

PRESS RELEASE

BNP Paribas launches Tracker Certificates on the Solactive Founder-run Companies Total Return Index

A usual question among investors is the question which stocks will outperform their benchmark. An interesting factor here: the influence of the founder of the company in subsequent years.

That companies, whose founders are still operationally active in their company, operate economically seems reasonable. And that their stocks often outperform others, is also proven by studies. Therefore founder-run companies are very popular on the stock market. Via tracker certificates on the Solactive Founder-run Companies TR Index BNP Paribas now offers investors access to 30 founder-run businesses. The shares are equally weighted; up to ten shares of a sector can be considered in the Index. Voting rights of the founder shall not exceed 50 percent. This ensures that the founders will retain a high impact, but at the same time cannot act completely against the interests of shareholders.

Success factors of founder-run companies

Passionate about the company. While hired CEOs occupy their position for just eight years on average, founder CEOs are frequently looking towards their lifetime achievement and to change the world with a new product or service. Facebook's Mark Zuckerberg wrote in a letter to investors at the time of the company's IPO that Facebook was not originally created as a company, but as a social project to make the world more open and to build a network. The social network he and his employees created does not offer services in order to make money, but makes money in order to be able to offer better services. This strategy is also purported to benefit investors in the long term. According to the above study, one of the reasons for the success of founder-run companies could be that both founder and employees have a greater degree of motivation and pride. The boss is proud of the company that he created and nurtured to full bloom. Employees are happy to be working for an industry visionary and are more committed to their work than employees in other companies.

Brilliant and innovative. Successful founders are generally driven by an unusually high innovation power. They invent new things and solve problems. This is one of the reasons why many founder-run companies are based in Silicon Valley and are listed on the Nasdaq. According to a study by FactSet Research, one third of the 50 corporations with the best share performance and a market capitalisation of over 10 billion US dollars are managed by their founders. Elon Musk, the pioneering founder and CEO of Tesla Motors, established the company in order to make electric cars attractive and affordable for a wide public. Developing brilliant innovations usually requires significant investment and expenditure on research and development. The study found that companies which are run by founders spend up to 8.8 per cent more on R&D than other companies.

Outperformance. The above factors seem to have a statistically significant impact on share performance. Rüdiger Fahlenbrach, a professor of finance who currently works at Lausanne's Ecole Polytechnique Fédérale, reported in a 2007 study of 2,327 large, listed US-corporations for the period between 1993 and 2002 that the shares of the eleven per cent of these companies which were run by



their founders outperformed their benchmark index by 8.3 per cent every year. Even if special factors were taken into account, an excess return of 4.4 per cent remained.

About the index:

The Solactive Founder-run Companies TR Index focuses on companies that are managed by their founders. It consists initially of 30 shares of different sectors and countries which are equally weighted at launch. No more than 10 stocks from a sector can be represented in the index. Founders' voting rights may not exceed 50%. This ensures that the founder retains a high level of influence, but cannot completely go against the interests of shareholders.

In addition to the above criteria, admission to the index requires a free float minimum market capitalisation of 1 billion US dollars and an average minimum daily trading volume over the previous three months of 1 million US dollars. The shares are determined and weighted in the index every year on the basis of these selection criteria.

Dividends and other distributions relating to the equities contained in the index are reinvested after deducting any taxes.

Tracker Certificates

The tracker certificates on the Solactive Founder-run Companies TR Index represent the performance of the underlying index one to one, less fees. The tracker certificates are open for subscription until 10 September 2015 and can be traded daily at the usual trading times on SIX Structured Products Exchange from 18 September 2015.

Product information

Product	Solactive Founder-run Companies TR Index Tracker-Certificates		
Trading currency	CHF	EUR	USD
Issue price	CHF 100	EUR 100	USD 100
Valoren number	29162416	29162417	29162418
Symbol	FOUNDC	FOUNDE	FOUNDU
ISIN	CH0291624168	CH0291624176	CH0291624184

Underlying	Solactive Founder-run Companies TR Index
Underlying currency	USD
Issuer	BNP Paribas Arbitrage Issuance B.V., Rating: A+ (S&P)
Guarantor	BNP Paribas SA, Rating: A+ (S&P), A1 (Moody's), A+ (Fitch)
Type of product	Tracker Certificate (SSPA product type: 1300)
Subscription period	17 August 2015 until 10 September 2015
Fixing date	11 September 2015
Issue date	18 September 2015
Listing	Listing on SIX Swiss Exchange will be applied for
Maturity	Open End – no fixed expiration date
One-off distribution fee	1%
Running fee for Tracker Certificates	1% p.a.
Underlying	Solactive Founder-run Companies TR Index
Underlying currency	USD
Issuer	BNP Paribas Arbitrage Issuance B.V., Rating: A+ (S&P)



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