

short & leverage etps



RE-THINKING LEVERAGE

THIS COMMUNICATION IS FOR SOPHISTICATED RETAIL CLIENTS IN THE UK



CONTENTS

Societe generale

short & leverage etps

How do they work?

Risk management features

Trading S&L ETPs

Societe generale

Societe generale

- Societe Generale is one of Europe's **largest financial services** groups
- With a history spanning more than **150 years**
- Employing **148,000** serving **30 million customers** in **76 countries** every day
- A strong universal bank, serving our customers and the economy, built on **3 complementary pillars**
- Societe Generale's investment bank is a key pillar, employing **over 10,000 people in 34 countries**.*
- The **world's largest issuer** of Exchange Traded Products by volume, with a **25 year track record**.*



148,000

employees in 76 countries



30

million individual, professional, business customers & financial institutions



121

nationalities represented



23.6

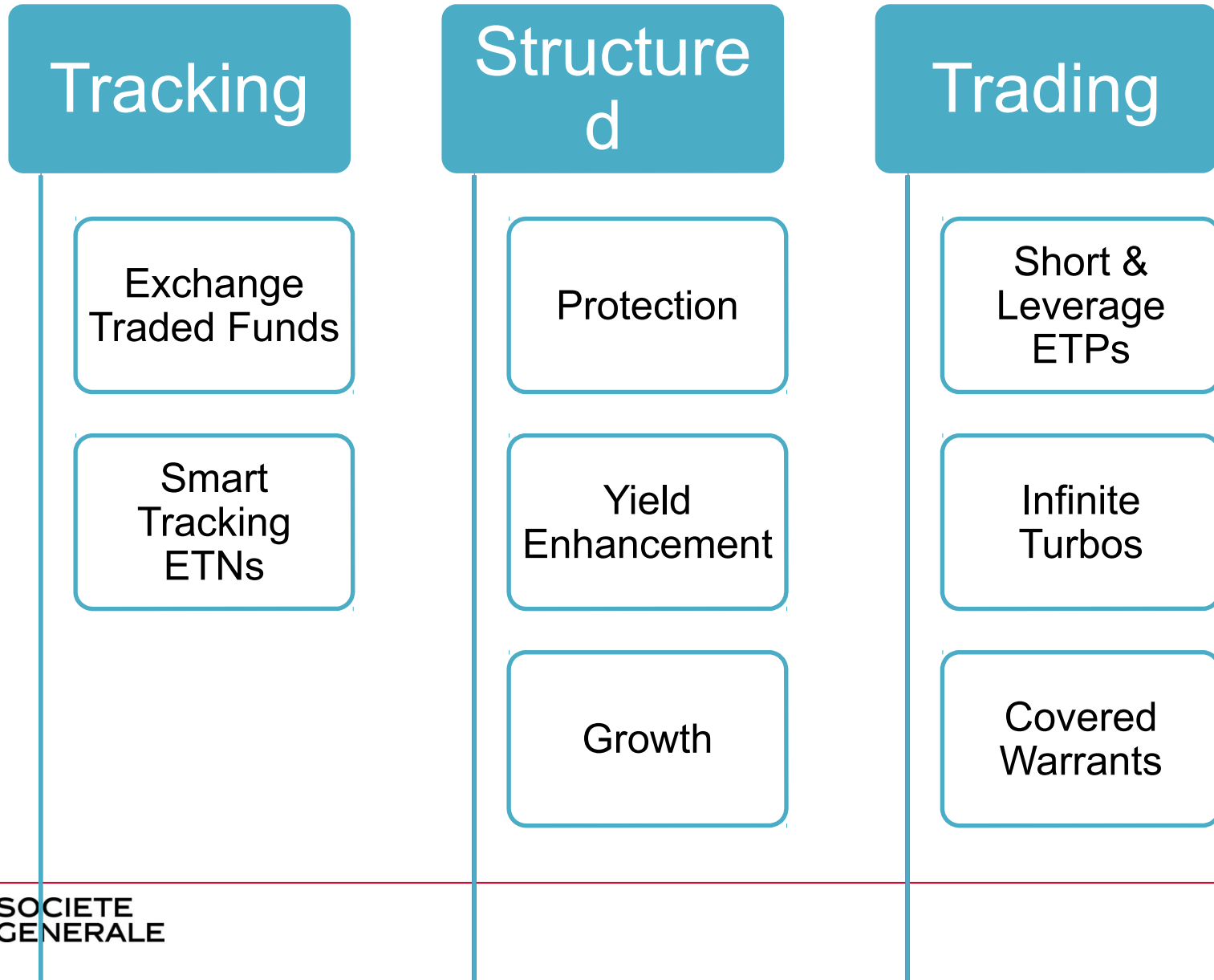
billion in net banking income

French retail banking

International retail banking and financial services

Global banking & investor solutions

* Financial figures as of 31.12.2014 / Some figures have been rounded up or down / All rights reserved, restricted distribution

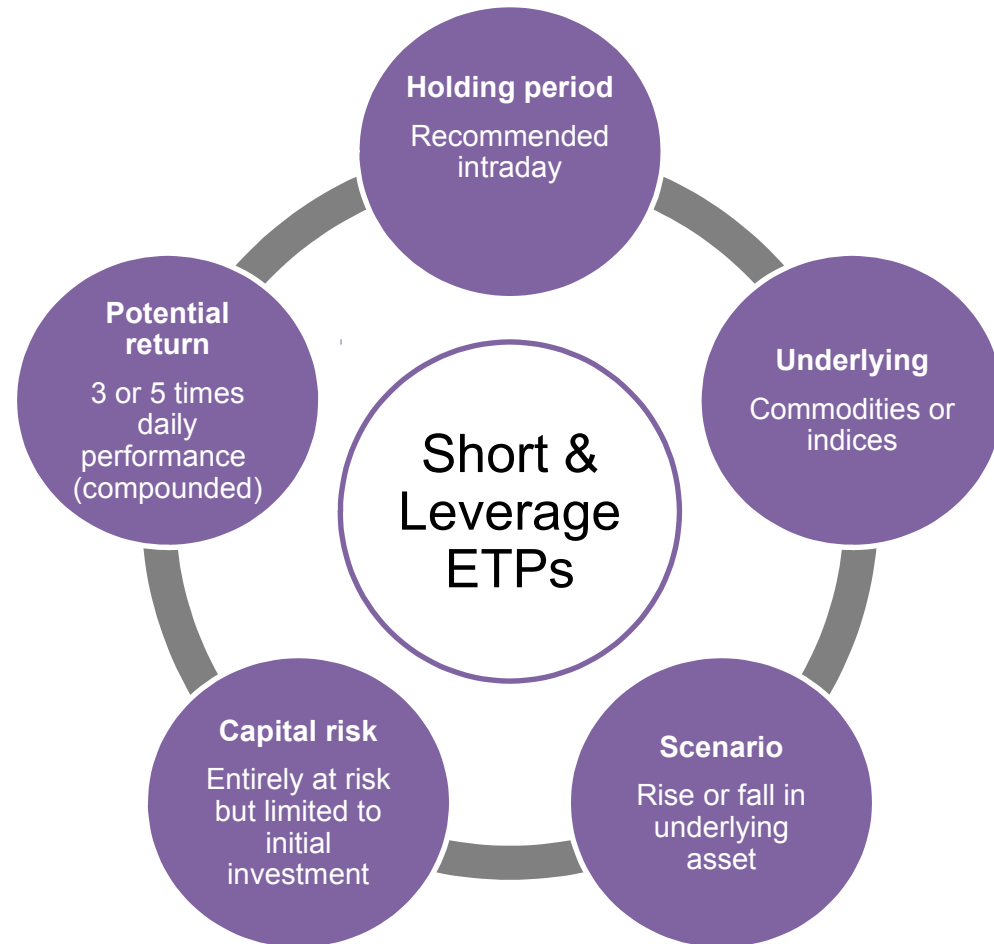
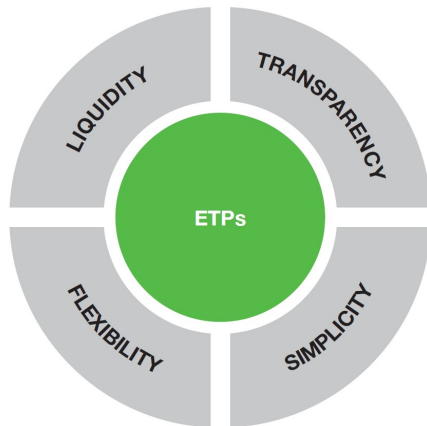


short & leverage etps

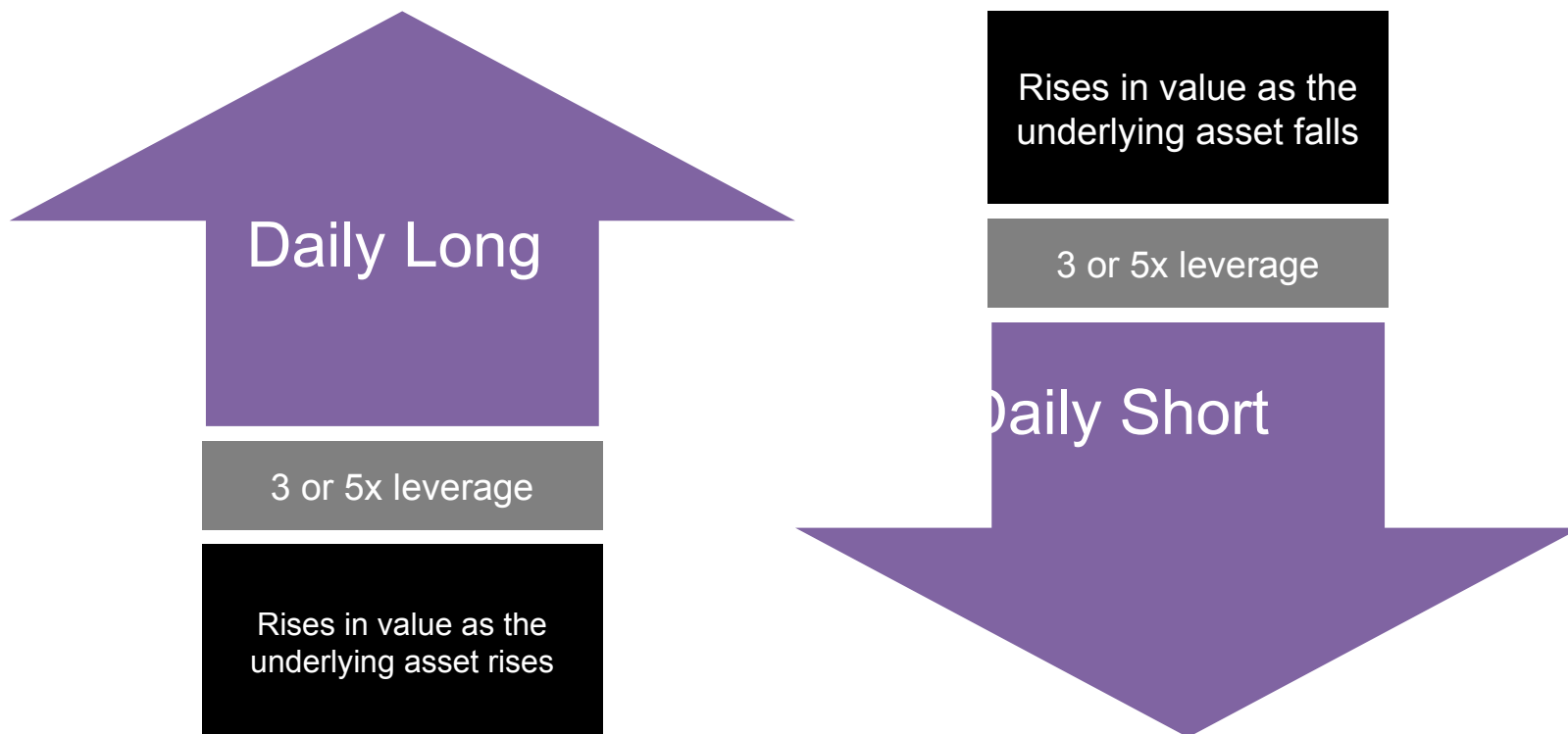
INTRODUCING Short & leverage etpS

Short and Leverage ETPs enable you to gain five times the daily performance of your chosen commodity or index.

- A fully regulated investment product, which is listed on the London Stock Exchange (LSE)
- Designed for sophisticated retail investors who trade regularly and hold for short periods
- Provides exposure to a wide range of equity indices, commodities and currency pairs
- Amplifies the potential profit or loss 5 times
- **Never risk more than you invested**



S&L ETPs enable you to amplify returns in both rising and falling markets



The power of leverage

- S&L ETPs enable you to leverage the daily performance of an underlying asset by 3 or 5 times
- This means that a £1,000 position in a S&L ETP provides the same exposure as £3000 or £5000 in the underlying asset directly
- As such, profits and losses are amplified by 3 or 5 times depending on the product selected
- We can demonstrate the effect of this by looking at the FTSE 100 Index performance between January 4th, 1984 and March 16th, 2015

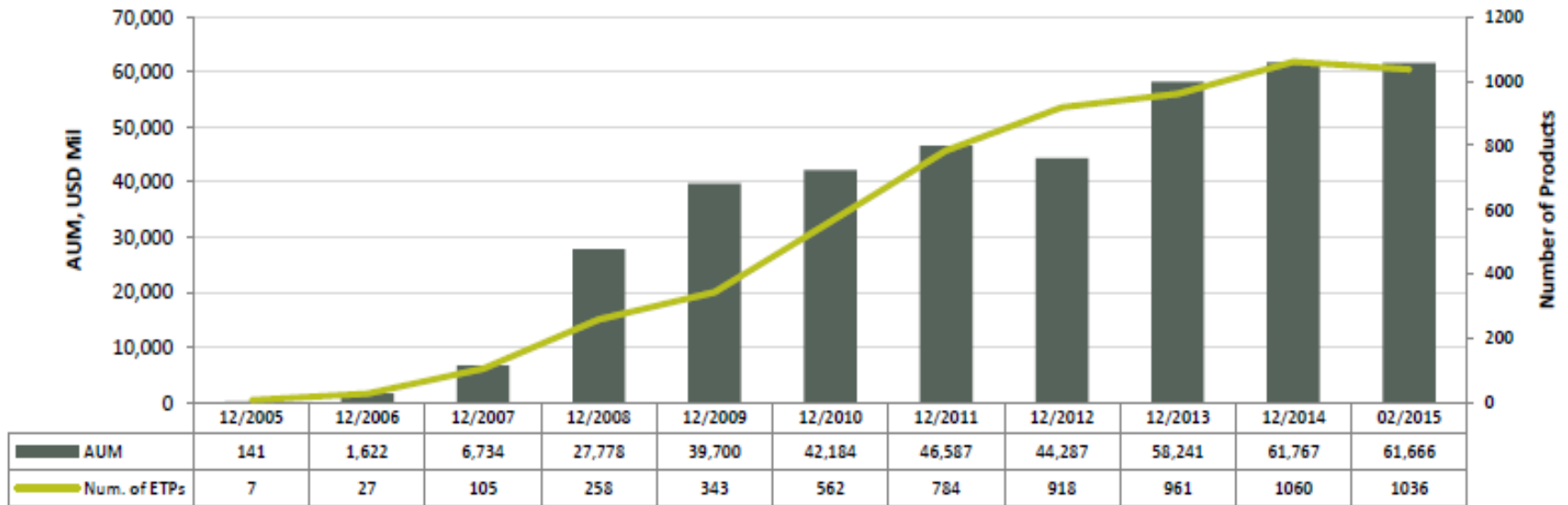
Observed scenarios	FTSE 100 Index	FTSE 100 X5 Daily Long	FTSE 100 X5 Daily Short
Largest rise	+9.84%	+49.20%	-49.20%
Largest fall	-12.22%	-61.10%	+61.10%
Average daily rise	+0.76%	+3.80%	-3.80%
Average daily fall	-0.79%	-3.95%	+3.95%

Source Bloomberg, January 4th, 1984 to March 16th, 2015. Past performance is not a reliable indicator of future returns.

Short and leveraged ETPs: Global Growth

Globally, since 2005, S&L ETPs have grown to more than 880 products with almost \$60bn of AUM

AUM and Number of Products



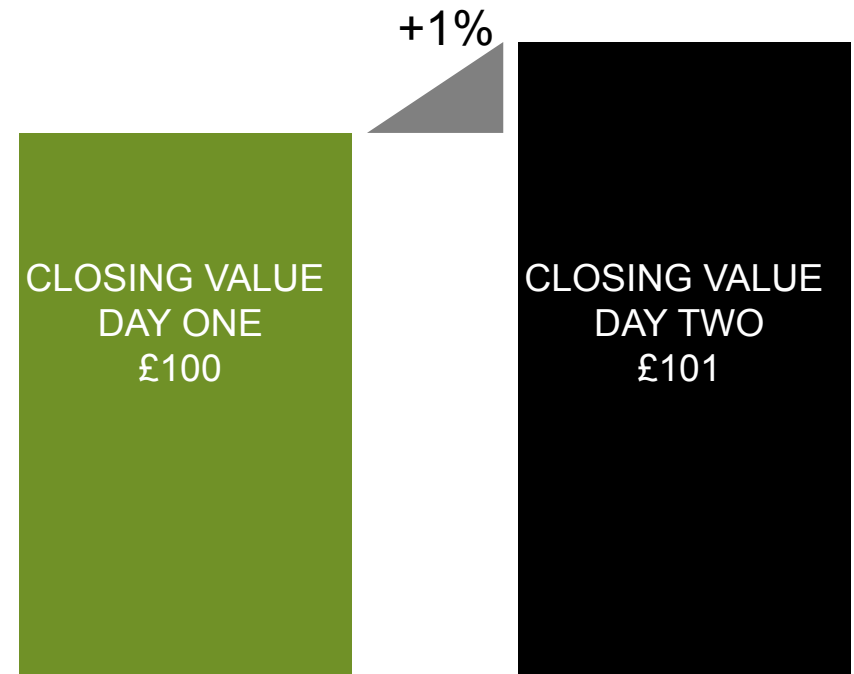
Source: Wisdom Tree Boost , AuM as at February 28, 2015

How do they work?

Performance is taken daily

The first thing to understand about S&L ETPs is that performance is taken daily

- Performance is recorded from market close on one day, to market close the following day
- For example if the price is **£100** when markets close on **day 1** but on **day 2** the market closes at **£101**, the Daily Performance is **+1%**
- For S&L ETPs daily performance is based on*:
 - how much the underlying asset has risen or fallen from its closing price the day before
 - The leverage factor of the product (3 or 5 times)



*Before costs and fees are applied. See page 22

CREATING THE LEVERAGE

- Our S&L ETPs track a leveraged index from providers such as FTSE, Stoxx or Solactive
- The leverage is independently calculated in the Index
- As such, if the underlying asset moves by 1%;
 - The leveraged index multiplies the move by 5 times
 - The S&L ETP simply tracks the leveraged index (before costs and fees)

An example of a 5x Daily Long ETP

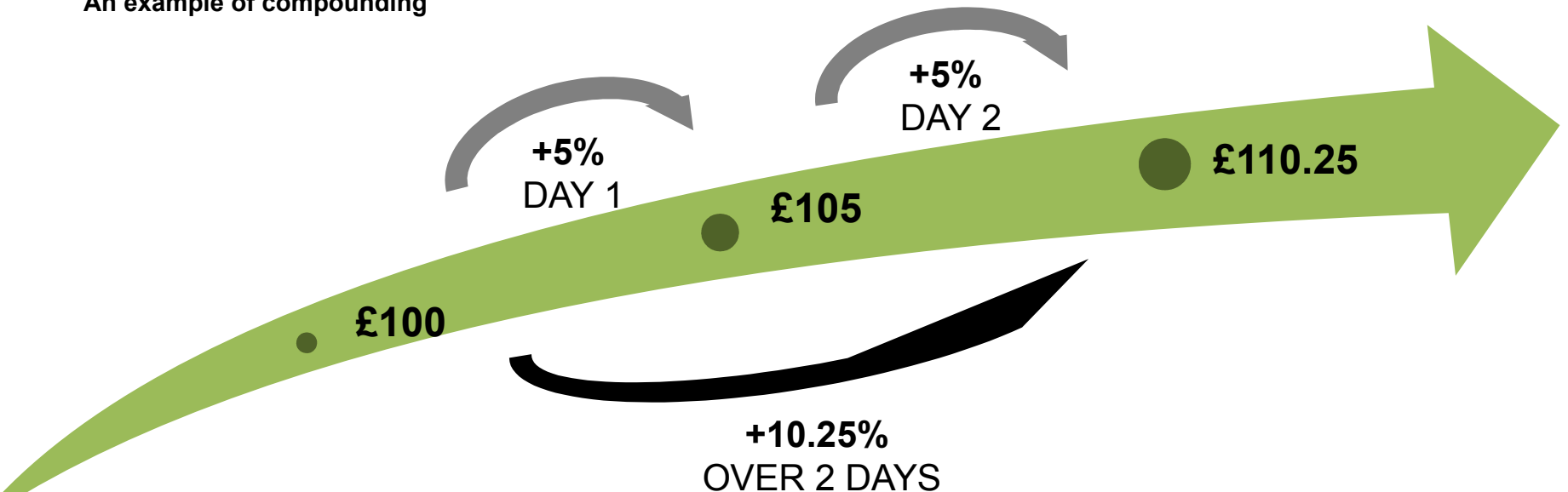


Performance is COMPOUNDED DAILY

Within the same trading day, a Short & Leverage ETP simply multiplies the daily performance of the underlying by 5 times

- However, at the end of each trading day the performance is locked into the Short & Leverage ETP
- When markets open next, performance is based on the closing prices from the trading day before
- As such, subsequent gains or losses **compound** what was achieved the day before
- The example below shows how positive performance can be compounded over two days

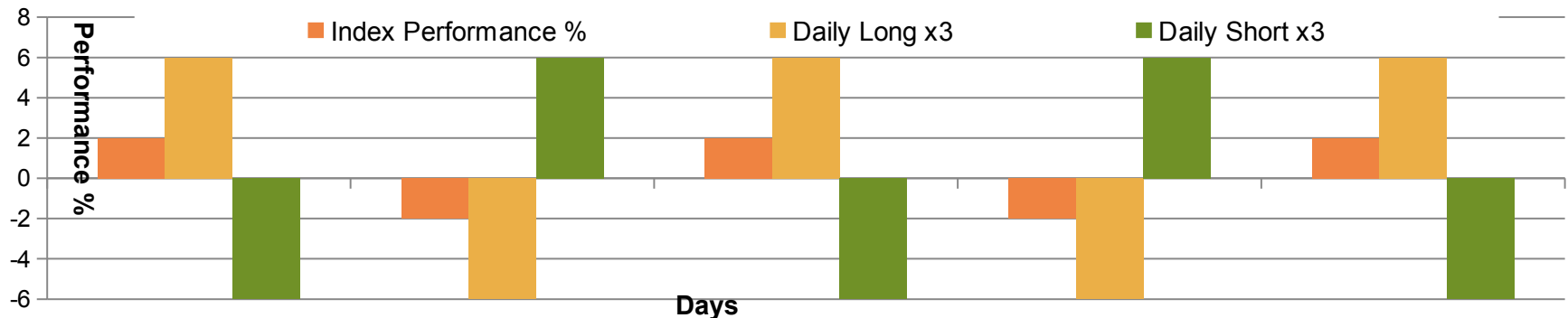
An example of compounding



Compounding in trending markets

- The following assumes the FTSE 100 Index starts at 6,750 and rises by **2% each day**, for **5 days**
- Over 5 days the FTSE 100 Index is up 10.41% to 7,452.50
- The FTSE 100 x3 Daily Long is up by 33.82% (3.2 times the index)
- The FTSE 100 x3 Daily Short is down by 26.61% (-2.6 times the index)

Returns of the Index Vs S&L ETPs



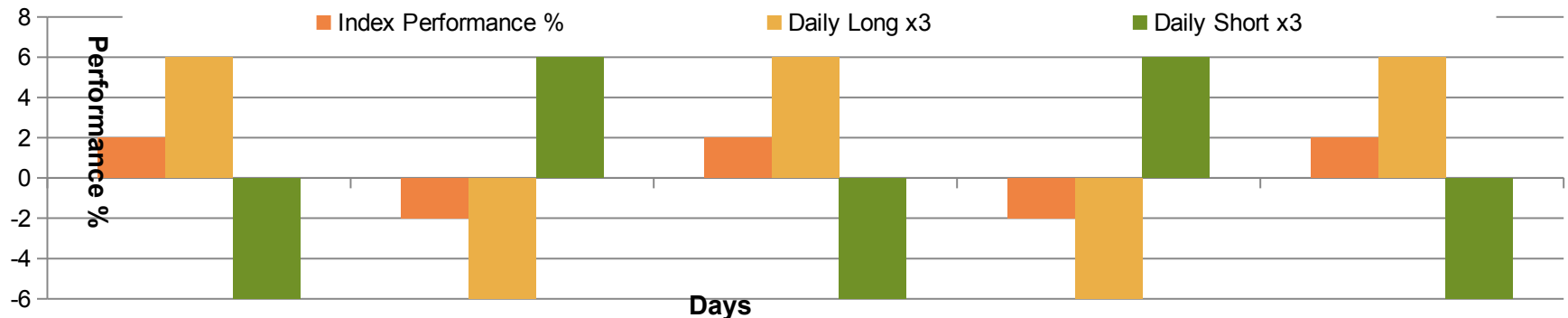
Returns of the Index Vs S&L ETPs

Day	0	1	2	3	4	5	Change
Index Performance %	0	2.00	2.00	2.00	2.00	2.00	
FTSE 100 Index value	6,750.0	6,885.0	7,022.7	7,163.2	7,306.42	7,452.5	10.41%
FTSE 100 x3 Daily Long	£100	£ 106.00	£ 112.36	£ 119.10	£ 126.25	£ 133.82	33.82%
FTSE 100 x3 Daily Short	£100	£ 94.00	£ 88.36	£ 83.06	£ 78.07	£ 73.39	-26.61%

Compounding in VOLATILE markets

- The following assumes the FTSE 100 Index starts at 6,750 and rises or falls by **2% each day**, for **5 days**
- Over 5 days the FTSE 100 Index is up 1.92% to 6,879.5
- The FTSE 100 x3 Daily Long is up by 5.24% (2.7 times the index)
- The FTSE 100 x3 Daily Short is down by 6.68% (-3.5 times the index)

returns of the Index Vs S&L ETPs



returns of the Index Vs S&L ETPs

Day	0	1	2	3	4	5	Change
Index Performance %	0	2.00	-2.00	2.00	-2.00	2.00	
Index value	6,750.0	6,885.0	6,747.3	6,882.2	6,744.6	6,879.5	1.92%
Daily Long x3	£100	£ 106.00	£ 99.64	£ 105.62	£ 99.28	£ 105.24	5.24%
Daily Short x3	£100	£ 94.00	£ 99.64	£ 93.66	£ 99.28	£ 93.32	-6.68%

How can I manage the effect of compounding?

Compounding means that over more than a day, the performance of a Short & Leverage ETP could be more or less than 3 or 5 times the underlying asset

- In order to mitigate any negative impact of compounding you can employ one of two measures

Trade intraday

Buy or sell within the same day

This way you get precise leverage

Trade a trend

Buy in expectation of a trend either higher or lower

This way you are exposed to compounding so you must regularly monitor positions

Risk management features

Short & Leverage ETPs have two main risk management features which are designed to protect investors in extreme market conditions

Air Bag protection

Designed to reduce intraday losses to the leveraged index

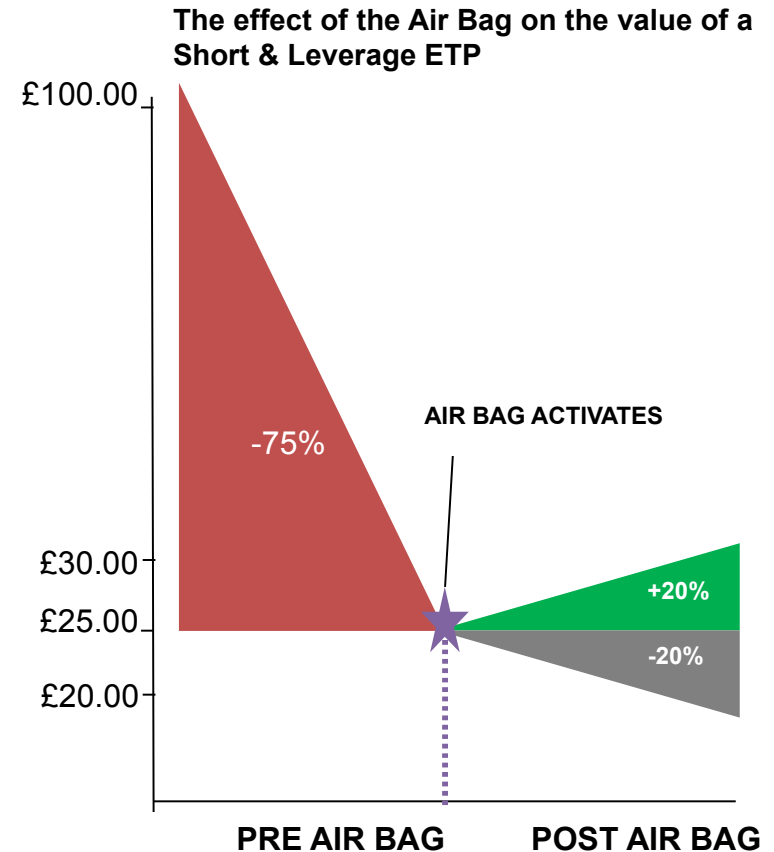
Collateral Assets

Designed to mitigate the risk of Societe Generale defaulting or becoming insolvent

What does the Air bag mechanism do?

The Air Bag mechanism is designed to reduce losses resulting from an extreme intraday move against you

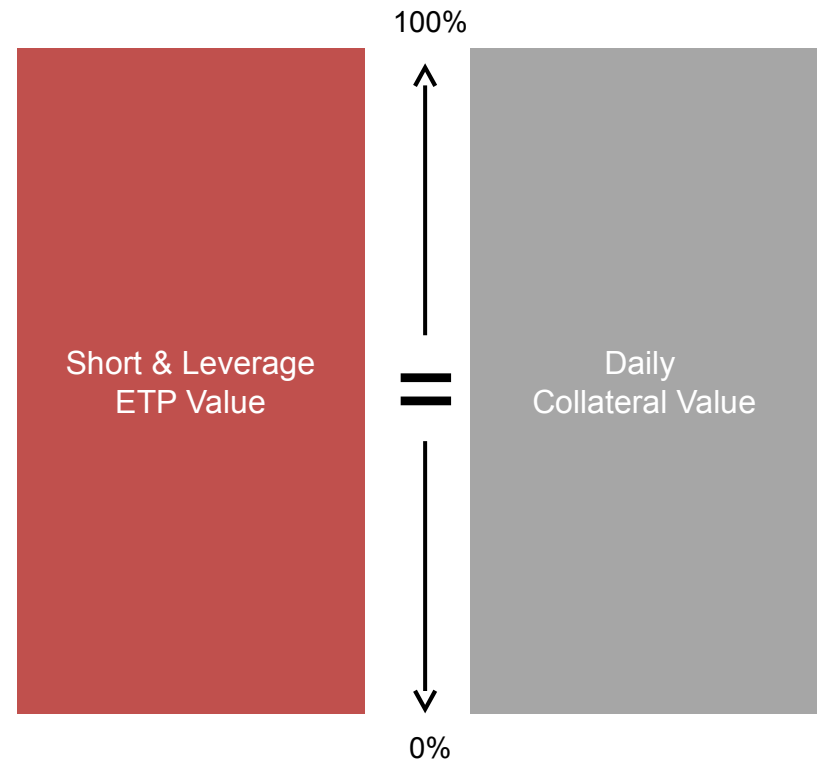
- The Air Bag is built into the Leveraged Index
- It is activated if the Leveraged Index suffers an extreme fall during a single day (50 – 70% loss)
- On activation the Air Bag triggers an intraday reset
- The purpose of the re-set is to establish:
 - A new level for the underlying asset
 - The loss to the leveraged index
 - A new value for the Short & Leverage ETP
- Following the re-set, trading resumes and performance is based on these new levels
- Any subsequent gain or loss to the Short & Leverage ETP is reduced as it is applied to the lower value



Counterparty risk mitigation

Counterparty risk refers to the risk that the issuer providing the Short & Leverage ETP was to default, and would be unable to pay back investors in the product

- Short & Leverage ETPs are issued by a bank or financial institution. Collateral aims to cover the full product value
- In a traditional product this would mean investors are at risk if the Issuer defaults or becomes insolvent
- However, Short and Leverage ETPs mitigate Counterparty Risk through the use of Collateral
- Collateral is managed daily to maintain 100% of the market value of the Short & Leverage ETP each day
- It is held by an independent custodian and can be sold to repay investors should Societe Generale default or become insolvent
- **It must be noted that an intraday fall in the value of the Collateral could mean that the value of the Short & Leverage ETP is not 100% protected**



Advantages & risk

ADVANTAGES

Leverage: Gain 3 or 5 times the Daily Performance of the Underlying Asset.

Directional. Long or Short positions available

Access. Available of wide range of indices and commodities.

Risk management. Air Bag mechanism is designed to slow the rate of loss in extreme market conditions. Read the Investment Guide for more information.

Intended eligibility. Can be traded individually, just like a share in a SIPP, ISA or regular dealing account.

Tax situation. Trading outside of a SIPP or ISA will be subject to capital gains tax but not stamp duty.*

RISKS

Capital risk. Capital is fully at risk and is not covered by the provisions of the Financial Services Compensation Scheme ("FSCS"), or any similar scheme.

Leverage risk. If the investment results in a loss, any such losses will be increased by 3 or 5 times. Consequently, you could lose more than you would if you invested directly in the Underlying Asset.

Underlying risk. The Underlying Asset can be complex and volatile, which can lead to large movements in price; either for you, or against you.

Compound returns. Gains and losses are compounded over periods of more than one Trading Day, and as such will deviate from the leveraged performance of the Underlying Asset. Read the Investment Guide for more information

Counterparty risk. If Societe Generale were to default or become insolvent, the product will terminate. The amount you receive back will depend on the value of a basket of Collateral Assets. Read the Investment Guide for more information.

Liquidity risk. Societe Generale is the only party providing prices for these products. Prices will only be available in normal market conditions.

Currency risk. If the Underlying Asset is quoted in a currency other than GBP, exchange rate fluctuations will impact the price of the product.

**Any statement in relation to tax, where made, is generic and non-exhaustive and is based on our understanding of the laws and practice in force as of the date of this document and is subject to any changes in law and practice and the interpretation and application thereof, which changes could be made with retroactive effect. Any such statement must not be construed as tax advice and must not be relied upon. The tax treatment of investments will, amongst other things, depend on an individual's circumstances. Investors must consult with an appropriate professional tax adviser to ascertain for themselves the taxation consequences of acquiring, holding and/or disposing of any investments mentioned in this brochure.*

Trading S&L ETPs

Our current range

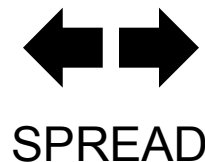
Name	Type	Gearing	Expiry	EPIC
SG Euro Stoxx 50 x5 Daily Long	Daily Long	x5	12/03/2025	EU5L
SG Euro Stoxx 50 x5 Daily Short	Daily Short	x5	12/03/2025	EU5S
SG DAX x5 Daily Long	Daily Long	x5	12/03/2025	5DEL
SG DAX x5 Daily Short	Daily Short	x5	12/03/2025	5DES
SG FTSE 100 x5 Daily Long	Daily Long	x5	12/03/2025	5UKL
SG FTSE 100 x5 Daily Short	Daily Short	x5	12/03/2025	5UKS
SG GOLD x5 GBP Daily Long	Daily Long	x5	19/06/2025	5GOL
SG GOLD x5 GBP Daily Short	Daily Short	x5	19/06/2025	5GOS
SG GOLD x5 USD Daily Long	Daily Long	x5	19/06/2025	5GUL
SG GOLD x5 USD Daily Short	Daily Short	x5	19/06/2025	5GUS
SG WTI x5 GBP Daily Long	Daily Long	x5	19/06/2025	5OIL
SG WTI x5 GBP Daily Short	Daily Short	x5	19/06/2025	5OIS
SG WTI x5 USD Daily Long	Daily Long	x5	19/06/2025	5OUL
SG WTI x5 USD Daily Short	Daily Short	x5	19/06/2025	5OUS
SG SILVER x5 GBP Daily Long	Daily Long	x5	19/06/2025	5SIL
SG SILVER x5 GBP Daily Short	Daily Short	x5	19/06/2025	5SIS
SG FTSE 100 x3 Daily Long	Daily Long	x3	28/07/2025	UKL3
SG FTSE 100 x3 Daily Short	Daily Short	x3	28/07/2025	UKS3
SG NATURAL GAS x3 Daily Long	Daily Long	x3	28/07/2025	NGL3
SG NATURAL GAS x3 Daily Short	Daily Short	x3	28/07/2025	NGS3

Trading a S&L ETP is as easy as buying or selling a share

- Bid / Ask prices are provided on the LSE during market hours (08.05 – 16.30)
- Each product can be identified by its EPIC code or ISIN
- You buy at the Ask price and sell at the Bid price
- They can be eligible for trading direct, or via a SIPP or ISA account
- Require the completion of a complex product assessment prior to trading
- Investors holding for more than a day will incur a daily charge equivalent to 0.7% to 1.05% per year and a Gap Premium of 0.0022% - 0.0069% per day.

SELL PRICE

BID
£99.80



BUY PRICE

ASK
£100.00

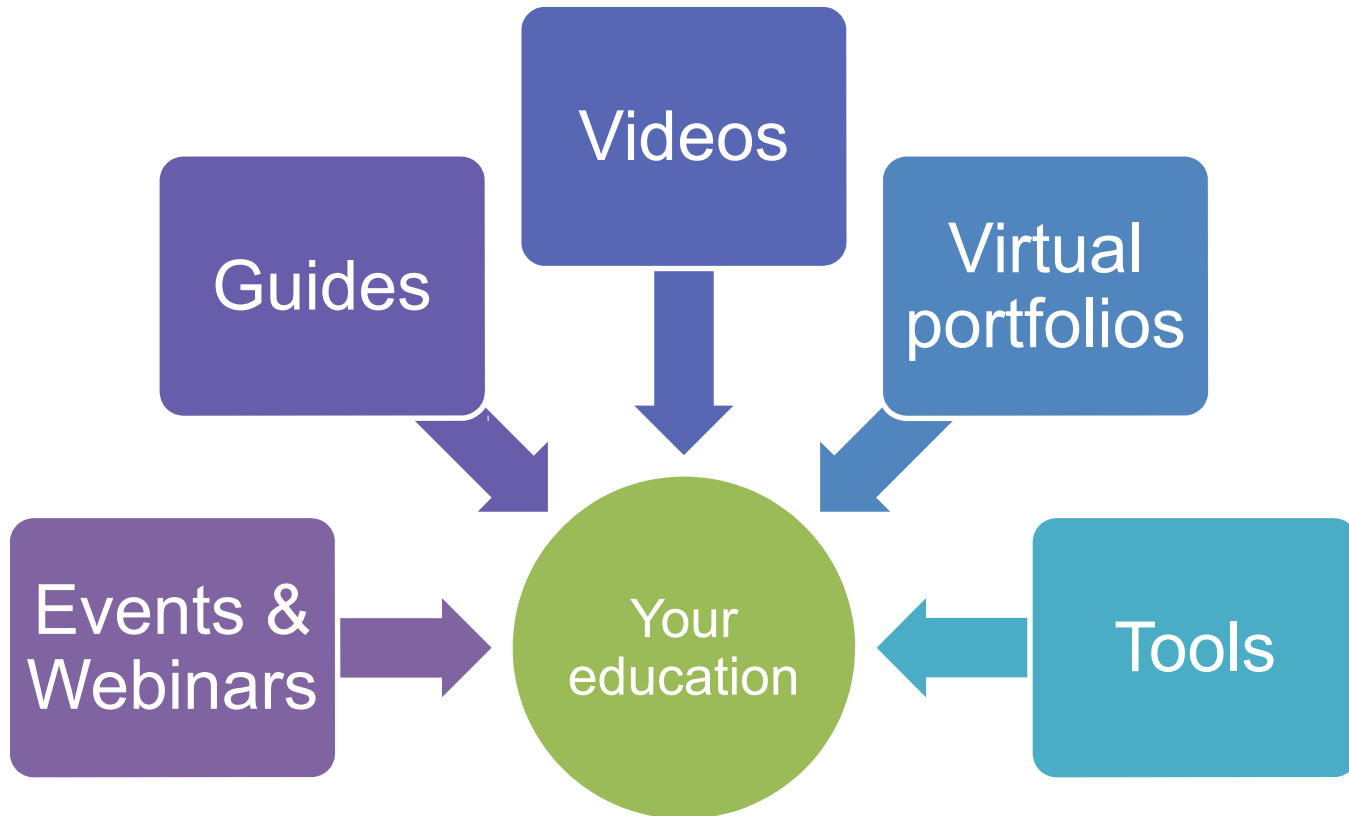
When might prices not be available?

Societe Generale is the only market-maker and therefore the only liquidity provider for all of our Exchange Traded Products.

- Societe Generale is obliged to provide prices throughout the trading day according to LSE rules
- The liquidity offered is monitored by the LSE monitoring team, both in terms of spreads and size
- Cases in which there is no guarantee that liquidity will be available on the secondary market, and therefore normal market conditions may not prevail, include where:
 - The Underlying Asset level is suspended or not tradable;
 - There is a failure in the LSE or Societe Generale systems;
 - Abnormal trading conditions e.g. sudden and sharp volatility increase or lack of liquidity in the underlying.
- This means that in abnormal market conditions you may find it difficult or impossible to sell a Short & Leverage Product or you may be offered a price less than they paid for it

Educational resources

On our websites you will find a wide selection of educational materials to help you better understand the products available to you



Market news

To help you formulate your view we provide regular updates from a number of independent analysts on our websites.



TECHNICAL ANALYSIS

Find daily updates from leading technical analysts.



INDEPENDENT EXPERTS

Third party market commentators provide their views on the markets, and the long and short term opportunities available.



REGULAR PUBLICATIONS

Subscribe to our emails, Magazines, RSS feeds or Twitter feeds to hear about market news, products or events first.

IMPORTANT INFORMATION

THIS PRESENTATION IS INTENDED FOR SOPHISTICATED RETAIL CLIENTS IN THE UK ONLY

This presentation is intended for educational purposes only and as such is not a solicitation or recommendation to make an investment based on its contents. Investors should be aware that investments can fall as well as rise and if there is any doubt over the suitability of a particular investment then you should seek independent advice.

This document is issued in the U.K. by the London Branch of Societe Generale. Societe Generale is a French credit institution (bank) authorised by the Autorité de Contrôle Prudentiel et de Résolution (the French Prudential Control and Resolution Authority) and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request.

Although information contained herein is from sources believed to be reliable, Societe Generale makes no representation or warranty regarding the accuracy of any information. Any reproduction, disclosure or dissemination of these materials is prohibited.

The products described within this document are not suitable for everyone. Investors' capital is at risk. Investors should not deal in these product unless they understand their nature and the extent of their exposure to risk. The value of the products can go down as well as up and can be subject to volatility due to factors such as Level changes in the underlying instrument and interest rates.

Prior to any investment in these products, investors should make their own appraisal of the risks from a financial, legal and tax perspective, without relying exclusively on the information provided by us, both in this document and the Final Terms of the product available on the website www.sglistedproducts.co.uk. We recommend that investors consult their own independent professional advisors.

Investors should note that holdings in these products will not be covered by the provisions of the Financial Services Compensation Scheme, nor by any similar scheme.

The securities can be neither offered in nor transferred to the United States.

For more information: see the Terms and Conditions available on our website www.sglistedproducts.co.uk