

3 Year Oil Bonus Builder Bond 2





The table below describes the key Investment Risk and Investment Return characteristics that Financial Brokers should consider when recommending this Bond to retail investor clients:

Feature	Description			
Investment Theme	Oil WTI Crude Oil			
Rationale for Theme	Oil is the world's most ubiquitous commodity or natural resource. Oil is extracted in order to produce energy to propel vehicles, to heat buildings, and to produce electricity etc. Oil is also used in the industrial sector as a raw material to make products such as plastics, polyurethane, solvents, and hundreds of other intermediate and end-user goods (e.g. textiles, health and beauty products, medical supplies and household products). Dependency on fossil fuels such as Oil is being reduced or phased out around the world due to its contribution to global warming and its impact on our environment. In the meantime, Oil remains an important component of the energy and industrial production sectors. West Texas Intermediate (WTI) <u>Crude Oil</u> is a specific grade of crude oil and one of the main three benchmarks in oil pricing, along with Brent and Dubai Crude. WTI is known as a light sweet oil because it contains less than 0.50% sulphur (normally about 0.24% to 0.34%), making it "sweet," and has a low density making it "light." WTI is the underlying commodity of the <u>New York Mercantile Exchange's</u> (NYMEX) oil futures contract and is considered a high-quality oil that is easily refined. Like Brent Crude Oil, WTI Crude Oil is considered an oil benchmark, frequently quoted in the media as the <u>price of oil</u> .			
Potential Bonuses	Potential 16.1% bonus each year if Oil is above its initial level at the end of each year. The potential bonuses are rolled up and paid at Maturity. Memory Feature: If any potential bonus is missed, it can be caught up if the conditional return level (above initial level) is exceeded at the end of any subsequent year.			
Investment Risk Level	Medium to High			
SRI	5			
Soft Capital Protection	None This Bond is Full Capital at Risk If Oil has fallen at the Final Valuation Date, investors will lose 1% for every 1% decline in the value of Oil on the Final Valuation Date.			

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Investment Term	3 Years (Medium)				
Unique Features	Bonus Builder: 16.1% bonus if Oil is above its initial level each year. Memory Feature: If any potential bonus is missed, it can be caught up.				
Product Compromises	No Capital Protection: Investors can lose some or all of the amount invested.				
	Opportunity Cost: Capital Returns or Investment Income could be higher if invested in a concentrated portfolio of shares or risky assets rather than an Index.				
	Bonuses capped at 16.1% per year and Bond return is capped at 48.3%. Capital Returns could be higher if invested without a performance cap or with unlimited investment returns.				
Liquidity	Yes				
Taxation	Capital Gains Tax (CGT) in the case of Personal and Company Investors Exempt for Pension & Post Retirement Schemes				

2. Investment Rationale in more detail

The investment rationale for investing in the Bond and in WTI Crude Oil can be summarised as follows:-

- **Bonus Builder Feature:** Potential 16.1% bonus each year if WTI Crude Oil is above its initial level at the end of each year. The potential bonuses are rolled up and paid at Maturity.
- **Memory Feature:** If any potential bonus is missed, it can be caught up if the conditional return level (above initial level) is exceeded at the end of any subsequent year.
- Investors will receive 100% Participation in any negative performance of WTI Crude Oil on the Final Valuation Date.

Oil is the world's most ubiquitous commodity or natural resource. Oil is extracted in order to produce energy to propel vehicles, to heat buildings, and to produce electricity etc. Oil is also used in the industrial sector as a raw material to make products such as plastics, polyurethane, solvents, and hundreds of other intermediate and end-user goods (e.g. textiles, health and beauty products, medical supplies and household products). Dependency on fossil fuels such as Oil is being reduced or phased out around the world due to its contribution to global warming and its impact on our environment. In the meantime, Oil remains an important component of the energy and industrial production sectors.

Oil Demand: demand for Oil has been relatively stable in 2022 and 2023 and can be expected to be similarly stable in the next 3 years should global economic performance remain positive and stable (notwithstanding the inflation threats and the impact of higher interest rates).

Oil Supply: OPEC supply is currently stable and appears to be organised effectively by these powerful Oil producing countries and regions. Non-OPEC supply (which is traditionally less stable) also appears to be relatively controlled and stable at this time. However, the potential for Supply Side disruption due to wars in Russia/Ukraine and Israel/Palestine (particularly if this conflict spreads elsewhere in the Middle East or causes interruptions to shipping supply channels) is evident in 2024 and beyond. Any interruption to the Oil Supply or to supply chain infrastructure has the potential to destabilise or Oil supply which generally results in higher Oil prices.

What is WTI Crude Oil?

West Texas Intermediate (WTI) Crude Iil is a specific grade of crude oil and one of the main three benchmarks in oil pricing, along with Brent and Dubai Crude. WTI is known as a light sweet oil because it contains less than 0.50% sulphur (normally about 0.24% to 0.34%), making it "sweet," and has a low density making it "light."

WTI is the underlying commodity of the New York Mercantile Exchange's (NYMEX) oil futures contract and is considered a high-quality oil that is easily refined.

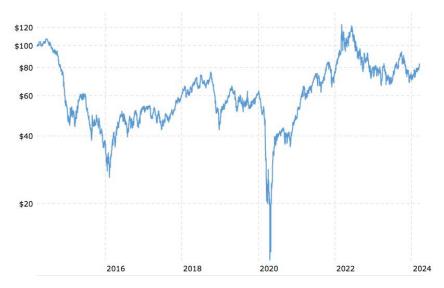
Like Brent Crude Oil, WTI Crude Oil is considered an oil benchmark, frequently quoted in the media as the price of oil.

Source: https://www.investopedia.com/terms/w/wti.asp (9 January 2024)



WTI Crude Oil Past Performance

The below chart illustrates the closing price for WTI Crude Oil over the last 10 years. The prices shown are in U.S. dollars. The current price of WTI crude oil as of 19 March 2024 is \$83.12 per barrel.



Source: https://www.macrotrends.net/2516/wti-crude-oil-prices-10-year-daily-chart (24 March 2014 to 15 March 2024)

Year	Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
2024	\$76.21	\$71.65	\$83.12	\$70.38	\$83.12	16.53%
2023	\$77.64	\$80.26	\$93.84	\$66.74	\$71.33	-11.40%
2022	\$94.53	\$72.08	\$123.70	\$71.59	\$80.51	7.05%
2021	\$68.17	\$47.62	\$84.65	\$47.62	\$75.21	55.01%
2020	\$39.68	\$61.17	\$63.27	\$11.26	\$48.52	-20.64%
2019	\$56.99	\$46.31	\$66.24	\$46.31	\$61.14	35.42%
2018	\$65.23	\$60.37	\$77.41	\$44.48	\$45.15	25.32%
2017	\$50.80	\$52.36	\$60.46	\$42.48	\$60.46	12.48%
2016	\$43.29	\$36.81	\$54.01	\$26.19	\$53.75	44.76%
2015	\$48.66	\$52.72	\$61.36	\$34.55	\$37.13	-30.53%
2014	\$93.17	\$95.14	\$107.95	\$53.45	\$54.45	-45.55%

Source: https://www.macrotrends.net/2516/wti-crude-oil-prices-10-year-daily-chart (24 March 2014 to 15 March 2024)

Warning: Past Performance is not a reliable guide to future performance.

Product Back Testing

We conducted back testing of this Bond between March 2016 and March 2024. Please contact your Financial Broker for details or for more information.

Financial Brokers can access Back Testing information in the Broker Training Guide.

Warning: Investors should not consider this product back test illustration or previous product results as an indication of the potential for, or likelihood of, positive outcomes or investment gains in the future.

Limited Usefulness of Past Performance and Back Testing

Past Performance and Back Testing are useful for information purposes only. The analysis of the past performance of any investment asset(s) or the back testing of any investment product is purely academic and has no bearing on, or provides limited benefit in the assessment of the future performance potential of the investment asset(s) or the investment product in question. The future performance of any investment asset(s) or investment product depends solely on future events and circumstances that cannot be known in advance and that are not necessarily informed by or influenced by what has happened in the past, more recently or otherwise.

Warning: Past Performance and Simulated Past Performance are not a reliable guide to future performance.

Warning: Product Back Testing is not a reliable guide to future performance.

Key Information Document (KID) Product Performance Scenarios

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.

Recommended holding period: Until the product is called or matures. This ,ay be different in each scenario and is indicated in the table.							
Example Investment: EUR 10,000.00							
Scenarios		If you exit after 1 Year	If you exit at call at maturity				
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment.						
Stress	What you might get back after costs	EUR 2,869	EUR 2,995				
	Average return each year	-71.31%	-33.09%				
Unfavourable	What you might get back after costs	EUR 8,273	EUR 5,110				
	Average return each year	-17.27%	-20.05%				
Moderate	What you might get back after costs	EUR 10,975	EUR 12,994				
	Average return each year	9.75%	9.12%				
Favourable	What you might get back after costs	EUR 12,346	EUR 15,025				
	Average return each year	23.46%	14.53%				

This table shows the money you could get back over the next 3 years under different scenarios, assuming that you invest €10,000.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product.

The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Warning: Performance Scenarios are not a reliable guide to future performance.

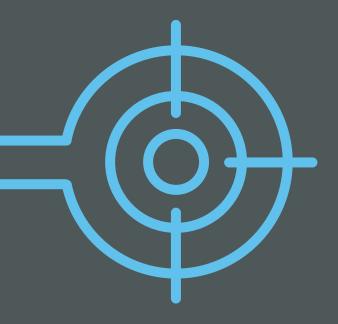


3. Warnings

Warning: If you invest in the Bond you may lose some or all of the money you invest.

Warning: The value of your investment may go down as well as up.

Warning: This document is intended for Financial Broker firms only and is not suitable for potential Investors. This document should be read in conjunction with the product Brochure where a full list of warnings is provided.





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