

# Gold BUGS Tracker



The Gold BUGS Tracker (the 'Certificate') tracks the performance of the NYSE Arca Gold BUGS Index (the 'Index'), less an annual management fee. The Index reflects the share price performance of the shares of the largest publicly traded gold production companies in the world. The Certificate is listed on the London Stock Exchange, and can be traded just like a share.

## Product information

Classification	Index-linked Certificate
Issuer	The Royal Bank of Scotland plc ('RBS')
Start Date	1 December 2009
Underlying Index	NYSE Arca Gold BUGS (Basket of Unhedged Gold Stocks) Index
Issue Date	2 December 2009
Valuation Date	2 December 2019
Maturity Date	10 December 2019
Starting Index Level	500.55 USD
Issue Price	£100 per Certificate
Final Index Level	The Level of the Underlying on the Valuation Date
Currency	Pounds Sterling
Annual Management Charge	0.40% per year (This fee is deducted from the calculated value of Certificate on a daily basis.)
Settlement	Cash settlement only
Pricing Information	Daily, real time
Minimum Trade Size	One Certificate
FX Rate	The Sterling/US Dollar exchange rate as quoted on Bloomberg Page WMCO (currently published around 4pm London time)
ISIN	GB00B4LZCF09
SEDOL	B4LZCF0
TIDM	RB11

### Speak to us

If you would like to learn more about RBS Listed Products, our team can help you. Please do not hesitate to contact us.

### To find out more

Call 0800 121 6286 or visit [rbs.co.uk/markets](https://www.rbs.co.uk/markets)

### Key benefits

- Track the performance of the NYSE Arca Gold BUGS Index, which consists of the shares of the largest publicly traded gold production companies in the world that do not hedge their exposure to gold prices beyond 1.5 years
- A 1.00% bid/ask spread and the flexibility to buy or sell at any time during trading hours, under normal market conditions

### Key risks

- Your investment will be at risk if the level of the Index on the Valuation Date in December 2019 is below its Starting Index Level or if Sterling increases in value against the US Dollar. In either case you could lose some or all of your investment
- In the unlikely event that 'RBS' were to default or become insolvent, you may lose some or all of your investment and you will not be entitled to compensation from the UK Financial Services Compensation Scheme
- The market price of the Certificate may rise and fall during its life. If you sell the Certificate before the Maturity Date, you may get back less than you originally invested
- Your investment will expose you to currency exchange rate risks which will affect the value of your investment. In the event that the value of Sterling increases relative to US Dollar, you may lose some or all of your investment even if the level of the Index has increased
- RBS can redeem the Certificates early after three month's notice at their then current value. This value may be greater or less than their initial issue price or even zero

**Additional risks and considerations which you should take into account before deciding whether to invest in the Certificates are summarised on page 4 below.**

### Calculating the value of the Certificate

The Gold BUGS Tracker is designed to track the performance of the NYSE Arca Gold BUGS Index over a ten year period, less an Annual Management Charge of 0.40% per year. The value of the Certificate is re-calculated on each trading day, based on the level of the Index, the Sterling/US Dollar exchange rate, and the Annual Management Fee.

At the end of the ten year life of the Gold BUGS Tracker, the return you receive will be based on the rise or fall of the Index over the 10 year life of the Certificate and the change in the Sterling/US Dollar exchange rate, less the Annual Management Fee of 0.40% per year. For example, if the Index rises 20% from its Starting Index Level to its level on the Valuation Date and the Sterling/US Dollar exchange rate is unchanged, you will receive back 116% of the Issue Price (gross). This is calculated as the Final Index Level divided by the Starting Index Level and then subtracting 4% in Annual Management Fees (0.40% for each of the 10 years).

Alternatively, if the Index has fallen by 20% from its Starting Index Level and the Sterling/US Dollar exchange rate is unchanged you will receive a total of 76% (gross) of the Issue Price.

**These examples assume the Sterling/US Dollar exchange rate remains constant. Please see the paragraph 'Exchange Rate Risks' below for details of how changes to the Sterling/US Dollar exchange rate might affect your investment.**

### Exchange Rate Risks

In the event that the value of Sterling increases relative to the US Dollar, you may lose some or all of your investment. For example, if the Final Index Level is the same as the Starting Index Level but the FX Rate on the Valuation Date is 5% greater than the FX Rate on the Issue Date (i.e. the value of Sterling relative to US Dollar has increased by 5%) the value of your investment will be 5% lower. In this example you would receive 91% of the Issue Price. This is calculated as 95% minus 4% in Annual Management Fees (0.40% for each of the 10 years).

## Index performance



Source: Bloomberg, 30 May 2012

## Index top ten constituents

Company	Bloomberg Ticker	Weight
Goldcorp Inc	GG UN Equity	14.36%
Barrick Gold Corp	ABX UN Equity	14.28%
Newmont Mining Corp	NEM UN Equity	10.05%
Agnico-Eagle Mines Ltd	AEM UN Equity	5.87%
Cia de Minas Buenaventura SA	BVN UN Equity	5.18%
New Gold Inc	NGD UA Equity	5.18%
Yamana Gold Inc	AUY UN Equity	5.09%
Gold Fields Ltd	GFI UN Equity	4.80%
Harmony Gold Mining Co Ltd	HMY UN Equity	4.71%
AngloGold Ashanti Ltd	AU UN Equity	4.70%

Source: Bloomberg, 12 June 2012

Please note: This information refers to past performance and past performance is not a reliable indication of future performance.

## Eligibility

The Certificate can be held as a direct investment, in a SIPP (Self Invested Personal Pension) or SSAS (Small Self Administered Scheme) pension wrapper, subject to acceptance by the provider, or in an ISA (Individual Savings Account), (provided the remaining life of the Certificate is greater than five years at the time of purchase).

## How to trade

The Gold BUGS Tracker is listed on the London Stock Exchange and, in normal market conditions, can be traded like a share on any trading day through your stockbroker. It has a 1% bid/ask spread under normal market conditions and the minimum trade size is one Certificate. Transaction charges will apply from your stockbroker.

## About the Index

The NYSE Arca Gold BUGS Index currently consists of the shares of 16 of the largest and most widely held publicly traded gold production companies. The Index is designed to provide significant exposure to near term movements in gold prices by including companies that do not hedge their gold production beyond 1.5 years.

Gold production companies that hedge their gold production agree to sell as yet un-mined gold at a pre-agreed price for a pre-agreed date in the future (a 'Forward Sale'). This gives them certainty that they will be able to sell their un-mined gold when it is produced, even though the Forward Sale price they pre-agree may turn out to be less than the market price of gold at the time it is actually mined. Companies that do not hedge their gold production beyond 1.5 years do not agree Forward Sales for a date more than 1.5 years. As a result, the share price of those companies is more closely linked to movements in the market price of gold from time to time than companies who enter into Forward Sales for longer periods.

Investing in a group of global gold companies as opposed to a direct investment in gold provides exposure to both gold price and stock market movements. The Index is a modified equal dollar weighted index of companies involved in gold mining to avoid over-concentration in any one company.

### Further risks and considerations

**In addition to the key risks summarised on page 2, you should consider the following before deciding whether to invest in the Certificates:**

The return from the Certificate is dependent on both the performance of the NYSE Arca Gold BUGS Index and the Sterling/US Dollar exchange rate.

If the return you receive is not equal to or above the rate of inflation over the life of the Certificate the real value of your investment will fall as your money will buy you less than it would have done when you invested it.

The value of commodities is volatile and subject to market conditions. For example, the value of a commodity is subject to the supply of and/or demand for such commodity and whether or not any alternatives to that commodity exist. Additionally commodity prices can be influenced by the prevailing political climate and government stability in commodity producing nations. Current market conditions for a commodity do not guarantee the performance demand or supply of that commodity in the future.

Your money is not directly invested in the Underlying Index but is invested in a Certificate that is an unsecured debt obligation of RBS, the value of which is calculated by reference to the value of the Underlying Index.

Subject to any technical problems, RBS will endeavour to offer a secondary market in line with LSE rules and market making obligations. RBS may be the only market maker in the Certificate which may affect liquidity.

RBS is entitled to adjust the terms of the Certificates, determine the level of the Underlying Index on any day from another source or in another manner and delay the Valuation Date or any other date for determining the level of the Index or the Maturity Date in respect of the Certificates in certain circumstances, for example if the Index Level cannot be determined on a particular day due to a suspension or limitation of trading or other disruption to trading or early closure of the London Stock Exchange or any other exchange where RBS considers trading has a material effect on the overall market for financial instruments in relation to the Underlying.

Your investment is different from having a bank deposit with RBS in that, if RBS fails to pay you what it owes you, your investment will not be covered by the UK Financial Services Compensation Scheme.

Any tax comments contained within this document are indicative only and are based on RBS' understanding of current law and practice. These comments are not intended to be, nor should they be regarded as, legal or tax advice.

The precise tax treatment of a holder of the Certificate will depend on the holder's individual circumstances and on the applicable terms of the Certificate under the law and practice at the relevant time.

Prospective investors in the Certificate should consult their own tax advisers to obtain advice about their particular tax treatment in relation to their holding such Certificate. The tax treatment of the Certificates can be complex and the level and basis of taxation may change during the life of the Certificate. All amounts are shown on a gross basis, before any tax.

Before you invest in this product, you must ensure that you fully understand the potential risks and return of this and/or any related transaction and determine it is appropriate for you given your objectives, experience, financial and operational resources and other relevant circumstances. If you have any doubts about this product, you should consult with a financial adviser.

A prospectus has been prepared and made available to the public. You should not invest in this product except on the basis of the information contained in the prospectus. You may obtain copies of the prospectus on the RBS website, the London Stock Exchange website and in hard copy from us.

[rbs.co.uk/markets](http://rbs.co.uk/markets)

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Published: May 2012 [TAL]