

## Capital Protected Product On Pair Trade

## 100% CAPITAL PROTECTED ON SPREAD

*Long: TLT UP*

**Short: SPX Index**

## 100% PARTICIPATION ON THE SPREAD

*150% CAP*

### Pair Trade Product: Undirectional Trade

|                           |                                  |
|---------------------------|----------------------------------|
| <b>Issuer</b>             | A -                              |
| <b>Maturity</b>           | 3 Years                          |
| <b>Currency</b>           | USD                              |
| <b>Underlying</b>         | Long: TLT UP<br>Short: SPX Index |
| <b>Capital Protection</b> | 100%                             |
| <b>Participation</b>      | 100%                             |
| <b>Cap</b>                | 150%                             |
| <b>Observation</b>        | At Maturity                      |
| <b>Format</b>             | EMTN (Euro Medium Term Note)     |

### Product Description

**This is a capital protected product with the underlyings being the Long: TLT UP and Short: SPX Index.**

### 2 Scenarios Possible:

**1) At maturity the investor will receive: 100% of the initial capital + positive performance on underlying (Capped at 150%) if the underlying is above of equal to 100% of its initial level.**

**2) At maturity the investor will receive: 100% of the initial capital, if the underlying is below or equal to 100% of its initial level.**

## Risk Analysis

**Pros:**

**100% capital protection at maturity** If the level of the underlying is below 100% of its initial level.

**Participation to the positive performance of the underlying with a maximum of 50% upside if the underlying is above 100% of its initial level.**

**Cons:**

**The product only offers capital protection at maturity.  
The redemption value of the product may be lower than the amount of  
the initial investment during the lifetime of the product.**

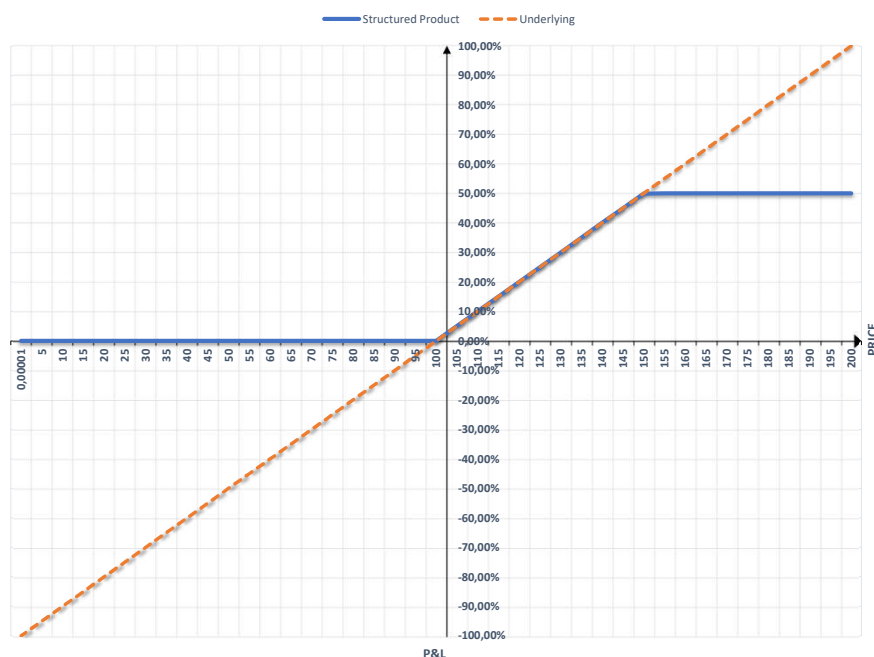
**The investor takes a credit risk on the issuer, i.e. the insolvency**

## Asset Allocation

| Underlying | Participation (%) | Max Return (%) |
|------------|-------------------|----------------|
|            |                   |                |
|            |                   |                |

| Underlying | Structured Product |
|------------|--------------------|
| 200%       | 50%                |
| 190%       | 50%                |
| 180%       | 50%                |
| 170%       | 50%                |
| 160%       | 50%                |
| 150%       | 50%                |
| 140%       | 40%                |
| 130%       | 30%                |
| 120%       | 20%                |
| 110%       | 10%                |
| 100%       | 0%                 |
| 90%        | 0%                 |
| 80%        | 0%                 |
| 70%        | 0%                 |
| 60%        | 0%                 |
| 50%        | 0%                 |
| 40%        | 0%                 |
| 30%        | 0%                 |
| 20%        | 0%                 |
| 10%        | 0%                 |
| 0%         | 0%                 |

### Graphical Demonstration



## PAIR TRADE ANALYSIS: SHORT: S&P 500 INDEX LONG: ISHARES 20+ YEAR TREASURY BO

Expected Return: **30,0%**

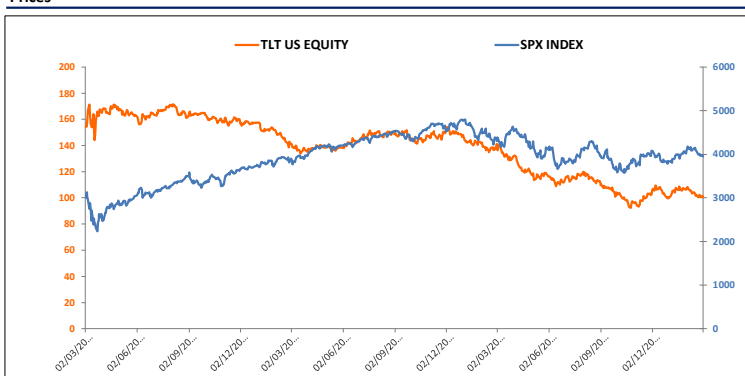
### Parameters

|                                                                            |               |                              |
|----------------------------------------------------------------------------|---------------|------------------------------|
| If residual spread is positive, go:<br>If residual spread is negative, go: | S&P 500 INDEX | ISHARES 20+ YEAR TREASURY BO |
|                                                                            | Long          | Short                        |
|                                                                            | Short         | Long                         |
| Trading Period:                                                            | 03/03/2020    | 03/03/2023                   |
| Std. Dev. multiplier for residual spread:                                  | 1             |                              |
| Specify amount for A:                                                      | 1 000 000     |                              |

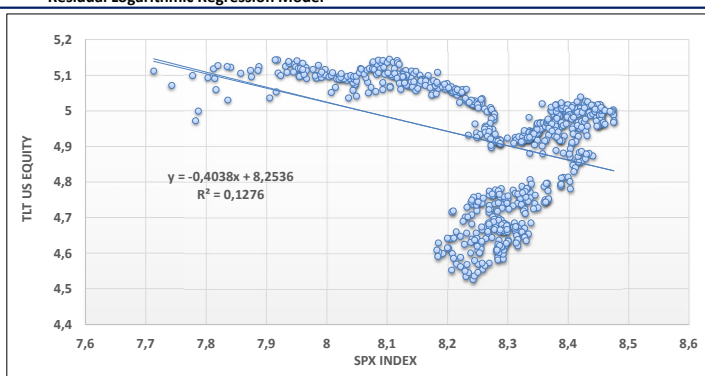
### Trading Statistics

|                                          |           |        |
|------------------------------------------|-----------|--------|
| Amount Invested:                         | 1 000 000 |        |
| Number of Trades Open:                   | 3         |        |
| Number of Trades Close:                  | 2         |        |
| Profit(Loss) on closed positions:        | 456 452   | 45,6%  |
| Maximum positive excursion of any trade: | 424 164   | 42,4%  |
| Maximum negative excursion of any trade: | -108 277  | -10,8% |
| Is position open on last day:            | Yes       |        |
| Profit(Loss) on current position:        | -75 456   | -7,5%  |
| No. of crossings around 0:               | 7,0       |        |
| Avg. crossing period in months :         | 2,5       |        |

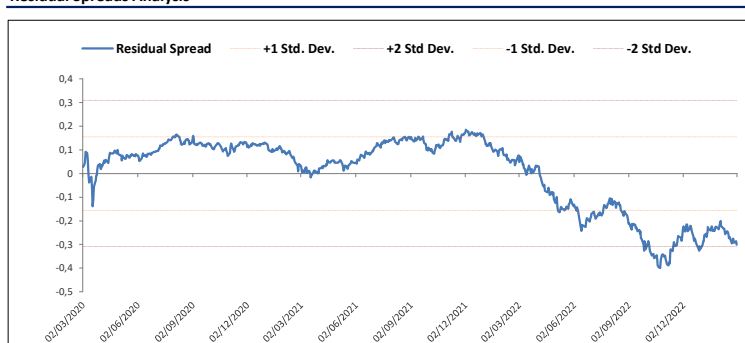
### Prices



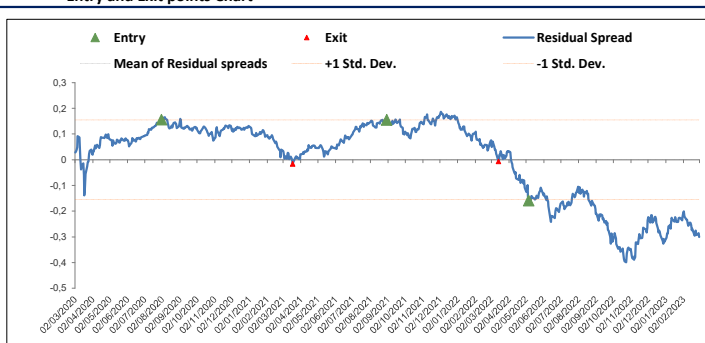
### Residual Logarithmic Regression Model



### Residual Spreads Analysis



### Entry and Exit points Chart



### Trading Blotter

| Date       | Entry/Exit | No. of Trading Days | Price (A) SPX INDEX | Price (B) TLT US EQUITY | Qty (A) SPX INDEX | Qty (B) TLT US EQUITY | Entry/Exit Cashflow | Cumulative Cashflow | Individual P&L | Individual P&L % | Cumulative P&L | Cumulative P&L % |
|------------|------------|---------------------|---------------------|-------------------------|-------------------|-----------------------|---------------------|---------------------|----------------|------------------|----------------|------------------|
| 31/07/2020 | Entry      | 0                   | 3271,12             | 171                     | 306               | -5 854                | 71,28               | 71,28               | -              | -                | -              | -                |
| 18/03/2021 | Exit       | 159                 | 3915,46             | 133,92                  | -306              | 5 854                 | 414 163,08          | 414 234,36          | 414 234,36     | 41,42%           | 414 234,36     | 41,42%           |
| 30/08/2021 | Entry      | 0                   | 4528,79             | 149,85                  | 221               | -6 679                | -14,44              | 414 219,92          | -              | -                | -              | -                |
| 14/03/2022 | Exit       | 136                 | 4173,11             | 131,76                  | -221              | 6 679                 | 42 232,27           | 456 452,19          | 42 217,83      | 4,22%            | 456 452,19     | 45,65%           |
| 06/05/2022 | Entry      | 0                   | 4123,34             | 113,67                  | -243              | 8 815                 | -29,43              | 456 422,76          | -              | 0,00%            | -              | 0,00%            |

### Cummulative P&L Chart

