

Understanding Counterparty Risk

Boost is an award winning Exchange Traded Product (“ETP”) provider and is independent from any investment bank, swap provider, trustee or custodian. Boost ETPs have a robust and transparent collateral structure, which Boost believes offers ETP investors a best of breed counterparty risk model, where ETP investors’ interests are aligned with Boost.

Ring-Fenced Special Purpose Vehicle (SPV)

Boost ETPs are issued by Boost Issuer PLC (the “**Issuer**”), an Irish domiciled bankruptcy remote SPV, under a programme for the issue of fully collateralised ETPs. The Issuer enters into swap transactions with one or more leading investment banks (each a “**Swap Provider**”) to achieve the return of each ETP. The return from the swap transactions provides the Issuer with the funds to meet its payment obligations under the ETPs. Credit exposure to the Swap Provider is minimised through posting high quality collateral by each Swap Provider to the Issuer. The Issuer has full ownership of the collateral which is secured for the benefit of ETP investors.

Swap Provider and Swap Transactions

BNP Paribas Arbitrage (“**BNPPA**”) is the initial Swap Provider to the Boost Platform. BNPPA is a fully owned subsidiary of BNP Paribas, an A+ rated (Source: Standard and Poor’s, February 2013) global investment bank. BNP Paribas has guaranteed the obligations of BNPPA under its swaps. The swaps are reset daily, which minimises credit exposure to the Swap Provider. Further Swap Providers may be added to the Boost Platform in the future and will also be required to post collateral to a separate segregated account.

Collateral and Cash Movement

Collateral requirements are calculated on a daily basis, and collateral movements occur as a result of a) net creations or redemptions of ETPs and b) the net daily change in the value of all outstanding ETPs. ETP creation proceeds due to the Swap Provider are only paid once the required collateral has first been delivered to the Issuer’s account by the Swap Provider. Similarly, where cash is due from the Swap Provider to fund ETP redemption payments, collateral will only be returned once the cash has first been received into the Issuer’s account from the Swap Provider. This ensures that the ETPs remain fully collateralised. Each day the total value of outstanding ETPs is calculated using the previous day’s closing prices and is compared to the value of the collateral (after applying relevant “haircuts”). Collateral is then transferred by or to the Swap Provider to ensure that its obligations remain fully collateralised.

Collateral Administrator and Trustee

Bank of New York Mellon (“**BNYM**”) has been appointed as the Collateral Administrator for the Issuer. BNYM is an AA- rated (Source: Standard and Poor’s, February 2013) global company, with over \$26.7 trillion (Source: BNY Mellon, February 2013) in assets under custody and administration. All collateral is delivered to an account in the name of Boost Issuer PLC at BNYM and is independently valued and monitored by BNYM on a daily basis. To provide greater transparency the Issuer publishes the current collateral holdings on its website each day (www.boostetp.com). The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”) has been appointed as Trustee and Security Trustee for ETP investors. The Trustee is independent of the Issuer and manages and protects the interests of ETP investors.

Swap Provider Default Event

In the event that a Swap Provider defaults on its obligations a replacement Swap Provider may be sought. If this is not possible, the Trustee will be responsible for approving any transfer or sale of the Issuer’s assets for the benefit of ETP investors, including instructing BNYM with regards to the collateral (for example, such as the appointment of a liquidation agent to realise the collateral). Although there is no guarantee that the liquidation proceeds will meet the obligations of the defaulting Swap Provider, the liquid and diversified nature of the collateral aims to mitigate such risks. Posted collateral is segregated from each Swap Provider so as to limit contamination between Swap Providers should a Swap Provider default.

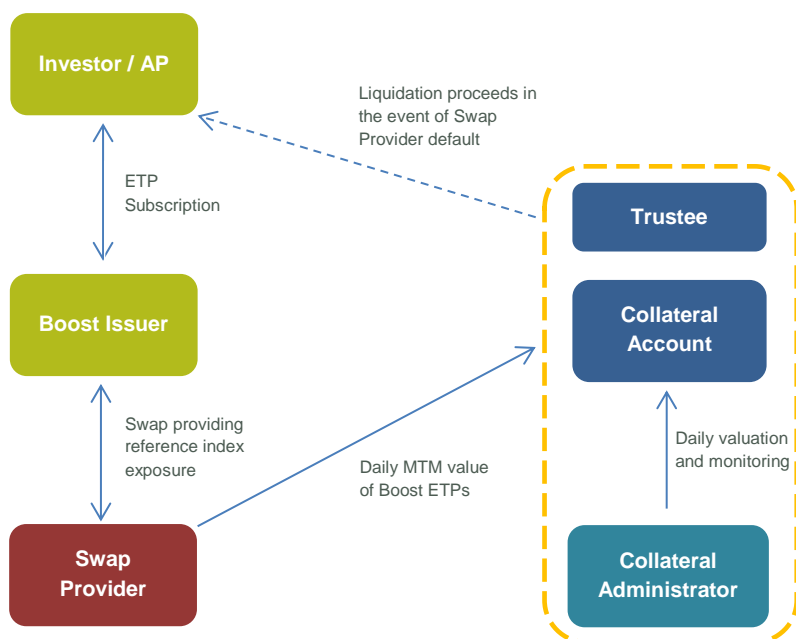
Eligible Collateral

Boost’s eligible collateral consists of liquid and diversified assets. The collateral consists of a minimum 20% in sovereign bonds (minimum rating of AA) and blue chip equities. Agreed “haircuts” are applied to BNYM’s independent market value of the collateral. A unique feature of Boost’s collateral structure is that where a Swap Provider’s credit rating decreases (based on the middle rating of three independent credit agencies), then the minimum allocation to bonds will increase in increments of 20% for each rating band. The reverse is also true for a ratings increase. Where an asset fails to meet Boost’s eligibility criteria, that asset will be excluded from the collateral’s valuation. Details of Boost’s Eligible Collateral criteria are set out in the Base Prospectus with a summary on the Issuer’s website:

www.boostetp.com/Documents/Collateral_Schedule.pdf.



Boost Collateral Structure



(Source: Boost ETP LLP)

Comparison Table of Boost ETPs vs. Similar Products

| | Boost ETPs | ETFs | ETNs | Structured Products |
|---------------------------------------|---|---|-----------------------|----------------------------|
| Exchange Listed | Yes | Yes | Yes | No |
| Ring-fenced structure | Yes | Yes | No | No |
| Counterparty Risk | Yes – but mitigated through 100% collateralisation and ring fencing of assets | Yes – but UCITS rules caps exposure at 10% per counterparty | Yes, 100% bank credit | Yes, 100% bank credit |
| Daily Over Collateralisation | Yes | Sometimes | N/A | N/A |
| Platform independent of Swap Provider | Yes | Some are | No | No |
| Eligible Collateral | Blue chip equities + minimum 20% in sovereign bonds with minimum AA rating | Depends on Issuer and underlying index | N/A | N/A |
| Transparency of collateral holdings | Full – collateral holdings published daily to website | Generally yes | N/A | N/A |
| Potential for multiple Swap Providers | Yes | Some | Some | N/A |
| Independent Custodian | Yes | Some | N/A | N/A |
| Independent Trustee | Yes | Some | N/A | N/A |



About Boost ETP

Boost is an award winning ETP provider, one of few independent providers of specialised Exchange Traded Products (ETPs) in the European market and is the first to focus on 3x Leveraged and 3x Short ETPs. Boost brings something new to the European market with the aim of adding value to investors. This is in contrast to the broad 'supermarket' offerings that the majority of ETP Issuers provide today. Boost's offering targets sophisticated investors including day traders, stock brokers, wealth managers, high frequency traders and institutional investment managers.

Boost ETP's key features include:-

- **Independence** - Boost is an independent boutique ETP provider. Boost is independent from any investment bank, swap provider, market maker, trustee or custodian.
- **Best of breed** – Boost's founders have over 20 years of experience in the ETP market. With that experience, plus the wealth of experience provided by Boost's world class service providers, investors are able to enjoy efficient products with liquidity, strong counterparty risk management and relatively low costs.
- **Transparency** – Boost discloses all fees, collateral holdings and details on its website each day.
- **Innovative and nimble** - Boost aims to be a leader in innovation. This will be evidenced by the ETPs issued, as well as the product development and market research behind the products.
- **Focused and specialised** - Boost's strategy differs from the existing ETP issuers by not focusing on being everything to everyone.
- **Education** - Boost will focus on providing all the educational and thought leadership tools needed by investors.

Contact Us

If you would like further information about Boost ETP's product range or any of the content within this fact sheet, please email info@boostetp.com, or call +44 (0)20 3515 0050.

Disclaimer

This communication has been provided by Boost ETP LLP which is an appointed representative of Mirabella Financial Services LLP which is authorised and regulated by the Financial Conduct Authority.

The products discussed in this document are issued by Boost Issuer PLC (the "Issuer") under a Prospectus approved by the Central Bank of Ireland as having been drawn up in accordance with the Directive 2003/71/EC. The Prospectus has been passported from Ireland into the United Kingdom and is available on the websites of the Central Bank of Ireland and the Issuer. Please read the Prospectus before you invest in any Exchange Traded Products ("ETPs"). Neither the Issuer nor Boost ETP LLP is acting for you in any way in relation to the investment to which this communication relates, or providing investment advice to you. The information is not an offer to buy or sell or solicitation of an offer to buy or sell any security or investment. You are advised to seek your own independent legal, investment and tax or other advice as you see fit.

The value of an investment in ETPs may go down as well as up and past performance is not a reliable indicator of future performance. An investment in ETPs is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

ETPs offering daily leveraged or daily short exposures ("Leveraged ETPs") are products which feature specific risks that prospective investors should understand before investing in them. Higher volatility of the underlying indices and holding periods longer than a day may have an adverse impact on the performance of Leveraged ETPs. As such, Leveraged ETPs are intended for financially sophisticated investors who wish to take a short term view on the underlying indices. As a consequence, Boost ETP LLP is not promoting or marketing Boost ETPs to Retail Clients. Investors should refer to the section entitled "Risk Factors" and "Economic Overview of the ETP Securities" in the Prospectus for further details of these and other risks associated with an investment in Leveraged ETPs and consult their financial advisors as needed.

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