

Principal Amount Reductions

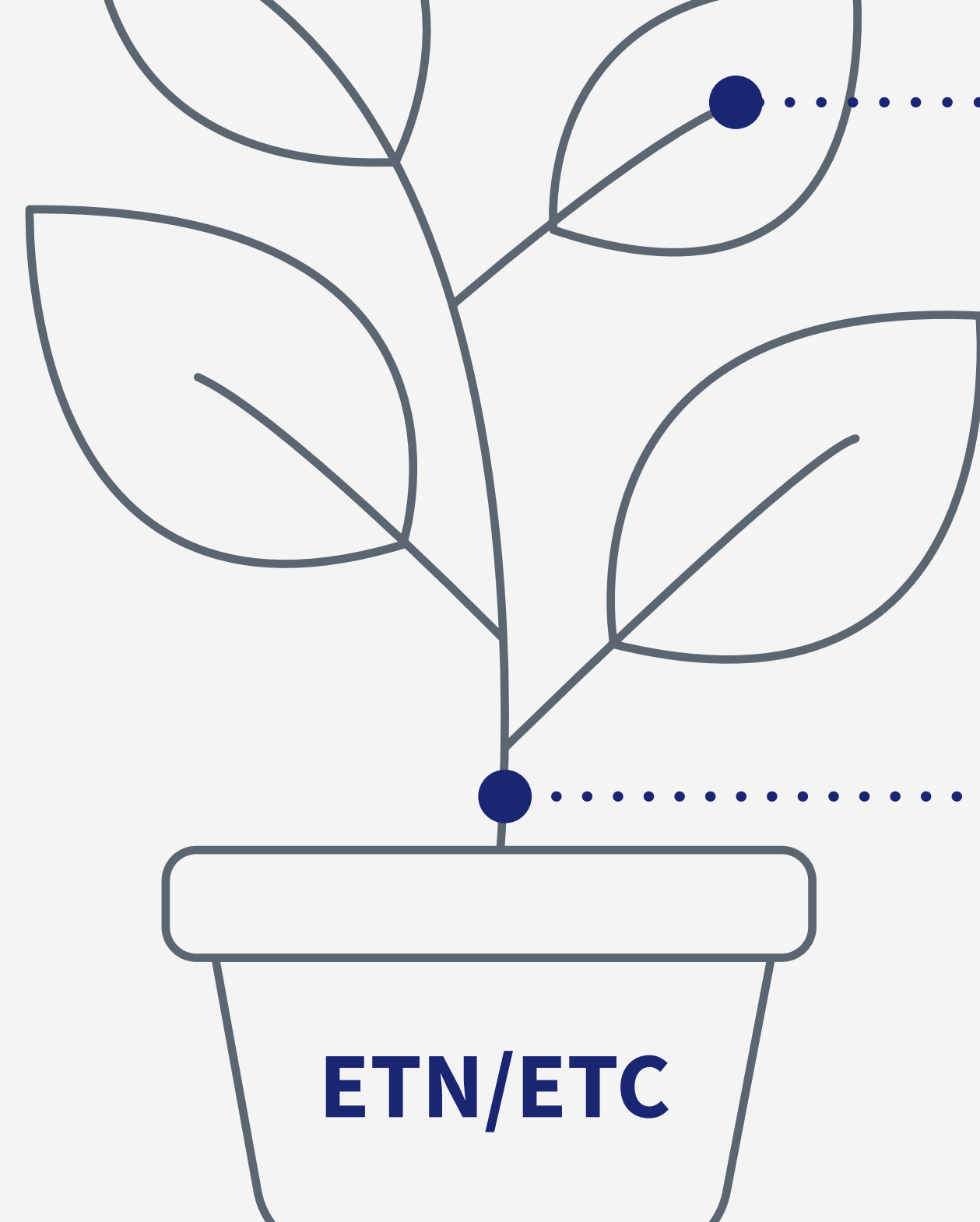
Why do they happen?
What do they mean to you?

1

You bought an Exchange-Traded Note (ETN)/ Exchange-Traded Commodity (ETC)

An **ETC/ETN** gives you access to an asset and/or leverage factor the ETF structure cannot give you access to.

The ETPs are structured as debt securities. The **Principal Amount** is a technical legal requirement of the ETPs' status as debt interests — in order to be considered a debt interest it must have a “principal” which is the minimum redeemable amount for each note.



\$

Price

Determined by formula in relevant prospectus, and based on a number of factors (underlying price, leverage, fees)

\$

Principal Amount

Set at a nominal value when the ETP is launched



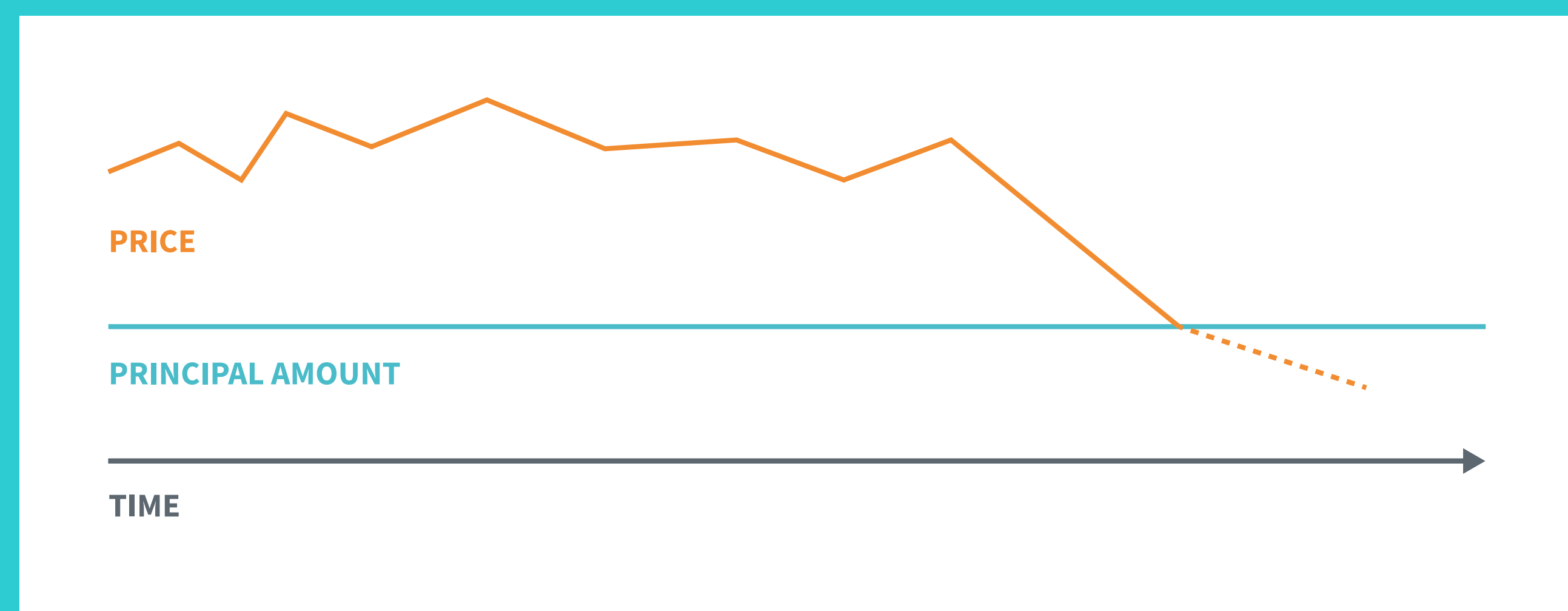
Principal Amount ≠ Price

Because the Principal Amount is independent of the price, it is possible for the price of any of the ETPs to be less than the applicable Principal Amount.

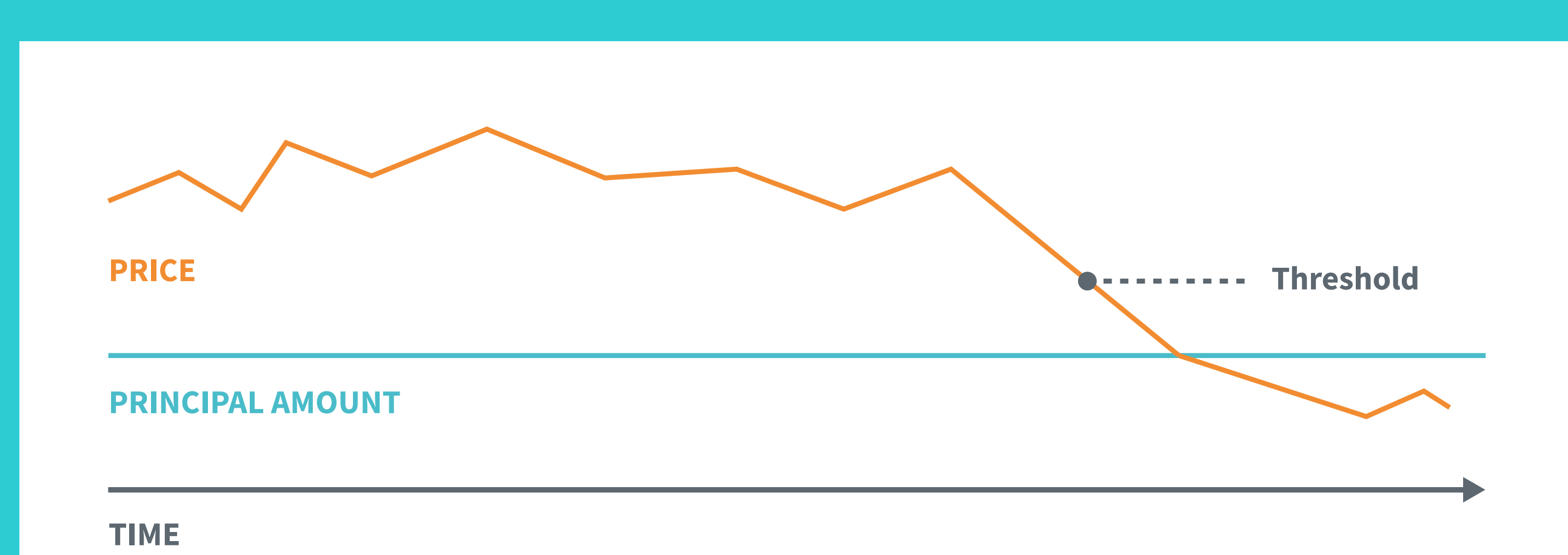
2

Your ETN/ETC and market moves

Over time, the price of an ETN/ETC changes according to market moves. In some cases, the price of the ETN/ETC can fall below the Principal Amount.



In order to keep the product open to investors, it is standard practice for exchange-traded products structured as debt interests to reduce the principal amount whenever the current price of the ETN/ETC gets near to or falls below a set threshold in relation to the Principal Amount*.

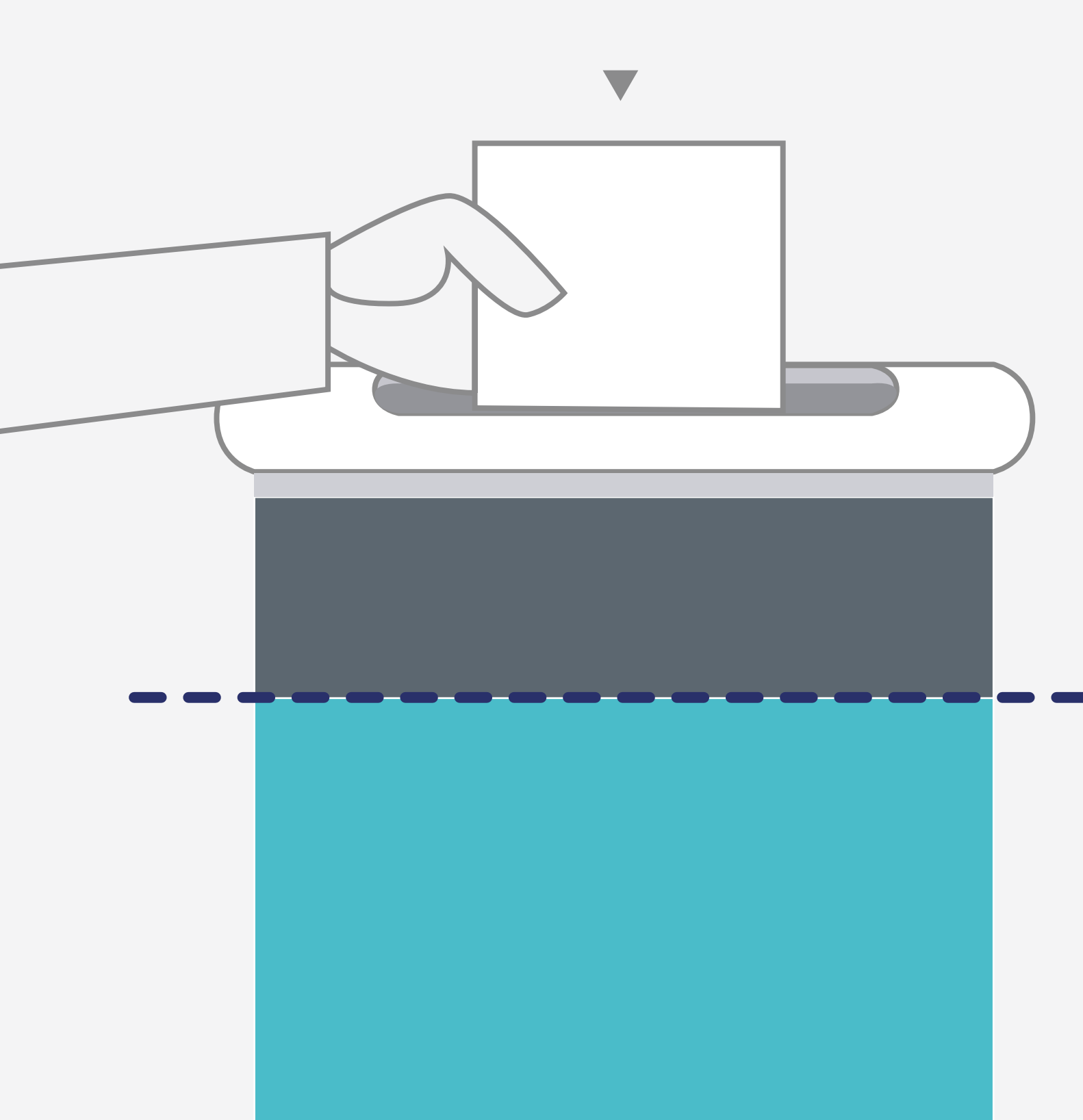


*The specific threshold to trigger a principal amount reduction varies according to the issuer of the ETN/ETC. For more information on a specific ETN/ETC, see relevant prospectus.

3

What happens when price reaches the threshold?

A vote is put to the holders of the ETN/ETC to reduce the Principal Amount



If the **vote passes**, the Principal Amount is reduced, allowing the ETC or ETN to remain open.

75% majority

If the **vote does not achieve a 75% majority**, the issuer may be left with no other option than to compulsorily redeem all investors and shut the ETN/ETC.

4

What is the impact of the vote on the future of the ETN/ETC?

The reduction of the Principal Amount **DOES**



Allow investors that do not want the ETN/ETC to be shut to continue holding it

The reduction of the Principal Amount **DOES NOT**



Dilute an investor's holding or reduce the value of the investor's holding



Negatively impact the ability of the investor to trade the ETN/ETC



Affect the amount an investor would, in practice, receive on redemption of the ETN/ETC