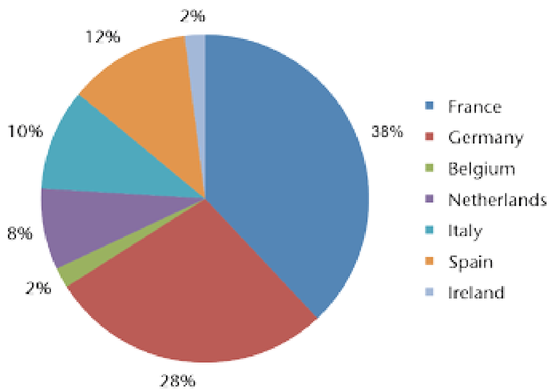
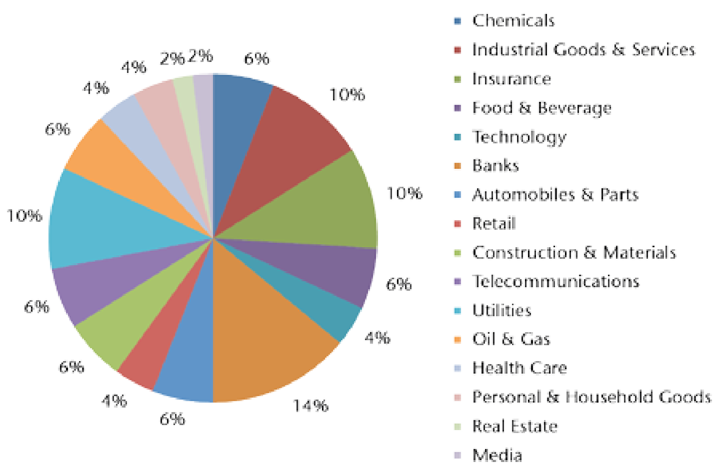
Innovative Solutions. Immaculate Service.

Using the EURO STOXX 50 Index in Structured Products

The EURO STOXX 50 is the leading Blue-chip index for the Eurozone. Not only does it provide access to a broad range of sectors within the Eurozone, as illustrated, but also many household names such as L'Oreal and Volkswagen.





Currently, covering 50 stocks from 7 Eurozone countries, the Index serves as an underlying for a wide range of investment products, such as Exchange Traded Funds (ETFs), Futures, Options and structured products. It was significantly impacted during both the financial crisis and the Eurozone crisis. Some believe*, however, that the Index has since stabilised and is beginning its recovery.

Typically more volatile than the FTSE 100, historical annualised daily volatility of the EURO STOXX 50 index over the last year (up to 5 March 2014) is 16.12%, compared with the FTSE's 12.30%. Despite this obvious difference in volatility, we believe that the EURO STOXX 50 offers the opportunity to gain exposure to an index which may arguably be at the beginning of its recovery.

The index as of 5 March 2014 was trading above 3100, which despite being approximately 71% above its major low of 1809.98 in March 2009, means that the index is still only around 57% of its absolute peak of 5,464.43, achieved in March 2000, and 68% of its more recent peak of 4,557.57, seen in July 2007. By way of comparison, the FTSE 100 is trading around 6800 which is only about 3% lower than its peak of 6,930.2 on 30th December 1999. Based on its past performance and its current level, there may arguably be less potential value to be extracted from the FTSE 100 than there is from the EURO STOXX 50.

By including the EURO STOXX 50 in a structured product, investors are able to benefit from the enhanced coupon that the extra volatility generates, whilst gaining exposure to the index at a relatively low entry point when compared to its historical peaks. This low entry level arguably makes the protection afforded by the barriers built into the products more effective than historical simulation demonstrates. Investors should be aware that a 60% barrier on a product would allow the index to fall to approximately 1860 points from current levels without affecting the return of capital; a 50% barrier would allow the index to fall even further, to 1550, a level the index has not seen since 1996.

Source: Bloomberg/Meteor Research Department, 5 March 2014.

*www.bloomberg.com/news/2013-08-11/europe-stocks-cheaper-than-last-recovery-as-profit-rebound-seen.html

Date: 5 March 2014

Review Date: 5 June 2014

Meteor Asset Management Limited
55 King William Street
London EC4R 9AD
Tel +44 (0)20 7904 1010
Fax +44 (0)20 7283 1355
Email info@meteoram.com
Web www.meteoram.com

M00658_5MARCH2014