EURO 70™ Index Factsheet

Quarter 3 2020

Overview

The EURO 70™ Index is a low volatility European equity Index, designed specifically for structured products as a lower risk alternative to traditional European indices.

The EURO 70™ Index tracks the performance of the 70 least volatile stocks issued by the 300 largest companies in 15 developed European countries.

The 70 stocks that constitute the Index are re-selected on a monthly basis and each stock weighted equally. When markets in general are highly volatile, the EURO 70™ Index features a specially designed Volatility Control which will reduce exposure to the 70 stocks to ensure that the volatility of the Index remains low. For further information on how the Index is calculated, see overleaf.

Key Information

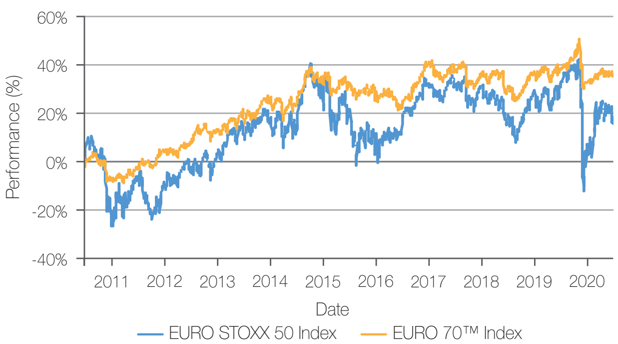
Name	EURO 70™ Low Volatility Index	
Constituent Stocks	70	
Stock Weighting	Equal	
Bloomberg Ticker	EURO70 <index>	
Currency	EUR	
Index Base Date	03/02/1999	
Index Base Level	1000	
Calculation Frequency	Daily Close	
Rebalancing Frequency	Monthly	
Constituent Countries	Austria Belgium Denmark Finland France Germany Ireland Italy	Netherlands Norway Portugal Spain Sweden Switzerland United Kingdom

Performance Comparison

Please bear in mind that past performance is not a guide to future performance.

Figure 1.1 gives a 10 year performance comparison between the EURO 70™ Index and the EURO STOXX 50 Index.

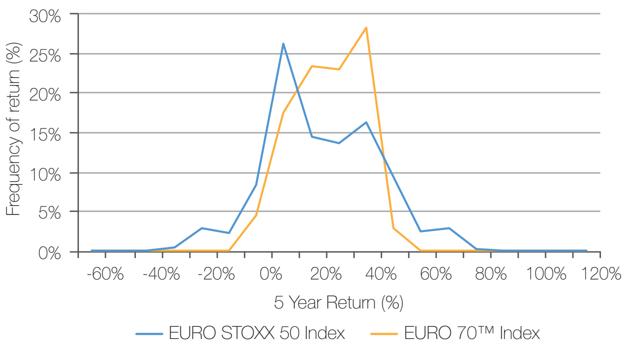
Figure 1.1 Index Performance Comparison



Source: Bloomberg, as at end September 2020.
Past performance is not a guide to future performance.

Figure 1.2 compares the distribution of 5 year returns between the EURO 70™ Index and the EURO STOXX 50 Index over the last 10 years.

Figure 1.2 5 Year Return Comparison



Source: Bloomberg, as at end September 2020.
Past performance is not a guide to future performance.

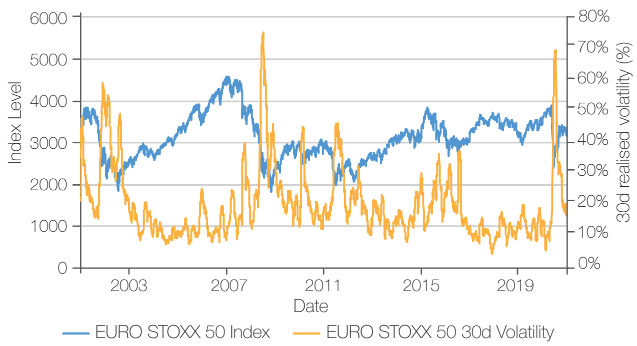
Reducing Volatility

Volatility is a standard indicator of risk which measures how much the level of a stock or an index has fluctuated over a specific period.

Historical data shows that, over the long term, periods of high volatility tend to be associated with falls in the market. For example, Figure 1.3 shows how periods of high volatility have coincided with falls in the EURO STOXX 50 over the last 20 years.

By reducing its volatility, the EURO 70™ Index aims to outperform other European equity indices over the medium to long term, particularly when markets are falling.

Figure 1.3 EURO STOXX 50 Performance vs. 30d volatility



Source: Bloomberg, as at end September 2020.
Past performance is not a guide to future performance.

How does the EURO 70™ Index Work?

Each year on the 15th December, the Index Calculation Agent determines the 300 largest companies in Europe. The primary stocks of these 300 companies become the 'Selection Universe' of the EURO 70™ Index for the following calendar year.

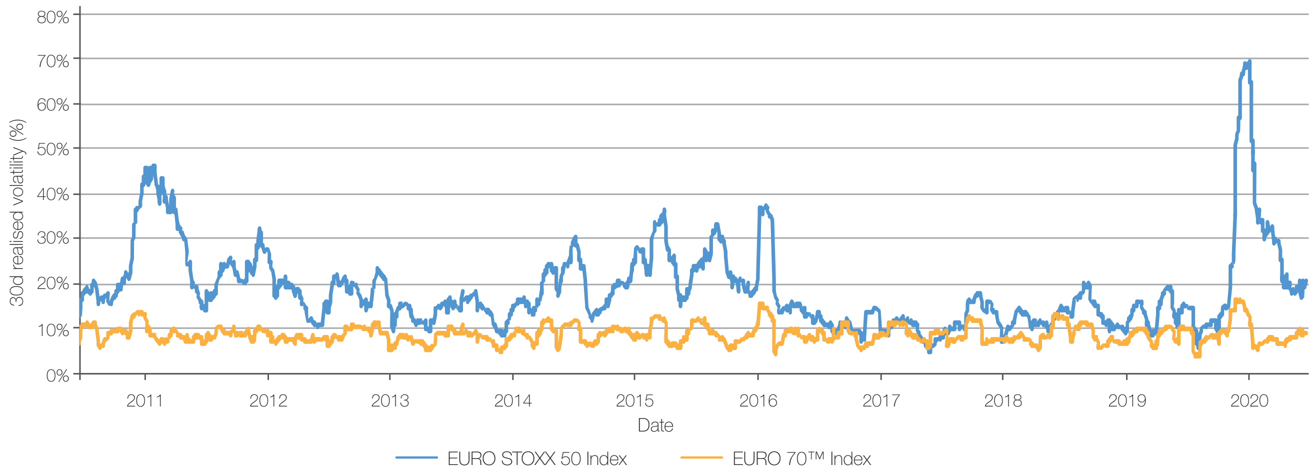
On the first business day of each month, the 300 stocks from the Selection Universe are ranked according to their long term historic volatility (or price stability). The 70 stocks that have demonstrated the lowest long term historic volatility are chosen to be included in the Index for that month and replace the previous set of 70 stocks two business days later (on the third business day of each month).

Throughout the month, the EURO 70™ Index tracks the performance of its 70 constituent stocks, treating the performance of each stock equally. The EURO 70™ Index is calculated and reported in Euros, so where a stock is traded in another currency, for example Pounds Sterling, the EURO 70™ Index applies the relevant daily currency adjustment.

If, at any point, the volatility of the EURO 70™ Index increases above a predetermined level, a mechanism called a Volatility Control will reduce the exposure of the Index to the price movements of each of the 70 constituent stocks. This is done so that when markets fall, the EURO 70™ Index reduces the effects that falling stock prices have on its performance. If the volatility of the EURO 70™ Index falls back to acceptable levels, the Volatility Control will proportionally increase exposure to each of the 70 constituent stocks back up to a maximum of 100%.

Figure 1.4 below demonstrates the lower volatility of the EURO 70™ Index over the past 10 years as compared to the EURO STOXX 50 Index.

Figure 1.4 Realised Volatility Comparison



Source: Bloomberg, as at end September 2020.
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What does lower volatility mean for investments?

By reducing volatility, the EURO 70™ Index is designed to be less exposed to falling markets than other, more volatile indices. Accordingly, if markets rise abruptly, the EURO 70™ Index may not rise as quickly as other, more volatile indices. The net result for investors is a more stable, less risky return profile, particularly over the medium to long term.

Another effect of reduced volatility relates to product pricing. Options written on low volatility indices are cheaper than equivalent options linked to more volatile indices. This means that structured products linked to the EURO 70™ Index can be offered with higher growth participation than other European equity indices.

The levels of the EURO 70™ Index are published daily on Bloomberg (Ticker: EURO70 <Index>)

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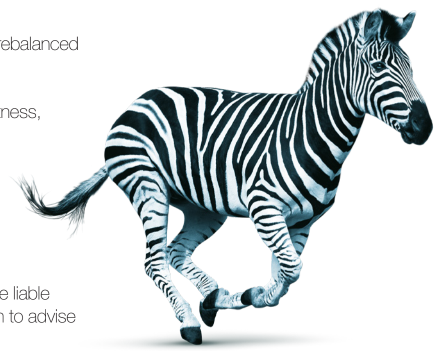

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