

100% Capital Secure Double Jump Coupon Bond

Investment Rationale

1. Key Investment Risk & Return Considerations

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	Multiple Asset Classes Multi Asset Index
Rationale for Theme	<p>Investing in a diverse portfolio of multiple asset classes provides investors with protection against volatility or losses in any particular asset class</p> <p>By adopting a medium term approach, investors can mitigate the risks and short term volatility associated with financial market investment while benefiting from the long term capital growth potential that financial markets can provide</p> <p>The BNP Paribas Multi Asset Diversified 5 Index (BNPIMAD5 Index) has a volatility control mechanism and gives broad exposure to equities, bonds, commodities and cash</p>
Return Potential	<p>Negative: 0% Positive: 30%</p> <p>Double Coupon Opportunity:</p> <ul style="list-style-type: none">Investors will receive a 10% return if the Index is at or above its initial level on the Final Valuation DateInvestors will receive a 30% return if the Index is at or above 110% of its initial level (has increased by 10% or more) on the Final Valuation Date <p>Maximum Return: 30%</p>
Investment Risk Level	Low
SRI	2
Hard Capital Protection	100%
Investment Term	5 Years (Medium)
Unique Features	<p>Potential Double Coupon Feature:</p> <p>Investors will receive a 10% return if the Index is at or above its initial level on the Final Valuation Date or</p> <p>Investors will receive a 30% return if the Index is at or above 110% of its initial level (has increased by 10% or more) on the Final Valuation Date</p>
Product Compromises	Opportunity Cost: Investment Returns could be higher if no Capital Protection feature applied.

	<p>Investment Returns could be higher if investing in an Index that didn't employ a volatility control mechanism designed to reduce investment risk.</p> <p>Investment Returns could be higher if investing directly in Multi Assets rather than fixing the return at 10% or 30% for negligible performance or +10% performance by the Underlying Index.</p> <p>5 Year Term: Bond is designed to be held for the full 5 year term.</p>
Liquidity	Yes
Taxation	Income Tax for Personal Investors Exempt for Pension & Post Retirement Schemes

2. Investment Rationale in more detail

The investment rationale for investing in the Bond can be summarised as follows:-

1. Capital Protection:

100% Capital Protection at Maturity.

2. Potential Double Jump Coupon:

- 10% Return if the Index is above its initial level at the Final Valuation Date
- 30% Return if the Index is above 110% of its initial level (has risen by 10% or more) at the Final Valuation Date

3. Investing in Multiple Asset Classes

BNP Paribas Multi Asset Diversified 5 Index

The BNP Paribas Multi Asset Diversified 5 Index is a rules-based index sponsored by BNP Paribas comprised of eight components – three equity futures indices, three bond futures indices and two commodity indices (the “Hypothetical Portfolio”). The Index seeks to measure the value of a hypothetical exposure to a range of asset classes and geographic regions based on momentum investing principles.

On a daily basis, the Index determines weights of its components, using a rules-based methodology which seeks to identify weights for the components that would have resulted in the hypothetical portfolio with the highest return subject to a certain level of volatility. On any given day, this methodology will allocate a greater percentage of the Index towards components of the Hypothetical Portfolio that would have resulted in the Hypothetical Portfolio with the highest past returns subject to a certain level of volatility and weighting constraints.

The Index also includes an additional risk control mechanism which seeks to maintain its short-term volatility at the volatility target of 5% on a daily basis. This mechanism adds a further layer of volatility control to the value of the hypothetical portfolio with the goal of reducing volatility during unstable and unpredictable market periods.

The Index is calculated net of rebalancing and replication fees and incorporates a daily Maintenance Fee of 0.50% per annum.

Broker Solutions has been creating Investment Solutions linked to the Index since 2017.

Index Fact Sheet: <https://madindex.bnpparibas.com/Home/DownloadFile?filename=Factsheet>

Index Brochure: <https://madindex.bnpparibas.com/Home/DownloadFile?filename=Brochure>

Index Video: <https://madindex.bnpparibas.com/#video>

Index Infographic: <https://madindex.bnpparibas.com/#infographic-tabs>

Warning: The Index is an Excess Return Index. The Index does not derive returns based on interest earned on cash or other collateral deposited in connection with the purchase of futures contracts. Dividends or income distributed by the Index constituents will not be re-invested in the Index nor distributed to investors.

Index Components

BNP Paribas MAD 5 Index Components		
Equity Futures Indices	BNP Paribas US Equity Futures Index	BNPIFUS Index
	BNP Paribas Eurozone Equity Futures Index	BNPIFEU Index
	BNP Paribas Japan Equity Futures Index	BNPIFJP Index
Bond Futures Indices	BNP Paribas USD 10Y Futures Index	BNPIFU10 Index
	BNP Paribas EUR 10Y Futures Index	BNPIFE10 Index
	BNP Paribas JPY 10Y Futures Index	BNPIFJ10 Index
Commodity Indices	Bloomberg Commodity ex-Agriculture and Livestock Capped Index	BBUXALC Index
	S&P GSCI Gold Index Excess Return	SPGSGCP Index

Definitions

A **Rules-Based Index** is an index where the weightings of the components are determined following a preset algorithmic set of rules and proprietary formulas.

A **Futures** contract is an agreement, to make and receive a cash payment based on changes in the price of a particular commodity or financial instrument at a pre-determined date in the future. The indices compiling the BNPP MAD 5 Index are **Index Futures**, which track the performance of certain futures contracts.

The **Hypothetical Portfolio** of the BNPP MAD 5 Index represents

the basket of the index's eight (8) components, whose individual weighting is dynamically adjusted on a daily basis according to the BNPP MAD 5 Index methodology. There is no actual portfolio of assets to which any person makes any investment or has any ownership interest.

Volatility is the amount of price variation in an asset or security. High volatility means the price moves up and down in wide ranges over a period of time. Low volatility means that the price does not change as dramatically, but rather changes at a more gradual pace.

Liquidity describes the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.

The **Realized Volatility** of a financial instrument describes its historical volatility over a given time period.

A **Momentum-Based Investment Strategy** seeks to capitalize on positive market price trends based on the supposition that positive market price trends may continue.

How the Index is Calculated

1. Diversification

The Index attempts to measure the hypothetical exposure to a range of asset classes and geographic regions by drawing on the performance of eight index components, which have been selected based on the following principles:

Diversity in geographic zones covered

The components that form the BNPP MAD 5 Index are representative of three different geographic zones (U.S., Europe and Japan).

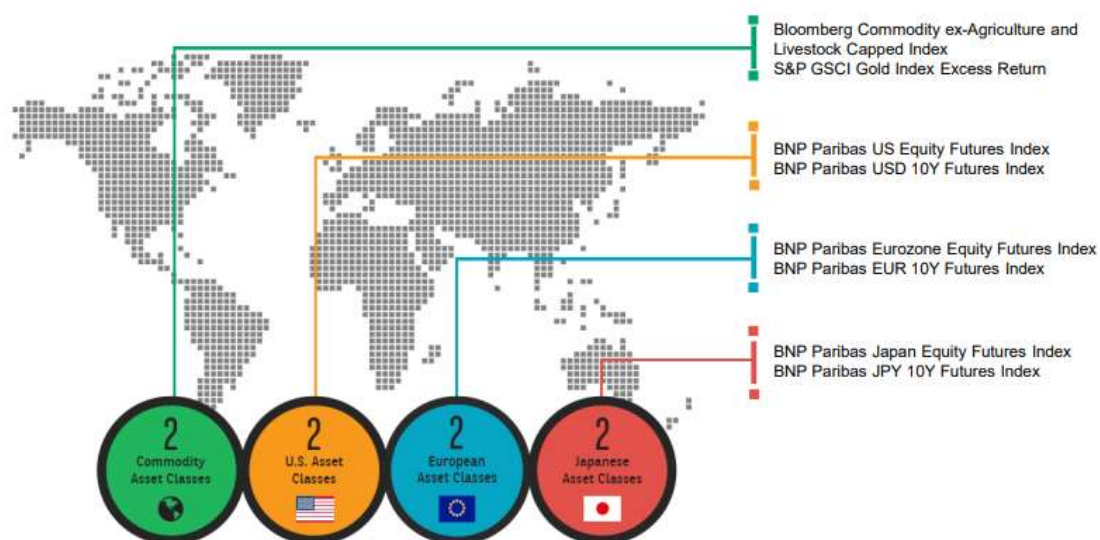
Use of market benchmarks

The components that form the BNPP MAD 5 Index are futures-based indices tracking the performance of futures contracts referencing market benchmarks where such futures contracts are typically highly **liquid** and representative of market movement.

Components representing multiple asset classes

The components represent a range of generally non-correlated assets including equities, commodities and government bond futures which are sub-components of the components that comprise the Index.

A Diversified Index based on 8 Index Components



2. Dynamic Allocation

On a daily basis, the Index dynamically rebalances the weightings of its components according to a proprietary rules-based methodology which seeks to identify weights for the components that would have resulted in the Hypothetical Portfolio with the highest past returns subject to a certain level of volatility and weighting constraints. This can be explained in three steps:

Step 1

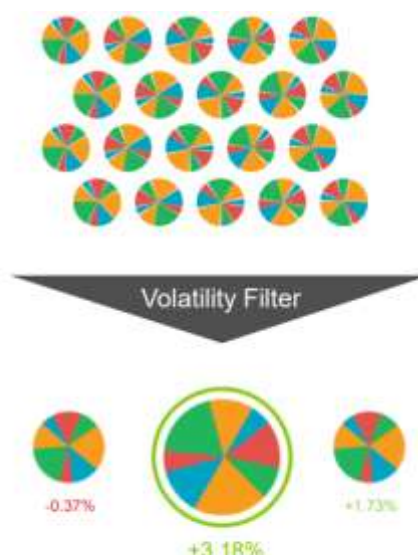
The BNPP MAD 5 Index begins by creating a universe of potential Hypothetical Portfolios where the components are differently weighted across the board and under weight constraints².

Step 2

The BNPP MAD 5 Index then tests the different portfolio combinations in the universe, considering only those that have demonstrated long term realized volatility below a certain level.

Step 3

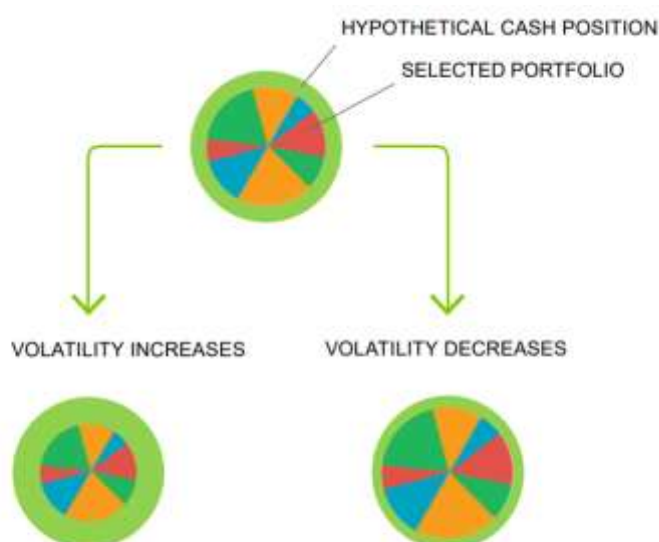
Out of the remaining portfolios after step 2, the final Hypothetical Portfolio is chosen based on the BNPP MAD 5 Index rules and a proprietary methodology which takes into account momentum - investing principles that allocate more to recent outperformers and less to recent underperformers.



For illustrative Purposes Only

3. Volatility Control

On a daily basis, the Hypothetical Portfolio of the Index targets an annualised realised volatility of 5% utilising a set of rules that seeks to manage the hypothetical portfolio's short term volatility on a daily basis in changing market conditions. This mechanism complements the control over long-term volatility which is part of the Index's dynamic allocation methodology. (See Step 2 under "Dynamic Allocation"). The Realised Volatility of the daily hypothetical portfolio is the highest trailing 21 day historic volatility calculated over a sliding 20 day period. If the realised volatility exceeds the 5% target volatility rate on any day, the Index will reduce the weight of the hypothetical selected portfolio and rebalance it with a non-remunerable hypothetical cash position. Based on the realised volatility, the Index may be partially or wholly uninvested, and will not earn interest or any other return with respect to that cash position.



For illustrative Purposes Only

Source: <https://madindex.bnpparibas.com/>

Past Performance

The table below describes the Annualised performance of the Index each year since its launch in 2016. The Index has achieved an annualised performance of 4.61% since its launch in 2016 and 2% annualised performance in the last 5 years:

	Since Start Date	1Y	2Y	5Y
Annualized Performance	4.61%	-2.56%	-0.05%	2.00%
Annualised Volatility	4.89%	5.60%	5.20%	4.95%
Sharpe Ratio	0.94	-	-	0.40

Source (BNP Paribas from launch in 2016 to 30 June 2025)

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

3. Investment Return Scenarios

The Bond return is calculated on the Final Valuation Date at the end of the term. There is a Double Coupon Return Opportunity:

- Investors will receive a return of 10% if the Index is at or above its initial level at the Final Valuation Date
- Investors will receive a return of 30% if the Index is at or above 110% of its initial level (has increased by 10% or more) at the Final Valuation Date.

If the Index return is greater than 10% on the Final Valuation Date, Investors will receive a maximum return of 30%.

The table below describes how the returns are calculated in example negative, neutral and positive investment return conditions for investors if €100,000 is invested:

Description	Example 1 Index Negative Return - 30%	Example 2 Index Negative Return -20%	Example 3 Index Negative Return -5%	Example 4 Index Neutral/ No Return	Example 5 Index Positive Return 5%	Example 6 Index Positive Return 10%	Example 7 Index Positive Return 20%	Example 8 Index Positive Return 50%
Initial Amount Invested (€)	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Return from Underlying Index (%)	-30%	-20%	-5%	0%	5%	10%	20%	50%
Projected Investment Return (%)	N/A	N/A	N/A	+10%	+10%	+30%	+30%	+30%
Projected Gross Investment Return (€)	0	0	0	10,000	10,000	30,000	30,000	30,000
Projected Amount	100,000	100,000	100,000	110,000	110,000	130,000	130,000	130,000

returned to Investors Before Tax (€)								
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Warning: These figures are estimates only. They are not a reliable guide to the future performance of your investment.

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

4. Warnings

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

Warning: Deductions for costs and charges are not made uniformly throughout the life of the product, but are loaded disproportionately onto the early period. If an investor sells the Bond prior to the end of the 5 year term, the practice of front-end loading will impact on the amount of money that the investor receives. The investor may not get back the full amount they invested or the Capital Protected amount if sold prior to maturity.

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.