

World of Structured Products

The book relating to the SSPA Swiss Derivative Map®

«The new
reference book
for Structured
Products.»



Inside Structured Products – The Book Associated with the SSPA Swiss Derivative Map®

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WORLD OF STRUCTURED PRODUCTS

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SSPA SWISS DERIVATIVE MAP[©]

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01 Introduction

The launch of the SSPA Swiss Derivative Map® coincides with the new edition of «Inside Structured Products – The Book Associated with the SSPA Swiss Derivative Map®». The book features a number of new additions and adaptations. Part of the Swiss Products Association's (SSPA) campaign for spreading knowledge, the written work presents both a comprehensive overview and an expert introduction into the world of Structured Products. In light of the positive response to the first edition, the content has been expanded and enhanced. In addition to adaptations to the latest Map, there is a stronger focus on real-life applications.

The book for the SSPA Swiss Derivative Map® addresses a wide audience, from newcomers to financial experts. It enables every reader to better understand Structured Products and their properties through detailed descriptions of the most widely known product types, objective discussion of opportunities and risks, as well as, a comprehensive overview of the individual components.

Structured Products are, often inaccurately, prejudged as obscure speculation securities. However, one thing is certain that Structured Products have a clearly defined payoff profile at the time of issue and at expiry. Furthermore, most strategies (with the exception of leverage products) have a lower level of market risk than e.g. shares. Structured Products are available in a variety of forms. This is the only way to be able to offer strategies which allow desired yields even during periods of low interest rates or sideways markets. Fees (excluding those for transactions and custody fees) are generally already included in the price and no further costs are incurred during maturity. There are exceptions, though, in the form of mini futures, tracker certificates and constant leverage certificates, whose construction does not allow for fees to be incorporated into the issue price.

The saying «there's no such thing as a free lunch» is applicable to all financial products and Structured Products are no exception. Potential yields are foregone to finance the desired tailored strategy, be they dividends, interest or the opportunity to participate in rising prices. The investor also takes on an additional risk, as Structured Products are debt instruments. The bank being the issuer assumes the role of debtor and the investor

is the creditor. In the event of issuer default, a large portion of the invested capital may be lost. In these circumstances, collateral secured certificates within the COSI[®] and TCM segment provide a possible solution (refer Chapter 6.3.2).

The large variety of products has its advantages and disadvantages. This book assists in explaining the drawbacks and how to make use of the advantages. Investors should only buy products which they understand. They should be aware of the potential scenarios and of the impact the occurrence of a scenario can have on the investment.

Since its induction around 25 years ago, the market for Structured Products has stood out clearly through its commitment to self-regulation. With its risk and categorization committees, specialized training providers and numerous independent information portals, the SSPA offers knowledge, transparency and tools for investor protection. The book «Inside Structured Products – The Book Associated with the SSPA Swiss Derivative Map[®]» provides a comprehensive overview of the market for Structured Products and is recommended to anyone who is in contact with or wishes to invest in Structured Products on a day-to-day basis.

The Book Associated with the SSPA Swiss Derivative Map[®] is a joint venture involving the Swiss Structured Products Association, the Swiss Derivative Institute and Derivative Partners.

INFORMATION REGARDING THE PUBLISHER AND THE COOPERATING PARTNERS



Swiss Structured Products Association (SSPA)

It is the aim of the Swiss Structured Products Association (SSPA) to promote the reputation of Structured Products and, subsequently, also Switzerland as a financial center. As well, the SSPA is focused on safeguarding and representing the common interests of its members within the field of Structured Products. These goals are achieved through promoting the awareness of Structured Products and by informing about possible applications of Structured Products within asset management. The association issues recommendations and lays down a code of conduct for its members, as well as, industry standards. Presently, the SSPA has more than 40 members from within the entire value chain including issuers, buy side, markets and partners whose combined market share in Switzerland exceeds 95%. For more information please visit www.sspa.ch.



Swiss Derivative Institute (SDI)

The Swiss Derivative Institute (SDI) is an independent organization offering executive courses in the field of Structured Products in Switzerland. The institute's goal is to promote the spread of knowledge and, therefore, further the competence of market participants in the field of Structured Products. As such, the SDI contributes directly to strengthening the industry and promoting Switzerland as a financial centre. The Swiss Derivative Institute is significantly involved in the compilation of this book, which reflects a substantial part of the course content of the seminars on offer at the institute. The book is also used for the courses as a standard reference. For more information please visit www.swissderivativeinstitute.ch or www.s-d-i.ch

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Working in the Swiss financial industry since 2000, Derivative Partners powered by Avaloq (DP) is the leading independent provider of information on Structured Products and ETFs in Switzerland. Factors for DP's success are their unique team of experts, a high performance tool set and highly informed knowledge of products and markets. DP offer data and document solutions specifically designed for issuers, private banks and investment managers. Furthermore, the company offers independent assessment and calculation services for determining key figures for risks and products.

DP's media products target and are well received by asset managers, investment advisers and private investors. In addition, DP provides bespoke marketing solutions and best-practice advice.

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