

Yield enhancement strategy "Oil-Majors"

a 21-month opportunity

Strategy Summary

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Level of Risk	Time Horizon	Upside Opportunity	Asset Type	On the nominal	Currency

Your benefits:

- ▶ **Conditional capital guarantee:** Up to 33 % (Barrier at 67 %), Low Strike / Discount
- ▶ **Issue / Redemption Price:** 33.0 % / 33.0 %, plus coupon
- ▶ **Maturity:** 21 months
- ▶ **Currency:** EUR
- ▶ **Underlying Companies:** **BP Plc (BP.L), Total SA (FP.PA), and Pioneer Natural Resources (PXD.N)**
- ▶ **Reimbursement Triggers:** Autocall Barrier Q1: - ; Q2-Q3 : 95% - Q4-Q5 : 90% - Q6 and thereafter : 85%
- ▶ **Coupon Features:** Memory
- ▶ **Coupon Barrier:** Coupon barrier at 75 %, observation quarterly. If each stock is at or above coupon barrier, coupon is paid; otherwise it is pushed forward and paid at next observation, provided conditions are met.
- ▶ **Payout at Maturity:** Low Strike Discount at 67 %. If each equity is at or above Low Strike level, the investor will be redeemed 100 % of the investment amount; otherwise, the payout will be linked to the worst performing equity from 67 %.
- ▶ **Valuation:** Bid/Ask Intraday - Follow the product on: <https://www.irisos.ch/Members/Member/Workspaces.aspx>

Investment Opportunity

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A focused approach

Oil major stock to business as usual

Due to a demand collapse in March 2020, drilling activities and production took their toll on Q2 results. While smaller operators were particularly hard hit, oil majors, as they develop the entire value chain, were hit to a lesser degree. Calling the bottom of the oil market downturn is impossible. But we expect that as of Q1/2021, business will start returning to the past level (remote or not) and that travel activities will have resumed by then.

Post-COVID recovery: Some sectors, such as the travel industry, have been particularly hard hit, and it will take a number of quarters for them to adapt to the new normal. However, given macro conditions, we maintain our neutral view on the energy sector, and we continue to advocate an investment strategy that rests on high-quality companies. As the path to global oil demand recovery becomes clearer, smaller, financially healthy operators are expected to outperform the larger market.

Therefore, we believe that the present window is indeed a good opportunity for risk-averse investors to lock-in a suitable income opportunity.

Company view:

- ▶ **BP Plc:** BP runs its operations with a higher financial leverage than the peer group. Yet, given the well-diversified spectrum of its operations (geographically and services), we think that it can sustain its operations and its dividend payments. During the past years, BP has undergone some significant re-orientations (as a result of the Macondo spill) which resulted in some well-thought-out portfolio reshuffling. The new management generation expressed their view to focus more on natural gas, a strategy which goes along with the focus on a 2050 zero emission goal.
- ▶ **Total:** Total has the lowest financial gearing among the oil majors, and it has a highly well-diversified income profile. This should allow it to handle the low oil price environment better than most peers. Total is particularly strong in Africa and is the No. 2 global producer of liquefied natural gas. It operates in two distinct regions: Australia and Yamal in Russia, the latter in cooperation with Novatek. The company runs a highly efficient capital discipline and cost control which has helped in the past to maintain the share price during periods of concern.
- ▶ **Pioneer Natural Resources:** PXD is one of the leanest operators in the Permian basin, and it has the capacity to add new high-value production growth. Its operations are highly efficient, field development is state-of-the-art, and the balance sheet is strong, hence it can endure and stay in the market, as oil prices should remain weak for a prolonged period of time. We believe that oil prices have somehow found bottom around USD 40.- a barrel, which translates into the fact that PXD can continue to produce above its break-even point. Longer term, the company may face some development restrictions as Democrats may propose to stop issuing new drilling permits on federal land and meet zero carbon emission goals.

Heatmaps

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	BP PLC					Total SA					Pioneer Natural Resources				
	1 to 9.99	10 to 29.99	30 to 69.99	70 to 89.99	90 to 100	1 to 9.99	10 to 29.99	30 to 69.99	70 to 89.99	90 to 100	1 to 9.99	10 to 29.99	30 to 69.99	70 to 89.99	90 to 100
Price Momentum	Red					Red						Red			
Analyst Revision		Red							Green						Green
Relative Value					Green										
Earnings Quality			Yellow					Yellow				Yellow			
Risk Metrics					Green										
Growth Metrics			Yellow					Yellow				Yellow			
Value Metrics		Red													
Momentum Metrics			Yellow						Green						
Social Media Metrics															
Total [Data Quality]	91.8637		Yellow			89.7959			Green		91.8367			Green	

BP p.l.c. is an integrated oil and gas company. The Company owns an interest in OJSC Oil Company Rosneft (Rosneft), an oil and gas company. The Company's segments include upstream, downstream, Rosneft, and Other businesses and corporate. The Upstream segment is engaged in oil and natural gas exploration, field development and production, as well as midstream transportation, storage and processing. The downstream segment has global manufacturing and marketing operations.

Total S.A. is an oil and gas company. The Company has three segments: an upstream segment, including the activities of the exploration and production of hydrocarbons, and the activities of gas and power; a Refining & Chemicals segment constituting an industrial hub consisting of the activities of refining, petrochemicals and specialty chemicals, and also includes the activities of oil trading and shipping, and a Marketing & Services segment, including the activities of supply and marketing in the field of petroleum products, as well as the activity of New Energies. The Company operates in the renewable energies and power generation sectors. It is engaged in various sectors of oil and gas industry, including upstream and downstream.

Pioneer Natural Resources Company is an oil and gas exploration and production company. The Company explores for, develops and produces oil, natural gas liquids (NGLs) and gas within the United States, with operations primarily in the Permian Basin in West Texas, the Eagle Ford Shale play in South Texas, the Raton field in southeast Colorado and the West Panhandle field in the Texas Panhandle.

12-months price probability analysis

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TP	-20%	-25%	-30%	-35%	TP	-20%	25%	-30%	-35%	TP	-20%	-25%	-30%	-35%
15.60%	71.32%	68.17%	64.57%	60.66%	12.50%	62.75%	57.67%	52.82%	47.22%	18.31%	64.78%	61.39%	57.77%	54.16%


Guidance

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Pay-out diagram based on issue price

Worst-Performer	100%	90%	80%	70%	65%	60%	50%	40%	30%	20%	10%	0%
Redemption	33%	33%	33%	33%	42.86%	35.71%	21.43%	7.14%	0%	0%	0%	0%

Characteristics

Certificate name	RCB "Oil-Majors"
Issuing Bank	EFG International Finance (Guernsey), Ltd
ISIN Number	CH0565568984
Duration:	Maximum 24 months, early redemption mechanism applies
Management Fee	0.5 % on the invested capital
Type of investment	Yield enhancement
Issue size:	min denomination USD 10K
Risk scale	

Risks

- Capital is not protected below barrier or if the issuer or guarantor fails
- Gain is limited to the coupon payment
- The investor will not receive dividend payments from the underlying

Product Launch

Initial fixing occurred 27.08.20 with an issue price of 33%; Issue Date: 14.09.2020

Disclaimer

Past performance is no guarantee of future returns.

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