



LCF
EDMOND DE ROTHSCHILD
ASSET MANAGEMENT (C.I.) LIMITED

Structured Product Ideas – January 2010

USD 6 month Dual Currency Deposit

This note is designed for investors who believe that the USD will either remain rangebound or weaken against EUR over the next 6 months. At outset, the investor pays an initial USD premium. At maturity, a coupon will be paid to the investor in USD irrespective of the EUR/USD currency exchange rate. The investor's initial premium will be returned in either USD or EUR depending on whether the EUR/USD exchange rate has passed through a strike level (set at the outset of the note) at maturity. The distance of this strike level from the current exchange rate is determined by the client's risk appetite. The strike level will be closer to the current exchange rate if the client is more comfortable with risk. As a result, the interest payable over the deposit period will be higher and the risk of conversion higher.

For example, using a reference EUR/USD rate of 1.4550 and a strike level of 1.4050, we could pay a coupon of 1.5% (3.0% annualised) at maturity. If at maturity, the EUR/USD rate is above the strike level, the investor receives his initial premium in USD. Otherwise, the premium is returned in EUR (converted at the initial strike level). If we set the strike level closer to the current rate, the coupon increases. For example, based on a strike level of 1.4255, we could pay a coupon of 2.0% (4.0% annualised).

Different maturities and/or currency pairings can be investigated at the behest of the client.

GBP 5 yr Capped World Equity Index Basket Note

Over a 5 year maturity, we can provide participation to a world equity index basket that includes some emerging market exposure. This note would provide 100% capital security in 5 years and 100% participation to the first 60% rise in a basket of 45% S&P500, 25% DJ Eurostoxx50, 10% FTSE100, 10% Nikkei225 and 10% iShares MSCI Emerging Markets Fund. The terms include averaging of the basket level of the final year (13 monthly observations) to reduce volatility.

USD 3 yr Capital Guaranteed Global Titans Income Note

This note guarantees to return 100% of nominal in 3 years and also provides a coupon linked to a basket of equities. The basket comprises the top 20 constituents of the Dow Jones Global Titans index (capitalisation weighted). The current top 20 stocks are shown in the following table.

	Ticker	Stock
1	XOM UN Equity	Exxon Mobil Corp
2	MSFT UW Equity	Microsoft Corp
3	HSBA LN Equity	HSBC Holdings PLC
4	BP/ LN Equity	BP PLC
5	AAPL UW Equity	Apple Inc
6	PG UN Equity	Procter & Gamble Co/The
7	JNJ UN Equity	Johnson & Johnson
8	GE UN Equity	General Electric Co
9	NESN VX Equity	Nestle SA
10	IBM UN Equity	International Business Machines Corp
11	JPM UN Equity	JPMorgan Chase & Co
12	T UN Equity	AT&T Inc
13	CVX UN Equity	Chevron Corp
14	PFE UN Equity	Pfizer Inc
15	FP FP Equity	Total SA
16	BAC UN Equity	Bank of America Corp
17	GOOG UW Equity	Google Inc
18	CSCO UW Equity	Cisco Systems Inc
19	SAN SQ Equity	Banco Santander SA
20	BHP AU Equity	BHP Billiton Ltd

Calculation of the coupon takes place at each annual observation point based on the basket return with the performance of each stock being capped at +3.5%. The minimum coupon payable is 1.0% per annum whilst the maximum payable is 3.5% per annum.

USD 5 yr Capital Secure Commodity Linked Coupon Paying Note

For investors looking for commodity exposure, we can source terms that provide 100% capital security in 5 years along with a guaranteed 2.25% annual coupon. In addition, the investor receives exposure to the upside performance of a diversified commodities basket. The basket comprises Crude Oil, Gold, Silver, Aluminium, Copper, Nickel, Zinc, Corn, Wheat and Sugar. At maturity, the returns of the top four performing commodities in the basket are replaced by +50%. Some examples of returns are set out in the tables below.

Bullish Commodity Scenario		
Commodity	Basket Return	Modified Basket Return
Crude Oil	100%	50%
Gold	95%	50%
Silver	92%	50%
Aluminium	86%	50%
Copper	76%	76%
Nickel	75%	75%
Zinc	60%	60%
Corn	33%	33%
Wheat	16%	16%
Sugar	12%	12%
Overall Return	645% / 10 = 64.5%	472% / 10 = 47.2%

Bearish Commodity Scenario		
Commodity	Basket Return	Modified Basket Return
Crude Oil	23%	50%
Gold	22%	50%
Silver	10%	50%
Aluminium	5%	50%
Copper	2%	2%
Nickel	-3%	-3%
Zinc	-4%	-4%
Corn	-15%	-15%
Wheat	-20%	-20%
Sugar	-40%	-40%
Overall Return	-20% / 10 = -2.0%	120% / 10 = 12.0%

It is true that the structure would underperform in a strong bull market. However, the payout profile is quite attractive - the annual coupon is paid in all circumstances. Additionally, after the top four performers are replaced with a performance of +50%, the average performance of the remaining 6 basket constituents would need to be -33% before the investor receives no further return.

Five Year Capped Growth Notes

These structures provide 100% participation to their respective underlying indices by including a cap on the maximum potential upside. Full capital security is provided in all cases at maturity in 5 years whilst the investor participates in the first n% rise in the index where n is stated in the table below.

Index	Participation Cap (% of initial strike)		
	GBP	EUR	USD
FTSE100	160	130	145
S&P500	135	120	135
DJ Eurostoxx50	170	145	185
Nikkei225	125	115	125

Termsheets with further details for all of the above structures are available on request.

All terms are indicative and subject to change.