AIS | AURORA INVESTMENT SOLUTIONS
Thinking Outside The Box

DIGGING FOR MORE CAPITAL RETURN

OVERVIEW :

- Many factors have led us to the conclusion that 2023 could once again be an interesting year for the mining industry. Which is why we have decided to design a product based on 2 companies operating in that sector.

- Throughout research and analysis on the implication of different countries for the mining industry, we have concluded that China and Asia Pacific both had important roles in the industry.

- The reopening of China as well as the forecasted rising demand of strategic metals over the next 5 years led us to create a structured product with Rio Tinto and Anglo American as underlying securities.

STRUCTURATION :

100% K.G

Maturity	3 Years
Currency	USD
Exposure	Worst of
Underlying	Rio Tinto Ltd Anglo American Plc
Participation	100%
Capital Protection	100%
Cap	140.00%

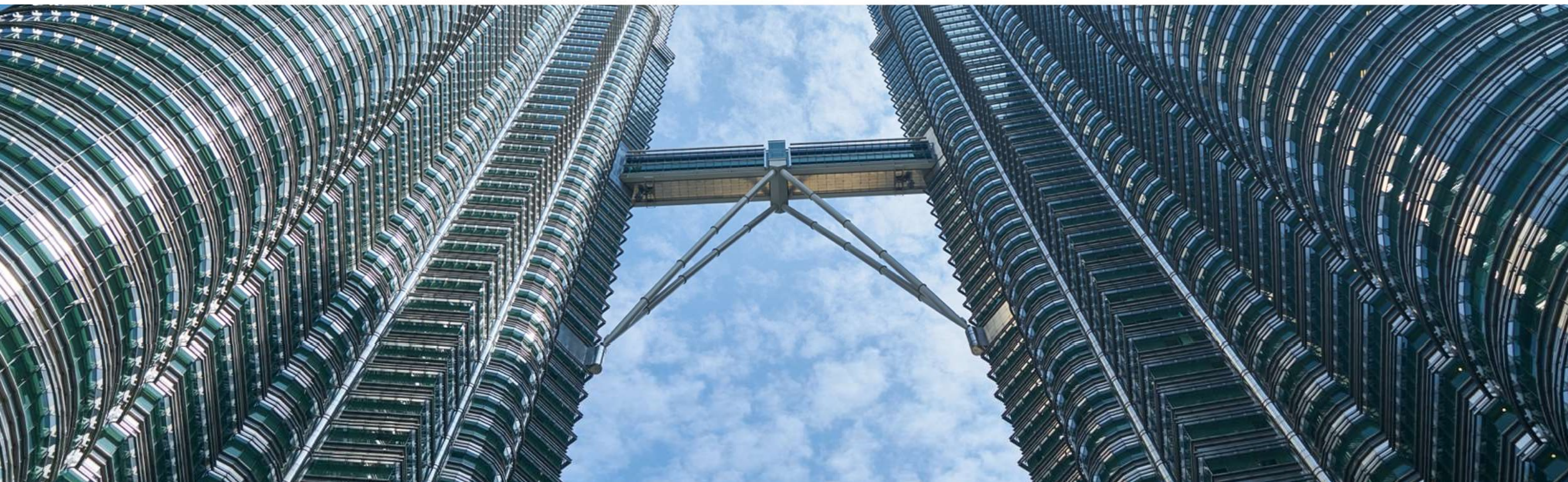
WHY NOW ?

China’s important stake in the mining industry:

China has an immense impact on the demand in the mining sector. It accounts for more than 40% of the global demand for numerous base metals. Base metals are necessary for many different industries to be able to perform, for example one of them being construction. Its reopening could cause the prices of raw material to follow an upward trend caused by a small upturn in the industrial and construction industry. On top of that, the Metals & Mining industry is the one that is the highest in terms of average European industry exposure to China. This leads us to think that the reopening of China will have a positive impact on the mining industry.

The Rising Demand of Strategic Metals:

The five strategic metals are made up of: Structure metals (such as copper), small metals (such as cobalt), precious metals, rare metals (such as neodymium) and lithium. These metals are indeed necessary in the daily running of the planet. The forecasted growth in the demand of such metals is of around 10-15% per year during the next five years. As these metals are essential for both the energy and numerical transitions, the demand for such metals can only be exponential over the next few years.



WHICH INVESTMENT VEHICLE?

- We have decided to select two securities from the mining market segment that have great exposure to China and the emerging markets for this structured product. The first one being Rio Tinto and the other one being Anglo American. Both of these groups are immensely exposed to Chinese consumption, with Rio Tinto having a top line exposure of 57% and Anglo American having one of 26%. Moreover, these two compagnies are greatly exposed to emerging markets, with Rio Tinto having a top line exposure of 76% and Anglo American having one of 63%.

Rio Tinto LTD

- Rio Tinto is a global diversified miner. Iron ore is the dominant commodity, with significantly lesser contributions from copper, aluminium, diamonds, gold, and industrial minerals. The 1995 merger of RTZ and CRA, via a dual-listed structure, created the present-day company. The two operate as a single business entity, with shareholders in each company having equivalent economic and voting rights. Major assets included its Pilbara iron ore operations, a 30% stake in the Escondida copper mine, 34%-ownership of the Oyu Tolgoi copper mine in Mongolia, the Weipa and Gove bauxite mines in Australia, and six hydro-powered aluminium smelters in Canada. *

Anglo American PLC

- Anglo American's mining portfolio spans many commodities and continents. Like fellow large, diversified miners, Anglo has significant exposure to copper, iron ore and metallurgical coal, but it is unique among the global majors given its significant platinum group metals and diamonds output. The company accounts for about one third of the world’s platinum supply and around 30% of palladium supply. Anglo also owns 85% of De Beers, in most years the world's largest supplier and marketer of rough gem diamonds by value. Anglo also plans to move back into the crop nutrients business via its Woodsmith polyhalite project in the United Kingdom. *

Capital Protected Product On Mining Basket

100% CAPITAL PROTECTED ON RIO TINTO AND ANGLO AMERICAN
100% PARTICIPATION ON THE UPSIDE
140% CAP

Digging for more capital return

Issuer	A -
Maturity	3 Years
Currency	USD
Underlying	RIO TINTO AND ANGLO AMERICAN
Capital Protection	100%
Participation	100%
Cap	140%
Observation	At Maturity
Format	EMTN (Euro Medium Term Note)

Product Description

This is a capital protected product with the underlying being the RIO TINTO AND ANGLO AMERICAN.

2 Scenarios Possible:

1) At maturity the investor will receive: 100% of the initial capital + positive performance on underlying (Capped at 140%) 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 below100% of its initial level.

Participation to the positive performance of the underlying with a maximum of 40% upside if the underlying is above100% 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.

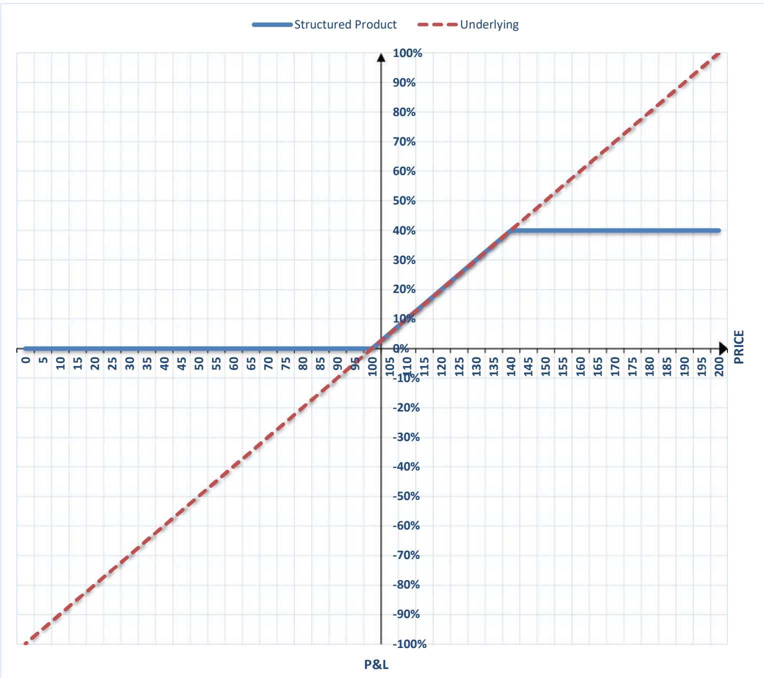
The investor takes a credit risk on the issuer, i.e. the insolvency

Asset Allocation

Underlying	Participation (%)	Max Return (%)
S&P500 (SPX)	100%	118%
MSCI WORLD (MXWO)	100%	119%

Underlying	Structured Product
100%	40%
90%	40%
80%	40%
70%	40%
60%	40%
50%	40%
40%	40%
30%	30%
20%	20%
10%	10%
0%	0%
-10%	0%
-20%	0%
-30%	0%
-40%	0%
-50%	0%
-60%	0%
-70%	0%
-80%	0%
-90%	0%
-100%	0%

Graphical Demonstration



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