

Yield enhancement strategy "Advertizing"

a 24 month opportunity

Strategy Summary

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Level of Risk	Time Horizon	Upside Opportunity	Asset Type	Coupons	Currency

Your benefits:

- ▶ **Conditional capital guarantee:** 50 % (Barrier 50 % - Low Strike)
- ▶ **Issue Price:** 100%
- ▶ **Redemption:** 100%
- ▶ **Maturity:** 24 months
- ▶ **Currency:** USD
- ▶ **Underlying Companies:** Amazon, Pinterest, Facebook
- ▶ **Reimbursement Triggers:** First observation after 6 months at 95 %, thereafter decreasing by 5 % per quarter
- ▶ **Coupon Features:** Memory
- ▶ **Coupon Barrier:** Coupon barrier fix at 50%. 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:**
 - If each stock is at or above the Barrier, the client is redeemed at 100%
 - Else the client gets the stock delivered bought at 50 % of its initial fixing
- ▶ **Valuation:** Bid/Ask live Intraday

Investment Opportunity

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A focused approach

The US election outcome is positive for the market and in particular for technology stocks. In the aftermath of the Washington riots FB has lost a substantial number of users and market value too. With no political gridlock, Democrats controlling the White House, House, and the Senate, the outlook for social media companies becomes clearer and with an increased political predictability, economic uncertainty should evaporate and this should lead to lower market volatility.

Why the combination of Amazon, Facebook, and Pinterest? E-commerce has attractive growth prospects; we estimate that LGW situates in the region of 15% to 20% for the years to come. Margin expansion (share price supportive) will occur in business areas such as e-platforms (AMZN), social medias (FB), and visual marketing and pinning (PINS). In general, e-commerce and social media may suffer from increased government regulation (but out of context for the time being), but this channel is the most promising value creator in the media sector for the future.

Company view:

- ▶ **AMZN:** The number and volume of e-commerce related transaction is ever increasing, and we believe that AMZN is a key beneficiary from the shift to on-line purchase behavior. AMZN is focusing on prime members who have an increased average purchase power compared to traditional on-line clients. Given this, we expect profitability to increase further over time.
- ▶ **FB:** In 2019, digital advertising accounted for approximately 53% of global advertising; the same figure is expected to be higher in 2020 (~61%). FB, with its large userbase of over 2 billion, is attracting much of that volume now and in the future. Facebook has been a critical advertising channel for SMBs, and we expect this to continue and we don't see any major change to this even with increased regulatory risks.
- ▶ **PINS:** Pinterest is an emerging visual marketing platform and is well positioned to ride the wave of social commerce which should increase user engagement. This in turn will lift revenue growth and boost profit margins over the next few years.

Heatmaps

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	Amazon.Com, Inc.					Facebook, Inc.					Pinterest, Inc.				
	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					Green				Green						Green
Analyst Revision				Green				Yellow							Green
Relative Value			Yellow					Yellow					Yellow		
Earnings Quality					Green				Green				Yellow		
Risk Metrics			Yellow					Yellow					Yellow		
Growth Metrics			Yellow					Yellow					Yellow		
Value Metrics			Yellow				Red						Yellow		
Momentum Metrics					Green			Yellow					Yellow		
Social Media Metrics															
Total [Data Quality]	91.84					97.95					91.84				

Amazon.com, Inc. offers a range of products and services through its websites. The Company's products include merchandise and content that it purchases for resale from vendors and those offered by third-party sellers. It also manufactures and sells electronic devices. It operates through three segments: North America, International and Amazon Web Services (AWS). In addition to the traditional services, AMZN provides services, such as advertising. It also offers Amazon Prime, a membership program that includes free shipping, access to streaming of various movies and television (TV) episodes.

Facebook, Inc. is focused on building products that enable people to connect and share through mobile devices, personal computers and other surfaces. The Company's products include Facebook, Instagram, Messenger, WhatsApp and Oculus.

Pinterest, Inc. is a visual discovery engine. The Company operates a visual discovery platform, where users can create and manage theme-based image collections and share inspirations for their lives. Its visual discovery platform acts like a virtual Pinboard, where people use pins to share their subjects of interest. Its offered platform is also integrated with image recognition technology, which allows users to take pictures to provide related information and ideas to the object. It offers online marketing services to brands, which allows brands to connect with people on the basis of their shared tastes and interests.

12 month price probability analysis

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TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%
65%	12%	8%	4%	2%	52%	13%	10%	7%	4%	78%	26%	22%	16%	14%

Guidance

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Pay-out diagram (plus eventual coupons payment) based on issue price of 100 %

Worst-Performer	100%	90%	80%	70%	67%	60%	50%	40%	30%	20%	10%	0%
Redemption	100%	100%	100%	100%	100%	100%	100%	80%	60%	40%	20%	0%

Characteristics

Nam Name	RCB "Advertizing"
Issuing Bank	
ISIN Number	
Duration:	Maximum 2 years, early redemption mechanism applies
Management Fee	1% on the invested capital
Type of investment	Yield enhancement
Issue size:	USD 100K, min denomination USD 1K
Risk scale	

Risk

- 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

- Launch subject to investment conditions fixed by the issuer and amount raised.

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