NERTI

NAB Equity Referenced Term Investments or “NERTIs” are short term equity referenced investments issued by NAB. NERTIs may be suitable for wholesale investors with a view on or an interest in equities that are looking for enhanced income returns for terms between 1 month and 364 days.

NERTIs provide you with the flexibility to generate an enhanced income return by referencing your investment to an underlying equity. The enhanced income return, referred to as the Income Rate, rewards you for taking the risk that you may be delivered shares in your chosen equity which may be worth less than your original investment amount.

NERTIs give you the flexibility to customise the risk and return of your investment. You select:

* the Australian equity that your NERTI references;
* the term, between 1 month and 364 days; and
* the price at which your original investment amount is placed at risk at maturity, referred to as the Reference Price.

NAB makes NERTIs available over a wide range of Australian equities.

NERTIs have two key features you should understand:

The first key feature is the Income Rate.

NERTIs pay an Income Rate following maturity, regardless of the performance of the equity you choose to reference.

The Income Rate is defined from the start of your NERTI and determined by NAB. Two of the key factors that determine the Income Rate are:

1. Your chosen equity, called the “Reference Security”; and
2. Your chosen Reference Price, relative to the current price of your chosen equity.

Where you set your Reference Price, relative to the current price of your chosen equity will determine your Income Rate. A higher Reference Price will result in a higher Income Rate

The second key feature is the return of your original investment amount.

It doesn’t matter how the price of your chosen equity fluctuates during the term of your NERTI. The repayment of your original investment amount is determined by the price of your chosen equity at maturity. There are generally 2 outcomes:

If the maturity price is:

1. greater than your Reference Price, you will receive your original investment amount; or
2. less than or equal to your Reference Price, NAB will deliver you shares in the Reference Security at the Reference Price. The shares you are delivered will have a value less than or equal to your original investment amount.

A NERTI gives you the flexibility to customise the risk return characteristics of your investment. Setting your Reference Price higher, relative to the current price of the Reference Security, provides you with a higher Income Rate but comes with the greater risk of you being delivered shares in your chosen equity at maturity.

Before you invest in NERTIs, it is important that you understand how they work, the risks associated with investing in a NERTI and whether this is the right product for you.

For further information please contact your NAB representative or visit nab.com.au/nerti

NAB. More than money.

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