse circumstances. May include taking an offsetting position in addition to an existing position. The correlation between the existing and offsetting position is negative.
Interest Rate	The charge or the return on an asset or debt expressed as a percentage of the price or size of the asset or debt. It is usually expressed on an annual basis.
Interest	Scheduled payments made to a creditor in return for the use of borrowed money. The size of the payments will be determined by the interest rate, the amount borrowed or principal and the duration of the loan.

International Scale Rating	An opinion of creditworthiness relative to a global pool of issuers and issues.
Issuer	The party indebted or the person making repayments for its borrowings.
Liability	All financial claims, debts or potential losses incurred by an individual or an organisation.
Liquidity Risk	The risk that a company may not be able to meet its financial obligations or other operational cash requirements due to an inability to timeously realise cash from its assets. Regarding securities, the risk that a financial instrument cannot be traded at its market price due to the size, structure or efficiency of the market.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Loss	1. A tangible or intangible, financial or non-financial loss of economic value. 2. The happening of the event for which insurance pays (insurance).
Market	An assessment of the property value, with the value being compared to similar properties in the area.
Obligation	The title given to the legal relationship that exists between parties to an agreement when they acquire personal rights against each other for entitlement to perform.
Principal	The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.
Private	An issuance of securities without market participation, however, with a select few investors. Placed on a private basis and not in the open market.
Proceeds	Funds from issuance of debt securities or sale of assets.
Provision	The amount set aside or deducted from operating income to cover expected or identified loan losses.
Rating Outlook	See GCR Rating Scales, Symbols and Definitions.

Repack	Rearrangement of securities with the intent to be more attractive for investment. Junior tranches (that have a higher degree of default risk) of a securitisation transaction that have been repackaged into separate debt securities (according to their degree of risk) that utilise credit-enhancement techniques to mitigate the risk. A CDO is created to distribute the prepayment risk amongst different classes of Notes.
Repayment	Payment made to honour obligations in regards to a credit agreement in the following credited order: 3.) Satisfy the due or unpaid interest charges; 4.) Satisfy the due or unpaid fees or charges; and 5.) To reduce the amount of the principal debt.
Risk	The chance of future uncertainty (i.e. deviation from expected earnings or an expected outcome) that will have an impact on objectives.
Securities	Various instruments used in the capital market to raise funds.
Security	One of various instruments used in the capital market to raise funds.
Structured Finance	A method of raising funds in the capital markets. A Structured Finance transaction is established to accomplish certain funding objectives whilst reducing risk.
Surveillance	Process of monitoring a transaction according to triggers, covenants and key performance indicators.
Timely Payment	The principal debt, interest, fees and expenses being repaid promptly in accordance with the contractual obligation.
Transaction	A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance programme that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the programme terms and conditions.
Upgrade	The rating has been raised on its specific scale.

## Salient Points of Accorded Ratings

GCR affirms that a.) no part of the ratings was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the ratings is for a maximum of 12 months, or earlier as indicated by the applicable credit rating document.

The credit ratings have been disclosed to the Arranger. The ratings above were solicited by, or on





behalf of, the rated entity, and therefore, GCR has been compensated for the provision of the ratings.

The Arranger participated in the rating process via face-to-face management meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the Arranger and other reliable third parties to accord the credit ratings included:

Daily investment reports received on a weekly basis