# BBVA
# Capital Protected Equally Weighted Growth - March 2017 Factsheet



## INVESTMENT DESCRIPTION

This 6 year fixed term investment offers 100% capital protection at maturity irrespective of how the underlying funds perform.

At the end of the fixed term, 100% of the un-capped equally weighted growth in the funds is applied to the capital invested. The table on page 2 (What you may get back) shows how this will work.

Equally weighted means that the growth of each fund are added together and then divided by 2 to show the equally weighted performance. So, if the performance of fund 1 is +50% and the performance of fund 2 is +20% the total performance would be +70%. Divide this by 2 and the equally weighted performance would be +35%.

The final growth calculation employs monthly averaging across the last 12 months of the fixed term.

Should the final equally weighted performance be below the initial level, 100% of the initial capital is still returned at maturity.

## BENEFITS

- 100% Capital Protection
- Averaging across the final 12 months can serve to "lock-in" performance and reduce the effect of dramatic market falls towards the end of the fixed term
- The final growth has no cap and so the investment benefits from 100% of the averaged equally weighted performance
- Daily pricing

## RISKS

- The potential return is limited to the pre-defined investment terms
- In constantly rising markets, averaging can result in reducing the return that would have been payable by investing directly into the fund itself.
- Secondary prices are likely to be less than the price paid as the investment is intended to be held until either early maturity or the full investment term
- The delivery of both returns and capital are subject to the issuer not defaulting on their obligations.

## PRODUCT FACTS & FEATURES

| | |
|---|---|
| **Issuer and Counterparty:** | BBVA |
| **Credit Ratings:** | Fitch: A-, Moody's: Baa1, S&P: BBB+<br>Source: Bloomberg 25.01.2017 |
| **Maximum Term:** | 6 years |
| **Investment Structure:** | 100% Capital Protected plus Equally Weighted Growth |
| **Capital Protection:** | 100% of initial investment |
| **Growth Participation:** | 100% of the averaged equally weighted performance |
| **Averaging:** | Monthly over the final 12 months |
| **Underlying Basket** | **Bloomberg Code** |
| **Henderson Gartmore** UK Absolute Return Fund R EUR Hedged Acc: | GAUKAA1 LX Equity |
| **Henderson Horizon** Euro Corporate Bond Fund X2 EUR Acc: | HHECBXA LX Equity |

## KEY INFORMATION

| | |
|---|---|
| **Subscription Period:** | 25 Jan 2017 – 03 Mar 2017 (4.30pm UK time) |
| **Strike Date:** | 06 March 2017 |
| **First Averaging Date:** | 07 March 2022 |
| **Final Averaging Date:** | 06 March 2023 |
| **Maturity Date:** | 20 March 2023 |
| **Currency**: | GBP |
| **ISIN:** | XS1558414600 |

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**BBVA:** Banco Bilbao Vizcaya Argentaria SA (BBVA) attracts deposits and offers retail, wholesale and investment banking services. The bank offers consumer and mortgage loans, private banking, asset management, insurance, mutual funds and securities brokerage services. It operates in Europe, Latin America, United States, China and Turkey.

Source: Bloomberg 25.01.2017

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## SUITABILITY

May be suitable for investors who:

- are seeking a chance to get higher returns than current cash rates
- understand the impact of global economic issues
- are seeking full capital protection
- are looking to benefit from growth in the underling funds
- are looking to invest for the medium to long term, being happy to remain invested until maturity
- understand that whilst the investment offers full participation in the equally weighted growth of the funds, an element of averaging in the final 12 months is applied
- understand the risk to capital in the event of counterparty default
- understand the full benefits of the investment only apply at maturity
- understand that should they need to sell their investment, accept that the trading price is likely to mean they get back less then they invested

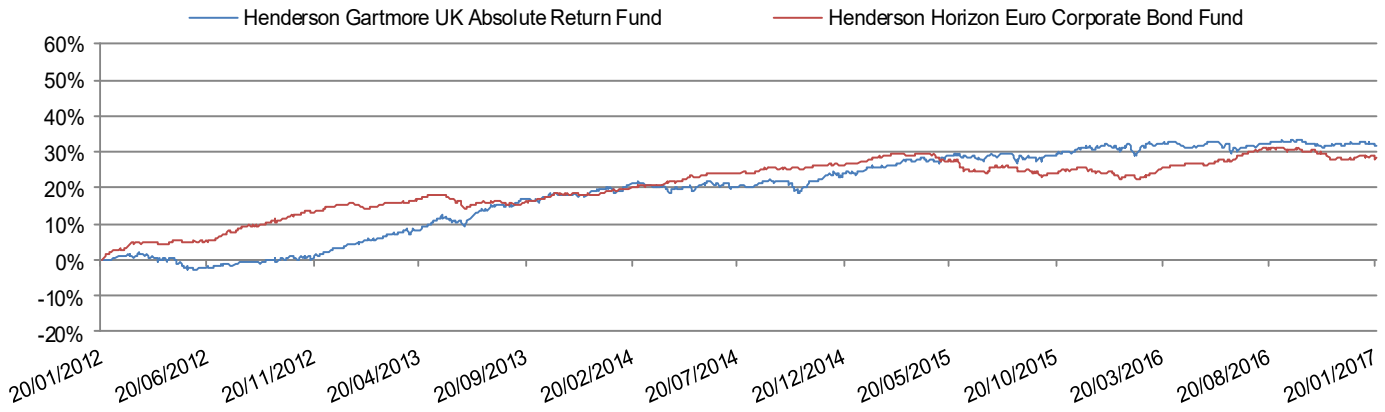
## RATIONALE

Structured products are becoming increasingly popular for investors due to the wide variety of payoffs and levels of protection that can be achieved by the different types of structures that are available.

This product gives 100% capital protection so the investor knows that no matter what happens with the performance of the underlying funds, they will at least have their initial capital returned at maturity.

With performance linked to two Henderson funds, the investor can be assured by the fact that asset managers have many years' experience and with a combined size of more than GBP 5bn, the funds are clearly a popular choice with investors.

**Movement in the underlyings over a 5 year period**




**How the equally weighted averaging works if we use the last 12 months data as an example and strike date of 20/01/2012**

| Obsevation Date | GAUKAA1 LX Equity Growth | HHECBXA LX Equity Growth | Equally Weighted |
|---|---|---|---|
| 20/01/2016 | 30.01% | 22.58% | 26.29% |
| 22/02/2016 | 31.44% | 22.96% | 27.20% |
| 21/03/2016 | 32.30% | 25.51% | 28.91% |
| 20/04/2016 | 31.30% | 26.45% | 28.87% |
| 20/05/2016 | 32.29% | 26.32% | 29.31% |
| 20/06/2016 | 32.14% | 27.52% | 29.83% |
| 20/07/2016 | 31.73% | 29.71% | 30.72% |
| 22/08/2016 | 32.29% | 30.81% | 31.55% |
| 20/09/2016 | 33.10% | 30.33% | 31.71% |
| 20/10/2016 | 32.35% | 30.34% | 31.34% |
| 21/11/2016 | 31.89% | 27.95% | 29.92% |
| 20/12/2016 | 32.44% | 28.26% | 30.35% |
| 20/01/2017 | 31.76% | 28.28% | 30.02% |
| | | **Averaged Performance** | **29.69%** |

**What you may get back- £10,000 invested**

| Final averaged equally weighted performance | Total return |
|---|---|
| -50% | £10,000 |
| -20% | £10,000 |
| -10% | £10,000 |
| -5% | £10,000 |
| 0% | £10,000 |
| +10% | £11,000 |
| +50% | £15,000 |

**Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks**

**Source: Bloomberg 25.01.2017, Data period: 20.01.2012 to 20.01.2017**

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## THE UNDERLYINGS

### Henderson Gartmore United Kingdom Absolute Return Fund R EUR Hedged Acc (LU0490786174)

The Fund aims to achieve a positive absolute return over the long term regardless of market conditions, though a positive absolute return is not guaranteed over any time period. The Fund will typically invest at least 60% of its total assets, by taking long and short positions, in equities or equity related derivative contracts of: - companies having their registered office in the United Kingdom; and - companies that do not have their registered office in the United Kingdom but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the United Kingdom, or (iii) are listed on the London Stock Exchange. In addition, in seeking to implement the Fund's investment strategy, manage market exposure and ensure that the Fund remains sufficiently liquid to cover obligations arising from its derivative positions, a substantial proportion of the Fund's assets may at any time consist of cash, near cash, deposits and/or Money Market Instruments. The Fund will invest in companies of any market capitalisation. Long positions may be held through a combination of direct investment and/or derivative instruments, and short positions will be held through derivative positions, including but not limited to swaps and futures. The use of derivatives forms an important part of the investment strategy. The Fund may also invest at the Investment Manager's discretion in other Transferable Securities, derivative instruments and collective investment schemes.

For more info and factsheets visit - http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000IZWT

### Henderson Horizon Euro Corporate Bond Fund X2 EUR Acc (LU0451950744)

The investment objective of the Euro Corporate Bond Fund is to provide a total return in excess of that generated by the iBoxx Euro Corporates Index by investing primarily in Euro denominated investment grade corporate bonds and other fixed and floating rate securities. The Fund may make use of a variety of instruments / strategies in order to achieve the Fund's objective including, but not limited to, forward rate notes, forward foreign exchange contracts (including nondeliverable forwards), interest rate futures, bond futures and OTC swaps such as interest rate swaps, credit default swaps and credit default swaps on indices.

For more info and factsheets visit - http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000ISFV

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