



# EURONEXT®FRANCE GERMANY LEADERS 50 EW DECREMENT 5% INDEX

MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | AUGUST 2020

ALPHA | BETA | ENHANCED BETA

Euronext® France Germany Leaders 50 EW Decrement 5% Index, a smart access to the two leading economies of the Eurozone

Currency	Type of index	Live date	Bloomberg code	Reuters code
EUR	Adjusted Return	23 June 2017	EFGED Index	EFGED

## INVESTING IN THE LONGTIME LEADERS OF THE EUROZONE<sup>1</sup>



German equities **market's** new record high<sup>2</sup> reflects a strong and healthy economy:

- Very low unemployment rate (3.4% in July 2018)<sup>3</sup> with a continuous salary growth since 2014<sup>4</sup>
- GDP growth rate at five-year high (2.2% in 2017)<sup>5</sup>
- Europe's leading exporter of goods and services since 1970<sup>6</sup>



French equities are supported by positive elements following **Macron's** business-friendly initiatives:

- A target corporate tax rate cut from 33.3% to 25.0% over the next 5 years<sup>7</sup>
- Corporates' operating profit margin recovery<sup>8</sup>
- Unemployment rate at five-year low (9.2% in July 2018)<sup>9</sup>

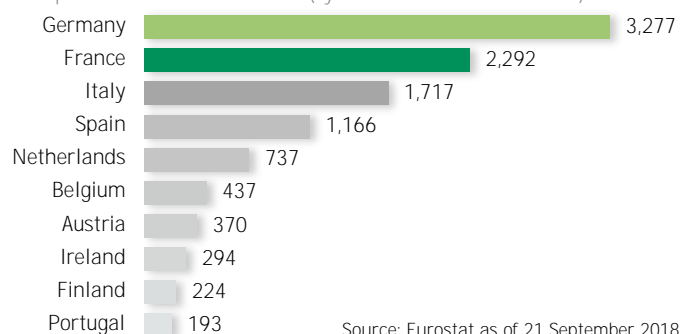
<sup>1</sup>GDP (in current EUR) of Germany and France are the two largest of the Eurozone within the period of 1970-2017. Source: Eurostat as of 21 September 2018. <sup>2</sup>Germany's DAX set new all-time high of 13,560 on 23 January 2018. Source: Bloomberg as of 31 August 2020. <sup>3</sup>Source: Eurostat as of 18 September 2018. <sup>4</sup>Source Destatis.de as of 03 July 2017. <sup>5</sup>Source: World Bank as of 21 September 2018. <sup>6</sup>Export value in 2017 picked up 6.3% to EUR 1.28tn, setting a new all-time record high, source: Destatis.de, as of 08 February 2018. <sup>7</sup>EUR 10B tax cuts would represent around 10% of corporate profits. Source: AMECO and Exane BNP Paribas as of 10 May 2017. <sup>8</sup>Corporate' operating profit margins are close to pre-crisis level and should continue to benefit from lower tax bills. Manufacturing companies' margin are back at 2002 highs. Source: INSEE and Exane BNP Paribas as of 10 June 2016. <sup>9</sup>Lowest level since the first quarter of 2012. Source: Eurostat as of 18 September 2018.

## FRANCE AND GERMANY



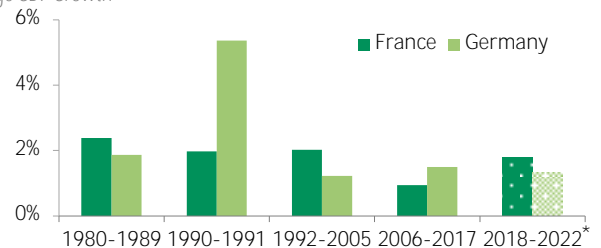
- For decades, Germany and France have in turn played the leading role in the Eurozone economy:
  - The two countries are the largest GDP generators of the Eurozone (See upper chart)
  - After 12 years being surpassed by Germany, French GDP is projected to grow stronger than its neighbour's in the upcoming years<sup>10</sup> (See lower chart)
  - For 20 years, productivity of France and Germany have topped the four Eurozone giants and the gap continues to be substantial across the five-year forecast horizon, according to Bloomberg Economics<sup>11</sup>
- Germany and France showed greater resilience than their Southern European peers during the recent subprime and Euro crises<sup>12</sup>
- As a pro-European leader, **Macron's** presidency signals the revival of the so-called Franco-German engine, which has provided political impetus to the EU in general and the Eurozone in particular over the past decades

Top 10 Eurozone countries in 2017 (by GDP Nominal in billions of EUR)



Source: Eurostat as of 21 September 2018.

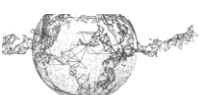
Average GDP Growth



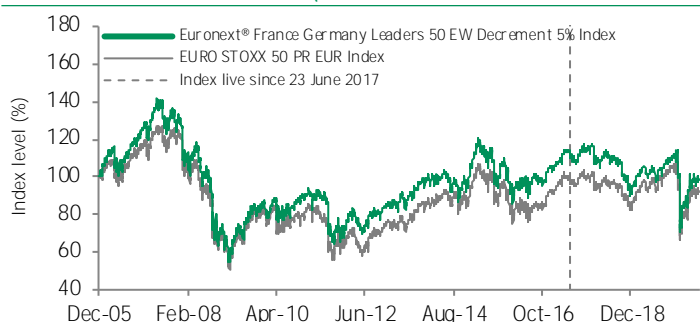
Source: Exane BNP Paribas, as of June 2017.

\*Estimated by Exane BNP Paribas.

<sup>10</sup>Source: Exane BNP Paribas, as of June 2017. Exane BNP Paribas' projected average growth rates for France and Germany are 1.75% and 1.33% respectively in the period of 2018-2022. <sup>11</sup>Source: Bloomberg Economics Research as of 09 June 2018. Productivity is a crucial indicator to measure economic resilience and ultimately create the conditions for salaries to rise. <sup>12</sup>During the period of 2009 to 2014, the average GDP growth rate of Germany and France were 0.78% and 0.47% respectively while the figures for the Eurozone, Portugal, Italy, Spain and Greece were -0.14%, -1.20%, -1.28%, -1.30% and -4.85% respectively. Source: World Bank as of 30 November 2017.



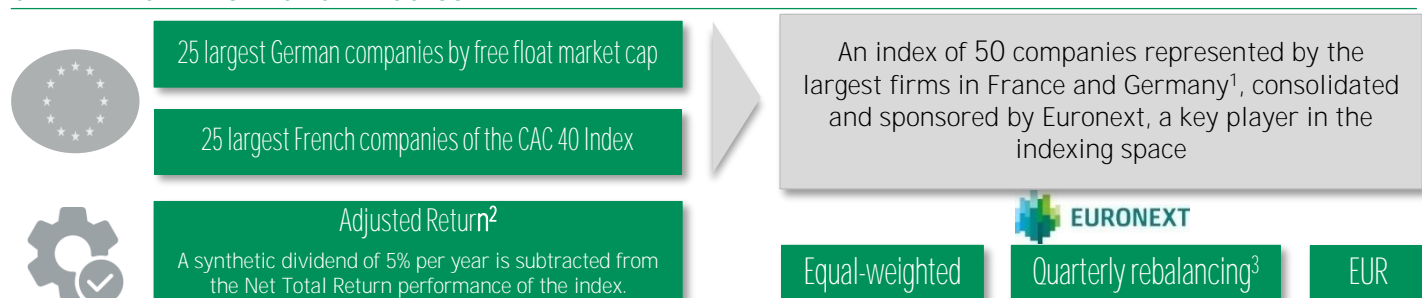
## PERFORMANCE ANALYSIS (SIMULATIONS UNTIL 22 JUNE 2017)



Dec.05 – Aug. 20	Euronext® France Germany Leaders 50 EW Decrement 5% Index	EURO STOXX 50 PR EUR Index
Annualised Return	-0.11%	-0.61%
Annualised Volatility	22.07%	22.76%
Sharpe Ratio	-	-
Maximum Drawdown	-61.85%	-60.29%

Sources: BNP Paribas, Bloomberg as of 31 August 2020. Performance simulations on EFGED Index from 30 December 2005 until 22 June 2017. Historical data thereafter. Comparative index: EURO STOXX 50 PR EUR Index, Bloomberg code: < SX5E Index >. Comparative index for illustrative purpose only. This index does not represent an official benchmark of the Strategy. Simulated or historical past performance is not an indicator of future performance.

## OVERVIEW OF THE SELECTION PROCESS



<sup>1</sup> By market capitalisation

<sup>2</sup> It means that the Index will have a lower value than it would have if gross dividends were reinvested and there was no synthetic dividend

<sup>3</sup> By the end of March, June, September and December

## INDEX COMPONENTS

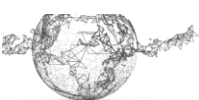
COMPANIES - GERMANY	Bloomberg code
1 adidas AG	ADS GY Equity
2 Allianz SE	ALV GY Equity
3 BASF SE	BAS GY Equity
4 Bayer AG	BAYN GY Equity
5 Bayerische Motoren Werke AG	BMW GY Equity
6 Daimler AG	DAI GY Equity
7 Delivery Hero SE	DSHE GY Equity
8 Deutsche Bank AG	DBK GY Equity
9 Deutsche Boerse AG	DB1 GY Equity
10 Deutsche Post AG	DPW GY Equity
11 Deutsche Telekom AG	DTE GY Equity
12 Deutsche Wohnen SE	DWNI GY Equity
13 E.ON SE	EOAN GY Equity
14 Fresenius Medical Care AG Co KGaA	FME GY Equity
15 Fresenius SE Co KGaA	FRE GY Equity
16 Henkel AG Co KGaA	HEN3 GY Equity
17 Infineon Technologies AG	IFX GY Equity
18 Linde PLC	LIN GY Equity
19 Merck KGaA	MRK GY Equity
20 Munich Re	MUV2 GY Equity
21 RWE AG	RWE GY Equity
22 SAP SE	SAP GY Equity
23 Siemens AG	SIE GY Equity
24 Volkswagen AG	VOW3 GY Equity
25 Vonovia SE	VNA GY Equity

COMPANIES - FRANCE	Bloomberg code
1 Air Liquide SA	AI FP Equity
2 Airbus SE	AIR FP Equity
3 AXA SA	CS FP Equity
4 BNP Paribas SA	BNP FP Equity
5 Capgemini SE	CAP FP Equity
6 Cie Generale des Etablissements Michelin SCA	ML FP Equity
7 Danone SA	BN FP Equity
8 Dassault Systemes SE	DSY FP Equity
9 Engie SA	ENGI FP Equity
10 EssilorLuxottica SA	EL FP Equity
11 Hermes International	RMS FP Equity
12 Kering SA	KER FP Equity
13 Legrand SA	LR FP Equity
14 L'Oréal SA	OR FP Equity
15 LVMH Moët Hennessy Louis Vuitton SE	MC FP Equity
16 Orange SA	ORA FP Equity
17 Pernod Ricard SA	RI FP Equity
18 Safran SA	SAF FP Equity
19 Sanofi	SAN FP Equity
20 Schneider Electric SE	SU FP Equity
21 STMicroelectronics NV	STM FP Equity
22 Teleperformance	TEP FP Equity
23 TOTAL SE	FP FP Equity
24 Vinci SA	DG FP Equity
25 Vivendi SA	VIV FP Equity

Sources: BNP Paribas as of 31 August 2020.

### DISCLAIMER

This document is CONFIDENTIAL AND FOR DISCUSSION PURPOSES ONLY and does not constitute an offer or a solicitation to engage in any trading strategy or to purchase or sell any financial instruments or to enter into any transactions. Given its general nature, the information included in this document does not contain all the elements that may be relevant for an investor to make an informed decision in relation to any strategies or financial products or transactions discussed herein. In providing this document, BNP Paribas ("BNPP") gives no financial, legal, tax or any other type of advice to, nor has any fiduciary duties towards, recipients. Certain strategies or potential transactions discussed in this document involve the use of derivatives, which may be complex in nature and may give rise to substantial risks, including the risk of partial or total loss of any investment. The information contained in this document has been obtained from sources believed to be reliable, but BNP Paribas makes no representation, express or implied, that such information, or any opinions based thereon and contained in this document, are accurate or complete. BNP Paribas is further under no obligation to update or keep current the information contained in this document. All figures and examples are provided by way of illustration only. Any proposed investment in a security cannot be fully assessed without full knowledge and understanding of the relevant Final Terms and the Terms and Conditions contained in the relevant Base Prospectus for such Securities (as supplemented from time to time), which are not included in this document. This document is prepared for eligible counterparties and professional clients only and is not intended for, and should not be circulated to or relied upon by, retail clients (as such terms are defined in the Markets in Financial Instruments Directive 2004/39/EC ("MiFID")). BNP Paribas accepts no liability for any direct or consequential losses arising from any action taken in connection with or reliance on the information contained in this document. BNP Paribas London Branch (registered office: 10 Harewood Avenue, London NW1 6AA; tel: [+44 20] 7595 2000; fax: [+44 20] 7595 2555) is lead supervised by the European Central Bank (ECB) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR). BNP Paribas London Branch is authorised by the ECB, the ACPR and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request. BNP Paribas London Branch is registered in England and Wales under no. FC13447. www.bnpparibas.com.



**DISCLAIMER**

The content in this document/communication may contain "Research" as defined under MiFID II unbundling rules. If the document/communication contains Research, it is intended for those firms who are either in scope of the MiFID II unbundling rules and have signed up to one of the BNP Paribas Global Markets Research packages, or firms that are out of scope of the MiFID II unbundling rules and therefore not required to pay for Research under MiFID II. Please note that it is your firm's responsibility to ensure that you do not view or use the Research content in this document if your firm has not signed up to one of the BNP Paribas Global Markets Research packages, except where your firm is out of scope of the MiFID II unbundling rules.

© BNP Paribas. All rights reserved.

Euronext N.V. or its subsidiaries holds all (intellectual) proprietary rights with respect to the Index. Euronext N.V. or its subsidiaries do not sponsor, endorse or have any other involvement in the issue and offering of the product. Euronext N.V. and its subsidiaries disclaim any liability for any inaccuracy in the data on which the Index is based, for any mistakes, errors, or omissions in the calculation and/or dissemination of the Index, or for the manner in which it is applied in connection with the issue and offering thereof.

"Euronext" is/are registered trademark(s) of Euronext N.V. or its subsidiaries.

