

Energy Bond 4

What is the Energy Bond 4?

The Energy Bond 4 is a Structured Product with the following features:

- An element of capital protection. The level of capital protection is 100%.
- An Investment Strategy which is dependent on the performance of the equity market. The Investment Strategy aims to perform in rising, flat and falling markets.
- A 6 year, 1 month fixed investment term.

Why Invest?

The Energy Bond 4 consists of a basket of 12 stocks from the energy sector – from extraction all the way to the end customer. Investors gain access to a sector which benefits from inelastic demand in that energy is a good that cannot easily be substituted. There are also significant barriers to entry in the sector with high start up costs for new competitors meaning existing players have a competitive advantage. While challenges remain for the sector and the world is still recovering from the effects of the 2008-2009 global recession the International Energy Outlook 2013 projects that world energy consumption will grow by 56 percent between 2010 and 2040. The main areas of growth in energy needs are widely seen in the electricity generation, industrial, transportation, residential and commercial uses. To meet these increasing needs vast amounts of extra energy will be required. The underlying structure used in the Energy Bond 4 allows investors to profit in rising, flat or falling markets which means investors can benefit in a variety of market conditions over the product term.

Suitability & Availability

The Energy Bond 4 may be suitable for investors who are:

- Willing to invest a lump sum of €10,000 or more;
- Willing to invest for the full term of 6 years, 1 month;
- Looking for potential returns higher than available deposit rates;
- Looking for returns in rising, flat or falling markets;
- Satisfied with the level of capital protection that applies (100%) at maturity;
- Satisfied with the creditworthiness of the guarantor, EFG International AG and the reference entity, Bank of Ireland.

Underlying Stocks

Stock	Country of Incorporation	Stock	Country of Incorporation
Entergy Corp	United States	Kinder Morgan	United States
Firstenergy Corp	United States	InterOil Corp	Australia
GDF Suez	France	SolarCity Corp	United States
National Grid Plc	Britain	China Petroleum and Chemical	China
Pepco Holdings	United States	Fortum Oyj	Finland
Veolia Environnement	France	China Coal Energy Company	China

Key Features

The Investment:

Energy Bond 4

Underlying Exposure:

12 Global Energy Stocks

Term:

6 years, 1 month

Return:

Every year a potential return is generated and locked in by the investment strategy based around 12 energy stocks. The top 9 performing energy stocks are given a return of 8.30% (irrelevant of actual performance). The remaining 3 stocks are given their actual performance. A simple average is taken and that is the locked in annual return for that year. Returns can be generated in rising, flat and falling markets.

Capital Protection:

100% capital protection at maturity dependant on the credit worthiness of both EFG International AG and Bank of Ireland

Guarantor:

EFG International AG

Tax Treatment:

Capital Gains Tax

Minimum Investment:

€10,000

Currency Risk:

No.

Dividends:

No.

Regular Income:

No.

Fees:

Total indicative fee 4.20%, inclusive of a distribution fee of 2.85%

Availability:

Private; Corporate; Credit Union; Trust; Pension.

Closing Date:

6th May 2014.

Warning: If you cash in your investment before 3rd July 2020, you may lose some or all of the money you invest.

Warning: The value of your investment may go down as well as up. If you invest in this product you may lose some or all of the money you invest.

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How it Works

The return of the Energy Bond 4 is based on the performance of 12 global energy stocks. The investment has 6 yearly anniversary dates. On each yearly anniversary date, the official closing price of each stock is observed and its performance is calculated from its initial starting level. The top 9 best performing stocks are given a fixed return of 8.30%. The 3 worst performing stocks are given their actual return. An average is then taken of the overall 12 stocks to determine the level of return for that year. This calculation occurs on each of the 6 yearly anniversary dates. These returns are rolled-up and paid out at maturity. At maturity investors receive 100% of their capital.

How returns are generated on each yearly anniversary date in either rising, flat or falling markets:

Stock	Rising Market		Flat Market		Falling Market		Zero Annual Return Scenario		Significant Market Fall	
	Actual Performance	Value Used At Calculation	Actual Performance	Value Used At Calculation	Actual Performance	Value Used At Calculation	Actual Performance	Value Used At Calculation	Actual Performance	Value Used At Calculation
1	25.00%	8.30%	0.00%	8.30%	-2.00%	8.30%	-2.00%	8.30%	-20.00%	8.30%
2	36.00%	8.30%	0.00%	8.30%	-4.00%	8.30%	-4.00%	8.30%	-18.00%	8.30%
3	22.00%	8.30%	0.00%	8.30%	-2.00%	8.30%	-2.00%	8.30%	-5.00%	8.30%
4	15.00%	8.30%	0.00%	8.30%	-3.00%	8.30%	-3.00%	8.30%	-16.00%	8.30%
5	18.00%	8.30%	0.00%	8.30%	-2.00%	8.30%	-2.00%	8.30%	-22.00%	8.30%
6	29.00%	8.30%	0.00%	8.30%	-3.00%	8.30%	-3.00%	8.30%	-33.00%	8.30%
7	16.00%	8.30%	0.00%	8.30%	-1.00%	8.30%	-1.00%	8.30%	-31.00%	8.30%
8	15.00%	8.30%	0.00%	8.30%	-2.00%	8.30%	-2.00%	8.30%	-12.00%	8.30%
9	14.00%	8.30%	0.00%	8.30%	-4.00%	8.30%	-4.00%	8.30%	-11.00%	8.30%
10	13.00%	13.00%	0.00%	0.00%	-7.00%	-7.00%	-24.90%	-24.90%	-35.00%	-35.00%
11	10.00%	10.00%	0.00%	0.00%	-12.00%	-12.00%	-24.90%	-24.90%	-40.00%	-40.00%
12	8.00%	8.00%	0.00%	0.00%	-10.00%	-10.00%	-24.90%	-24.90%	-50.00%	-50.00%
Return	8.81%		6.23%		3.81%		0.00%		0.00%	

Investors should note the following important points:

- The locked in return at the end of each yearly anniversary date is **always calculated from the start date of the investment.**
- It is **not possible to lock in a negative return in any year.** If the average performance of the stocks was negative in any year, this is set to zero meaning you lock in 0% for that particular year.
- To lock in a return of 0% in any one year, the performance of the 3 worst performing stocks would on average each need to fall by 24.90% from their initial starting levels.

Performance Potential

Below are a number of potential scenarios over the investment term. From the examples chosen, positive returns can be locked in even if markets fall, such as in Year 3 and Year 4 below.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Fixed Return for 9 Best Performing Stocks	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	Total Gross Return 33.86%
Sample Average Return for 3 Worst Performing Stocks	3.00%	9.00%	-9.00%	-19.00%	-3.00%	5.00%	
Annual return	6.98%	8.48%	3.98%	1.48%	5.47%	7.47%	

Warning: The value of your investment may go down as well as up.

Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment.