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Societe Generale SG UK Defensive Kick-out Plan (UK3) Issue 6 Report 5238 [↗](#)

Report created: 05 May 2024

KEY INFORMATION

Dates

ISA transfer date	28 Jun 2019
Closing date	19 Jul 2019
Strike date	26 Jul 2019
Final market date	26 Jul 2027
Report published	10 Jun 2019

Terms

Investment Length	8 years
Product currency	GBP
Product type	Defensive Autocall
Vehicle	Plan
Capital	At risk
Aim	Growth
Asset style	Single
Provider	Societe Generale
Issuer	SG Issuer (multiple credit exposure)
Plan Manager	Walker Crips Structured Investments
Underlying Asset	FTSE 100 Index
Counterparty	Multiple Counterparties
Issuer credit rating	S&P: A, Mbody's: A1 , Fitch: A
Credit event reference entities	Barclays plc : S&P: BBB , Moody's: Baa3 , Fitch: A HSBC Holdings plc : S&P: A, Moody's: A2 , Fitch: AA- Lloyds Banking Group plc : S&P: BBB+ , Moody's: A3 , Fitch: A+
Credit rating band	A band (Lower median rating is taken across reference entities to determine band)
Tax wrapper(s)	Direct investment, ISA, ISA transfer, SIPP/SSAS, Trustees of a trust, Corporate/Commercial, Charities, Direct Investment (for Joint Accounts)
Min/Max Investment	Minimum: £10,000. The overall ISA limit is £20,000 for the 2019/2020 tax year.
ISIN	GB00BG8HJ963
PRIPs SRI	4

DESCRIPTION

Product features

Total of 7 autocall points

First autocall point after 2 years and then every year

Potential annual return of 6.15% p.a. (not compounded)

Multiple step-down autocall levels

Defensive final autocall level of 65%

European barrier of 60%

Potential Returns:

This product is classified by FVC as a 'Defensive Autocall'.

If the FTSE 100 is at or above the required target level on any of the observation dates, the product will mature early returning the initial investment and pay a fixed return of 6.15% for each year the product has been in force. The first autocall opportunity is after 2 years. This product has multiple defensive levels down to 65%.

If for example, at the first autocall observation point (after 2 years 1 days) the FTSE 100 is at or above its strike level, the product will be called and make a final payment of 112.3% (including capital investment). If the product is not called at the first two opportunities but on the third autocall date (at 4 years) the FTSE 100 is at or above its strike level, the product will be called and make a final payment of 124.6% (including capital investment). If the product is not called at the first four opportunities but on the fifth autocall date, the FTSE 100 is at or above 90% of its strike level, the product will be called and make a final payment of 136.9% (including capital investment).

The full autocall schedule for this product is shown in figure 4.

Capital Repayment:

The product has a European barrier. This means that the barrier is observed at maturity only. The barrier is set at 60% of the strike level and will be breached if the final level of the underlying asset is below 60% of the strike level. If the FTSE 100 finishes below the European barrier of 60% on the final day of the investment some capital is lost.

If the product has not been called on any of the observation dates the repayment of capital will depend on whether or not the final level of the FTSE 100 is below the barrier level. If the FTSE 100 finishes between the barrier level and the final autocall level, the investor will be repaid 100% of their initial investment.

If the underlying asset finishes below the 60% barrier, the investor will be paid an amount equal to the final level of the underlying asset, with respect to its strike level. For example, if the final level of the FTSE 100 is 40% of its strike level and therefore the barrier is breached, the investor will be returned 40% of their capital investment.

Additional Information:

The direct credit risk of this product is not solely dependent on the solvency of Societe Generale, but is diversified across the following three UK institutions: Barclays plc, Lloyds Banking Group plc and HSBC Holdings plc. For precise details of the credit exposure of this product, please refer to the brochure. If Societe Generale were to become insolvent, there is a collateralisation mechanism in this product designed to return investors an amount equal to the value of the plan at the time of a Societe Generale credit event. The collateral is maintained daily, and will consist of a pool of assets consisting of government bonds, corporate bonds and/or shares which are held with an independent custodian; The Bank Of New York Mellon, (Luxembourg) S.A. The amount of collateral is dependent on the value of the plan and may be less than the initial investment.

ASSESSMENT

Figure 1: Statistics

This figure shows some key statistics of the product and compares them to averages of other open products in the market. Full details of the methodology can be found [here](#)

The overall, price and return scores are expressed on a scale of 0-10 with 10 representing the most favourable. The price score is derived from our estimate of value for money while the return score gives an indication of risk-adjusted return prospects. The overall score is the average of the price and risk scores.

The riskmap is expressed on a scale of 0 to 10, where 0 represents lowest risk and 10 the highest. It is calculated from contributions from market risk and credit risk which are shown separately. The maturity and duration (expected maturity) are also stated.

This report was published on 10 Jun 2019 and compiled in advance with data available to us at that time. It has not been updated since.

	This product	All products	All At risk
Overall score	7.70	7.23	7.18
Price score	7.50	7.73	7.69
Return score	7.90	6.73	6.67
Riskmap (0-10 scale)	3.89	2.58	3.01
Market riskmap	3.67	2.35	2.82
Credit riskmap	0.22	0.22	0.20
Maturity	8.00	5.89	6.29
Duration	3.66	3.15	2.94

Figure 2 : Payoff chart

This chart shows a sample of simulated outcomes of the final underlying value and the product payoff for the structured product to help identify the risk and return prospects of the investment.

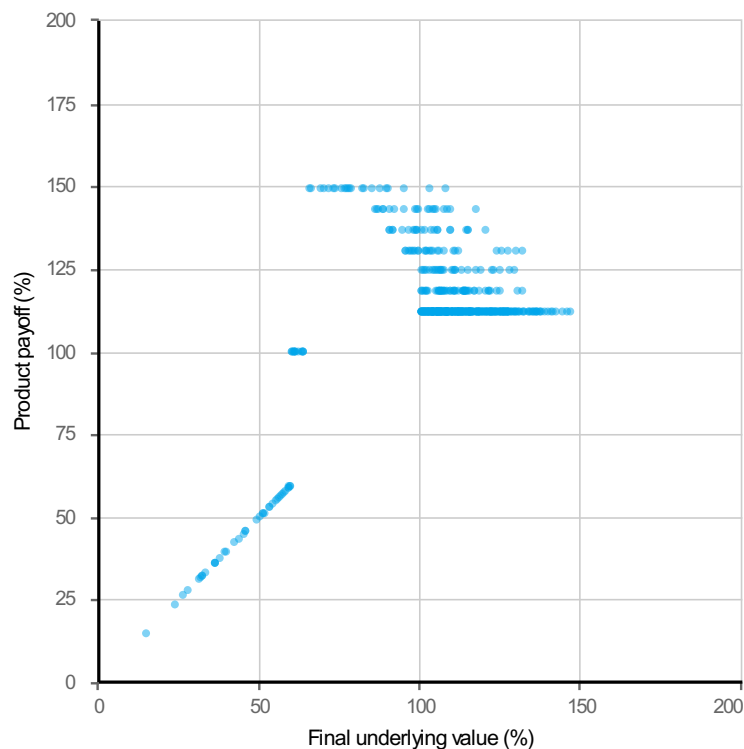
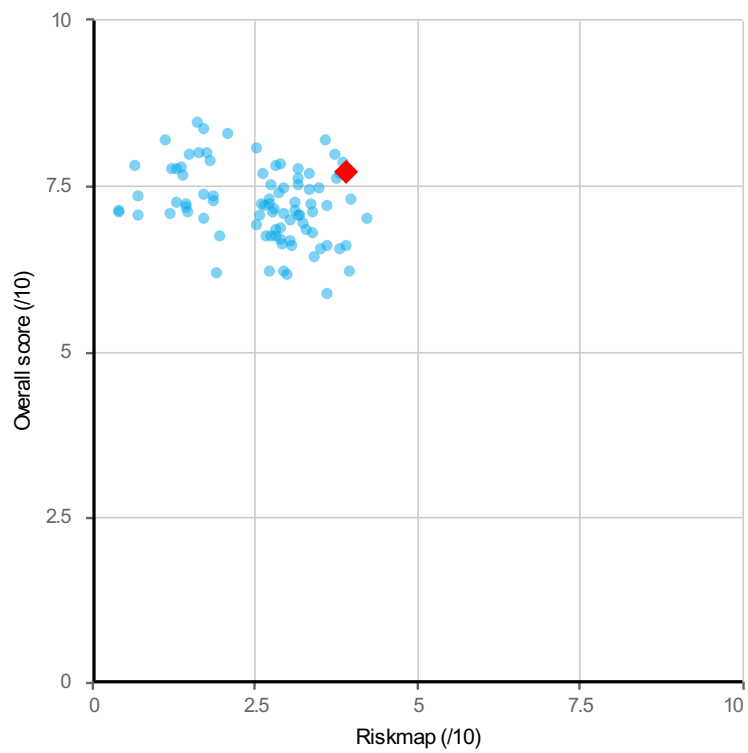


Figure 3 : Comparison chart

This chart plots the riskmap and overall score for all products on report centre, which shows all products listed on this site which are open for investment. The current product is shown with a diamond marker.



OUTCOMES

Figure 4 : Investor results summary

Summary of possible product performances. Calculations from forward looking simulation and 10 year historical backtest (market risk only). This table shows a number of mutually exclusive outcomes of product performance classifications and associated statistics. All figures below are rounded.

Result	Investment length (years)	Average payoff (%)	Simulated probability (%)	Backtested frequency (%)
Autocall on 26 Jul 2021 if at or above 100%	2.00	112.30	54.99	63.90
Autocall on 26 Jul 2022 if at or above 100%	3.00	118.45	10.65	5.97
Autocall on 26 Jul 2023 if at or above 100%	4.00	124.60	6.03	8.11
Autocall on 26 Jul 2024 if at or above 95%	5.00	130.75	5.11	8.42
Autocall on 28 Jul 2025 if at or above 90%	6.00	136.90	4.02	13.56
Autocall on 27 Jul 2026 if at or above 85%	7.00	143.05	3.67	0.04
Autocall on 26 Jul 2027 if at or above 65%	8.00	149.20	5.37	0.00
Full capital return	8.00	100.00	1.55	0.00
Capital loss	8.00	41.29	8.61	0.00

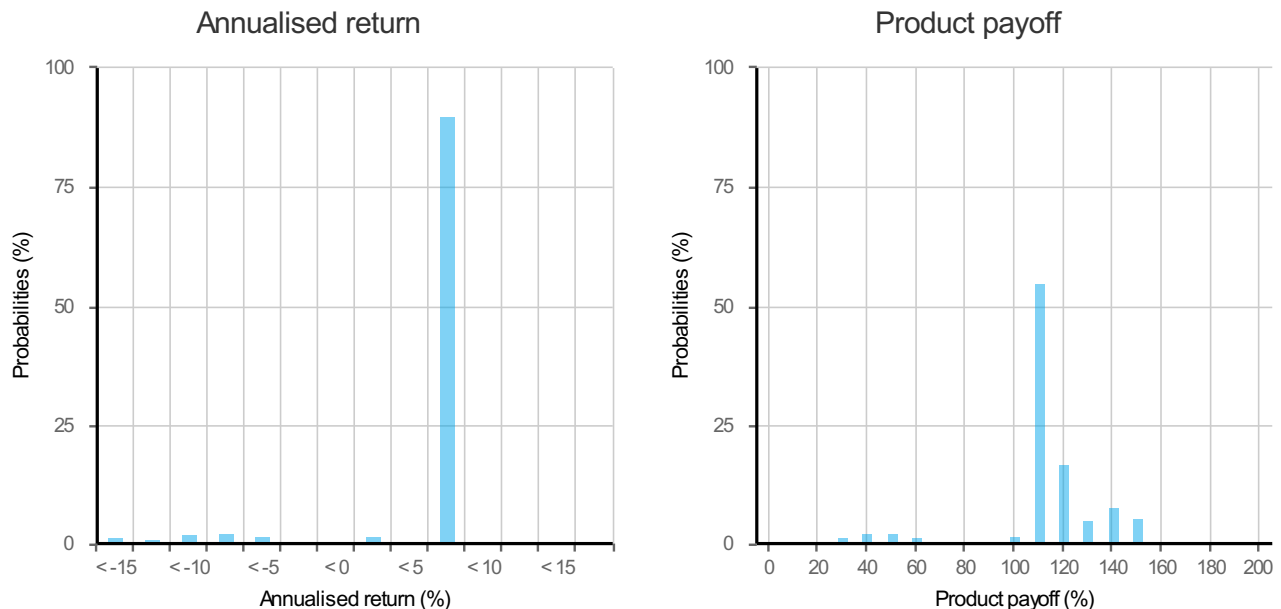
Figure 5 : Prospects for return of capital

This figure shows prospects for return of capital, calculating whether the return might be greater than, equal to or lower than capital invested. These calculations use probabilities from forward looking simulations and the observed frequencies from a 10 year historical backtest.

Outcome	Simulated probability	Backtested frequency
Return less than capital	8.61	0.00
Return exactly capital	1.55	0.00
Return more than capital	89.84	100.00

Figure 6 : Charts of product outcomes (annualised return and product payoff)

Charts of distribution of structured product returns based on forward looking simulation. The first chart shows the annualised return of the product in 2.5% buckets. The second chart shows the payoff of the product. Both of these charts are market risk only.



Provider contact information

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Disclaimer:

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About FVC

Future Value Consultants (FVC) is a research and analytics consultancy, specialising in structured product research, stress testing structured products, independent valuations and index calculation.

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