

Weekly Newsletter



MARKET OVERVIEW

EUROZONE

Industrial production printed above expectations and rose from -0.9% MoM to 1.4% in January, mainly due to a strong contribution from energy.

UNITED KINGDOM

GDP growth surprised on the upside, up 0.5% MoM in January, after -0.4% a month earlier.

UNITED STATES

Headline inflation slowed from 1.6% YoY to 1.5% in February while core inflation slowed from 2.2% YoY to 2.1% – both below expectations.

ASIA & EMERGING COUNTRIES

Russia posted a significant fall in foreign trade surplus at \$13.4bn in January, down from \$18.9bn in December.

THEME OF THE WEEK

Brexit

SUMMARY

INVESTMENT & MARKETS OVERVIEW

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Observation date in next two weeks		
ISIN	TICKER	DATE
XS1864698011	18M EUR PHOENIX PLUS 80% TUI BKNG TRIP	18/03/2019
XS1570747094	5Y EURQ PH+ SD SC 75% NOVN SAN PFE ROG 2.12% PQ NC2Q 270622	20/03/2019
XS1471994811	3Y USDQ PHOENIX PLUS 70% DAI GY 2.40% P.Q. NC2Q 06012020	20/03/2019
XS1778765930	4Y EUR PH+ WO SPX,SX5E, CAC 1,0% P.Q.	21/03/2019
XS1797182869	18M EUR PHOENIX PLUS 80% VK MT	25/03/2019
XS1778576535	5Y EUR PH+ WO 55% SX7E SXPP SXDP 0,33% P.M.	29/03/2019

BREXIT

With only 14 days to go to Brexit Day on March 29, it has become increasingly difficult to follow the twists and turns of the debates, amendments and votes in Westminster. Who is in charge? And what happens next?

Let's start with a brief recap of last week's main events.

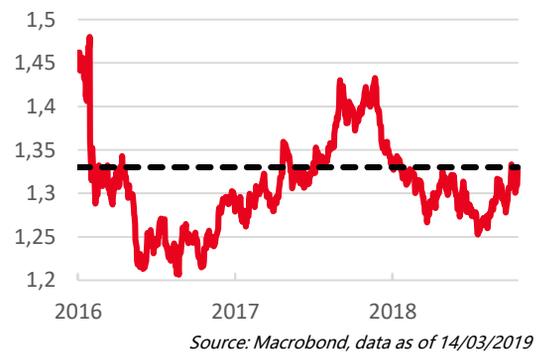
- **Monday** – Prime Minister May travelled to Strasbourg for a last attempt to obtain guarantees from European Commission President Juncker that the backstop to keep the Irish border open would not last indefinitely. She returned with legal assurances but no radical changes to the Withdrawal Agreement (WA).
- **Tuesday** – The UK Attorney General issued a judgment that the assurances did not fully remove the risk of remaining stuck in a customs union. The House of Commons held a second vote on the WA which was again defeated, albeit by a narrower 149-vote margin than the 230-vote defeat on January 15.
- **Wednesday** – A number of votes were held on whether to keep the “no-deal” option as a bargaining chip or not. In the event, MPs voted against a no-deal exit, although that risk has not been wholly eliminated – it remains the default option if nothing else is decided by March 29.
- **Thursday** – Again, a blizzard of votes and amendments on applying to extend the Article 50 deadline and whether to hold another referendum. The key takeaway was a wide 210-vote margin in favour of an extension until end-June.

Despite two heavy defeats, this week's events in fact leave the path open to another vote on the WA. According to Mrs May, the choice for MPs is simple. If they approve the WA before next Wednesday March 20, she will ask the EU summit (on March 21 and 22) to approve the short extension until June in order to complete the Brexit process. If they refuse the WA again, she would have to apply for a much-longer delay to Brexit. And this in turn would mean the UK having to pursue discussions with a new European Commission, which will be nominated after May's European Parliament (EP) elections (indeed, the longer delay may well mean the UK has to hold EP elections too).

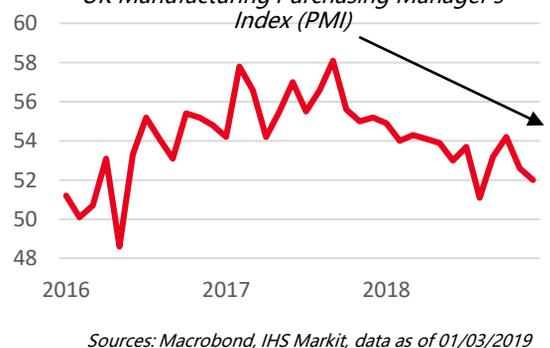
Looking ahead, three main options are likely:

1. The WA passes at the third asking and Brexit goes ahead as agreed with the EU but with a the summit).
2. The WA fails again & out a new agreement. Given the balance of votes in Westminster, this

Post-referendum level
GBP/USD spot rate



In a downtrend
UK Manufacturing Purchasing Manager's
Index (PMI)





What happened last week?

EUROZONE

- Industrial production printed above expectations and rose from -0.9% MoM to 1.4% in January, mainly due to a strong contribution from energy.
- Headline inflation remained unchanged in February at 1.5% YoY, in line with expectations. Core prices (ex. Volatile items) also remained unchanged at 1.0%.
- According to INSEE data, French headline inflation was revised up from 1.5% YoY to 1.6% in February, putting an end to three months of decline.
- In Germany, imports rose from 0.7% MoM to 1.5% while exports remained unchanged in January, taking the trade balance down from 19.4bn€ to €18.5bn.

UNITED STATES

- Headline inflation slowed from 1.6% YoY to 1.5% in February while core inflation slowed from 2.2% YoY to 2.1% – both below expectations.
- Retail sales bounced back more rapidly than expected at 0.2% MoM in January, after their sharpest drop in over nine years in December (-1.6%).
- Construction spending rose from -0.8% MoM to +1.3% in January – above market expectations for 0.4% – primarily boosted by a surge of investments in public projects.

UNITED KINGDOM

- GDP growth surprised on the upside, up 0.5% MoM in January, after -0.4% a month earlier.
- Industrial output grew more than expected in January, edging up to 0.6% MoM after -0.5% in December.
- Likewise, manufacturing output increased more rapidly than expected at 0.8% MoM in January against -0.7% a month earlier.
- January goods trade balance widened from £-12.1bn to £-13.1bn in January – its largest deficit since June 2017.

ASIA & EMERGING MARKETS

- In Japan, machinery orders fell faster than expected at -5.4% MoM in January, as trade war hit spending plans, knocking demand from the country's manufacturing sectors. The Bank of Japan left interest rate and QE policy unchanged.
- In China, industrial output fell from 5.7% YoY to 5.3% in February, its 17-year low. Retail sales grew 8.2% YoY, unchanged from January's level. Headline inflation decelerated for the fourth straight month and printed at 1.5% YoY in February.
- Russia posted a significant fall in foreign trade surplus at \$13.4bn in January, down from \$18.9bn in December.

This week's key events

		Per.	Prev.	Cons.
EUROZONE				
20 Mar.	Germany: Producer prices YoY	Feb.	2.6%	2.9%
21 Mar.	Consumer confidence	Mar (P).	-7.4	-7.4
22 Mar.	Manufacturing PMI	Mar (P).	49.3	49.5
USA				
19 Mar.	Factory orders MoM	Jan.	0.1%	0.3%
20 Mar.	Fed funds target rate	Mar.	2.25-2.5%	2.25- 2.5%
22 Mar.	Manufacturing PMI	Mar(P).	53.0	53.5
UNITED KINGDOM				
19 Mar.	Unemployment rate	Jan.	4.0%	4.0%
20 Mar.	Headline inflation YoY	Feb.	1.8%	1.8%
21 Mar.	Bank of England rate	Mar.	0.75%	0.75%
ASIA & EMERGING MARKETS				
22 Mar.	Japan: Headline inflation YoY	Feb.	0.2%	0.3%
22 Mar.	Japan: Manufacturing PMI	Mar(P).	48.9	--
22 Mar.	Russia: Central Bank key rate	Mar.	7.75%	7.75%

Sources: DataStream, Bloomberg , 15 March 2019,
 Note: YoY = year-on-year; QoQ = quarter-on-quarter; MoM = month-on-month P = preliminary figure A = advanced figure F = final figure seasonally adjusted ECB = European Central Bank



Market performance

Interest rates

	Last	1wk	3mth	YTD	12mth
EONIA (EUR)	-37 bp	0 bp →	-1 bp	-1 bp	-1 bp
3mth Euribor (EUR)	-31 bp	0 bp →	0 bp	0 bp	2 bp
3mth Libor (USD)	261 bp	1 bp ↑	-19 bp	-19 bp	47 bp
3mth Libor (GBP)	84 bp	0 bp →	-6 bp	-7 bp	24 bp
10-year US Treasury bond	263 bp	-1 bp →	-26 bp	-6 bp	-19 bp
10-year German bond	9 bp	2 bp ↑	-17 bp	-16 bp	-50 bp
10-year French bond	47 bp	5 bp ↑	-24 bp	-24 bp	-36 bp
10-year UK bond	123 bp	5 bp ↑	-2 bp	-4 bp	-22 bp

Credit

	1wk	3mth	YTD	12mth
BAML EURO Corp. IG	0,2% ↑	2,4 %	2,3 %	1,4 %
BAML EURO Corp HY	0,5% ↑	4,3 %	4,7 %	1,0 %
BAML GBP Corp IG	-0,2% ↓	3,1 %	3,3 %	2,4 %
BAML US IG	0,1% ↑	3,7 %	3,1 %	3,3 %
BAML US HY	0,5% ↑	4,3 %	6,6 %	4,8 %
BAML Global EM Sov. External Plus	0,7% ↑	5,3 %	4,9 %	0,8 %

Exchange rates

	Last	1wk	3mth	YTD	12mth
EUR/USD	1,13	1,0 % ↑	0,0 %	-1,5 %	-8,6%
EUR/CHF	1,13	0,2 % ↑	0,5 %	0,8 %	-2,9%
GBP/USD	1,32	1,2 % ↑	5,2 %	3,8 %	-5,2%
USD/JPY	111,7	0,1 % ↑	-1,5 %	2,0 %	5,1%
USD/BRL	3,84	-0,7 % ↓	-1,9 %	-1,0 %	17,9%
USD/CNY	6,72	0,1 % ↑	-2,7 %	-2,3 %	6,4%
USD/RUB	65,5	-1,2 % ↓	-2,0 %	-6,1 %	14,5%

Government bonds*

	1wk	3mth	YTD	12mth
United States (3-7yr)	0,1 % →	2,0 %	0,8 %	3,6 %
United Kingdom (3-7yr)	-0,3 % ↓	0,1 %	0,2 %	1,9 %
Germany (3-7yr)	-0,1 % ↓	0,3 %	0,3 %	1,7 %
Japan (3-7yr)	0,1 % →	0,1 %	0,1 %	0,3 %

Equities**

	Last	1wk	3mth	YTD	12mth
MSCI AC World	506	1,6 % ↑	8,5 %	11,5 %	-0,8 %
Eurostoxx 50	3 342	1,0 % ↑	8,6 %	11,8 %	2,2 %
DAX	11 587	0,6 % ↑	6,6 %	9,7 %	-5,3 %
CAC 40	5 350	1,6 % ↑	10,5 %	13,1 %	5,6 %
S&P 500	2 808	2,2 % ↑	8,6 %	12,6 %	4,2 %
FTSE 100	7 185	0,4 % ↑	6,2 %	7,9 %	5,2 %
SMI	9 482	1,7 % ↑	10,1 %	13,8 %	11,2 %
Topix	1 588	-0,8 % ↓	0,0 %	6,4 %	-6,9 %
IBOV Brazil	98 605	4,5 % ↑	12,8 %	12,2 %	14,6 %
MICEX Russia ***	2 458	-0,8 % ↓	3,9 %	4,2 %	8,0 %
MSCI EM	1 048	0,5 % ↑	8,5 %	8,8 %	-11,5 %
SENSEX 30 India	37 755	2,9 % ↑	5,2 %	4,8 %	13,0 %
Hang Seng (H-K)	28 851	0,3 % ↑	11,0 %	12,0 %	-4,9 %
Shanghai Composite	2 991	-3,7 % ↓	15,3 %	19,9 %	-9,1 %

Commodities

	Last	1wk	3mth	YTD	12mth
Brent	\$67,4	2,1 % ↑	11,8 %	26,8 %	4,1 %
Gold(Ounce)	\$1 294	0,7 % ↑	4,5 %	1,0 %	-2,3 %
Copper(ton)	\$6 416	-0,7 % ↓	4,7 %	7,9 %	-7,7 %

Thursday close

EUR/USD	1.13
GBP/USD	1.32
EUR/CHF	1.13
USD/JPY	111.7
Brent(barrel)	\$67.4
Gold (ounce)	\$1294

Performance should not be seen as a guarantee of future returns. Source: Datastream 15/03/2019. *Government bonds = 3-7 year returns. **Equities; total return in local currency. ***Price return for MICEX equity index. 1wk = 1-week change, 3mth = 3-month change, 12mth = 12-month change, YTD = year-to-date change, YoY = year-on-year change, BAML = Bank of America Merrill Lynch, JPM = JP Morgan, IG = Investment Grade, EM = emerging markets.

OTP banka structured products (pricing as of 18.3.2019.)

	ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE
1	XS1119148853	5Y EUR DEPOSIT LINKED NOTE	Košarica valuta	EUR	9% p.a.	10/12/2019	94,67%
2	XS1212271008	5Y EUR TWINWIN 65 SX5E100 CAP	Eurostoxx 50	EUR	sudjelujući	12/06/2020	104,59%
3	XS1265964210	5Y EUR DEPOSIT LINKED NOTE	WO Total, Repsol, Statoil	EUR	5,70% p.a.	16/10/2020	98,30%
4	XS1314889129	USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,70% p.a.	17/03/2021	96,79%
5	XS1334783617	AUD CAPPED & FLOORED FLOATER NOTE	AUD-BBR-BBSW	AUD	2,10% p.a.	29/04/2019	99,86%
6	XS1367217558	USD FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,50% p.a.	01/07/2021	98,69%
7	XS1416369285	3Y EUR PHOENIX PLUS WO	ENGIE, E.ON, Enel	EUR	3,0% p.s.	08/08/2019	101,17%
8	XS1417403265	3 Y USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,0% p.a.	12/10/2019	99,88%
9	XS1574509565	3Y EUR PH+ SECURITY WORST OF 70% CA FP MEO GY BN FP 1.50% PQ 22042020	WO Carrefour, Metro, Danone	EUR	1,50% p.q.	22/04/2020	84,00%
10	XS1574472384	3Y EURQ PH+ WO 50% HUI SX5E 1.10% PQ 21042020	WO Eurostoxx 50, HUI	EUR	1,10% p.q.	21/04/2020	100,28%
11	XS1706791214	3Y EUR PHOENIX PLUS 60% WO EDF BNP CO 1,91%	WO EDF BNP CO	EUR	1,91% p.q.	04/12/2020	84,93%
12	XS1759355412	3Y EUR PHOENIX PLUS 60% WO ISP UCG 1,95% p q	WO ISP UCG	EUR	1,95% p.q.	01/03/2021	74,74%
13	XS1778765930	4Y EUR PH+ WO SPX,SX5E, CAC 1,0% P.Q.	WO SPX,SX5E, CAC	EUR	1,0% p.q.	28/03/2022	96,86%
14	XS1778576535	5Y EUR PH+ WO 55% SX7E SXPP SXDP	WO SX7E SXPP SXDP	EUR	0,33% p.m	05/04/2023	85,35%
15	XS1778423894	5 Y USD PHOENIX PLUS SX7E 60% 1,415% p.q	Eurostoxx Banks	USD	1,415% p.q.	20/04/2023	78,17%
16	XS1778379898	5 Y USD PHOENIX PLUS SX7E 60% 1,30% p.q	Eurostoxx Banks	USD	1,30% p.q.	27/04/2023	75,39%
17	XS1797182869	18M EUR PHOENIX PLUS 80% VK	WO Vallorec, Arcelormittal	EUR	1,45% p.m	31/10/2019	40,44%
18	XS1816572785	18M EUR PHOENIX PLUS 80% VK FTI	WO Vallorec, Technip	EUR	1,75% p.m	16/12/2019	37,49%
19	XS1816572199	18M USD PHOENIX PLUS 80% VK MT.- SG CIB	WO Vallorec, Arcelormittal	USD	1,91% p.m	16/12/2019	36,53%
20	XS1816573247	5Y EUR PH+ WO 75% SX7E SXPP SXDP 0,33% P.M-SG CIB	WO SX7E SXPP SXDP	EUR	0,39% p.m	15/06/2023	87,65%
21	XS1842908557	4Y USD TWIN WIN CL1	CL1	USD	sudjelujući	08/08/2022	98,13%
22	XS1864698011	18M EUR PHOENIX PLUS 80% TUI BKNG TRIP CIB	WO TUI, BKNG, TRIP	EUR	0,95% p.m.	24/10/2020	71,83%
23	XS1864726242	4Y USD CAPPED AND FLOORED FLOATER	USD LIBOR 3M	USD	2,0% p.a.	26/10/2022	98,03%
24	XS1864647612	3 Y USD PHOENIX PLUS WO FP RDS PUT LEVERAGE 70% SG CIB	Total, RDS	USD	1,60% p.q.	01/11/2021	98,93%
25	XS1864640286	3 Y USD PHOENIX PLUS WO FP RDS PUT LEVERAGE 60% SGCIB	Total, RDS	USD	1,80% p.q.	01/11/2021	99,19%
26	XS1864598906	5 Y EUR PHOENIX PLUS ON SX7E SGCIB	Eurostoxx Banks	EUR	1,31% p.q.	13/11/2023	94,10%

Important: There is limited availability of structured products on secondary market so availability should be checked before every transaction.

Structured products bought on secondary market (pricing as of 18.3.2019.)

	ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE
1	XS1456533634	5Y USD PHOENIX PLUS SECURITY 50% HUI 1.68% P.Q. 19102021	HUI	USD	1,68% p.q.	19/10/2021	102,42%
2	XS1471994811	3Y USDQ PHOENIX PLUS 70% DAI GY 2.40% P.Q. NC2Q.06012020	Daimler	USD	2,40% p.q.	06/01/2020	81,08%
3	XS1533380355	5Y EUR PHOENIX PLUS 50% CO FP 1,81% P.Q. NC2Q.12052022	Casino Guichard	EUR	1,81% p.q.	12/05/2022	82,06%
4	XS1574623341	3Y CHF PHOENIX PLUS 60% 70% LH	Lafarge Holcim	CHF	3,0% p.s.	22/04/2020	98,47%
5	XS1555608782	5Y USDQ PHOENIX PLUS STEP DOWN 50% CO FP 2,20% P.Q.	Casino Guichard	USD	2,20% p.q.	16/05/2022	78,13%
6	XS1511962331	3Y USD PHOENIX PLUS 80% HUI 7.60% P.S.	HUI	USD	7,60% p.s.	03/03/2020	88,00%
7	XS1622385232	5Y EUR PHOENIX PLUS 70% BNP FP 2.18% P.Q. NC2Q.06062022	BNP	EUR	2,18% p.q.	06/06/2022	75,27%
8	XS1570747094	5Y EURQ PH+ SD SC 75% NOVN SAN PFE ROG 2.12% PQ NC2Q.270622	WO Novartis, Sanofi, Pfizer, Roche	EUR	2,12% p.q.	27/06/2022	101,63%
9	XS1583545865	5Y EUR PHOENIX PLUS 60% CO FP 2% P.Q.	Casino Guichard	EUR	2,0% p.q.	08/08/2022	77,37%
10	XS1622812326	2Y EUR PHOENIX PLUS WO 80% CS FP BNP FP INGA NA 7.62% P.S. 21082019	WO AXA, BNP, ING	EUR	7,62% p.s.	21/08/2019	60,09%
11	XS1620557394	5Y EURQ PH+ SECURITY WO 75% SX5E CAC SMI 1.02% P.Q. NC4Q.29092022	WO SX5E,CAC, SMI	EUR	1,02% p.q.	29/09/2022	98,12%
12	XS1513289469	2Y USDQ PH+ STEP DOWN WO 60% GG NEM ABX 2.40% P.Q. 17052019	WO Goldcorp, Newmont mining, Barrick gold	USD	2,40% p.q.	17/05/2019	101,12%
13	XS1669740976	3Y USDQ PH+ SD WO 70% 2914 JT DAI GY VOW3 GY 2.95% P.Q. 30102020	WO Volkswagen, Daimler, JT	USD	2,95% p.q.	31/10/2020	69,97%
14	XS1667712852	5Y EUR PH+ 60% ACA FP 1,75%	Credit Agricole	EUR	1,75% p.q.	22/12/2022	84,40%
15	XS1667711961	2Y EUR PH+ 70% RNO FP 2%	Renault	EUR	2,0% p.q.	08/01/2020	79,61%
16	XS1706665269	2Y EUR PHOENIX PLUS WO 80% CS FP RNO FP 16.35% P.A. 20122019	Renault, AXA	EUR	16,35% p.a.	20/12/2019	72,71%
17							
18							
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21							

GLOSSARY

Accommodative Monetary Policy: when a central bank attempts to expand the overall money supply to boost the economy when growth is slowing by lowering the interest rate or by purchasing Treasury bonds.

Basis Points: A unit that is equal to 1/ 100th of 1% and used to denote the change in a financial instrument.

Bear: an investor who believes, for any technical or fundamental reason, that a security or the broader market will decline significantly. A bear takes the appropriate steps to limit losses during the period that they believe that the security will decline.

Ibovespa Index: The Ibovespa Index is a gross total return index weighted by traded volume & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.

BoC: Central Bank of Canada

BoE: Central Bank of England

BoJ: Central Bank of Japan

CPI (Consumer Price Index): measures changes in the price level of a market basket of consumer goods and services purchased by households.

Credit risk: credit risk is the chance that a bond issuer will not make the coupon payments or principal repayment to its bondholders. In other words, it is the chance the issuer will default.

Deflation: a general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending.

EPS (Earnings Per Share): the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

ECB (European Central Bank): created in 1998, the European Central Bank determines the monetary policy to be adopted within the Eurozone. To do so, it has various means, in particular the key interest rates. The ECB is responsible for the single currency. Its main mission consists of maintaining price stability within the Euro zone.

EM/ EC (Emerging markets/ countries): markets/ countries in the process of rapid growth and industrialization.

Equity Risk Premium: The excess return that an individual stock or the overall stock market provides over a risk-free rate.

Eurostoxx50: A market capitalization-weighted stock index of 50 large, blue-chip European companies operating within eurozone nations.

Fed (Federal Reserve): central bank of the United States and controls the money supply.

FOMC (Federal Open Market Committee): The branch of the Federal Reserve Board that determines the direction of monetary policy.

Guaranteed capital: on maturity, a capital-guaranteed structured product repays a minimum 100% of the capital invested on expiry. However, the investor bears the risk associated with the issuer of a structured product. If the issuer defaults, there is a risk of loss of capital.

Hang Seng index (Hong-Kong Index): A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization.

Investment-grade bonds: a rating that indicates that a municipal or corporate bond has a relatively low risk of default.

ISM Manufacturing Index: monitors employment, production inventories, new orders and supplier deliveries.

Issuer: in the case of a structured product, an issuer is an entity that issues and distributes investment products. An issuer may be a bank or a company created specifically for this purpose. In the case of a bond, an issuer is an entity (government, company, government agency etc.) that issues bonds and borrows the amounts required for its financing.

Long/ Short Strategy: An investing strategy of taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline.

Maturity date: in finance, maturity or maturity date refers to the final payment date of a loan or other financial instrument, at which point the principal (and all remaining interest) is due to be paid. The term fixed maturity is applicable to any form of financial instrument under which the loan is due to be repaid on a fixed date.

MSCI World Index: index designed to provide a broad measure of equity-market performance throughout the world. The Index is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

Overweight: An analyst's opinion regarding the future performance of a security. Overweight will usually signify that the security is expected to outperform either its industry, sector or, even, the market altogether.

P/B Value (Price/ Book value): a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

P/E ratio (Price/Earning ratio): the ratio [Share price/earnings per share] reflects the trading price of a share in relation to the expected earnings. As such, the higher this ratio, the more expensive the stock, and vice versa. Note: the P/E ratio also depends on profit growth; companies with high profit growth tend to have a higher P/E.

PMI composite : composite of five of the survey indices. These are New orders, Output, Employment, Suppliers' delivery times (inverted) and Stocks of purchases

PMI (Purchasing Managers Index): Economic indicator of the manufacturing sector.

Protected capital: a product with protected capital does not guarantee the repayment of all the capital invested on maturity. The main risk associated with this type of product is a risk of capital loss, linked to fluctuations in the capital markets. There is a risk part or all of the capital may not be returned, depending on the type of protection.

QE (Quantative Easing): An unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply.

Quarterly Earnings Report: A quarterly filing made by public companies to report their performance. Included in earnings reports are items such as net income, earnings per share, earnings from continuing operations and net sales. These reports follow the end of each quarter. Most companies file in January, April, July and October.

S&P500 (SPX Index): An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Structured product: structured products are investment solutions comprised of a number of financial instruments. They combine one or more financial assets such as equities, currencies, interest rates etc. with a more sophisticated options component.

Topix stock index: an index that measures stock prices on the Tokyo Stock Exchange (TSE).

Underweight: An analyst's opinion regarding the future performance of a security. Underweight will usually mean that the security is expected to underperform either its industry, sector, or even the market altogether.

US Dollar Index (DXY): A measure of the value of the U.S. dollar relative to majority of its most significant trading partners.

Valuation: the process of determining the current worth of an asset or company.

Valuation metric: assessment method to determine the valuation of an asset such as the P/E for equities.

Volatility: volatility is a measure for variation of price of a financial instrument over time.

EXPLANATION OF RISK LEVELS

For example, risk level R1 corresponds to a defensive risk profile. These indicators are based on the 1-year 95% Value at Risk (VaR). VaR is a measurement of the maximum amount a portfolio could lose under normal market conditions over a given period with a given probability. If the 1-year 95% VaR amounts to x%, this means that there is a 95% probability that the portfolio will not lose more than x% of its value in one year.

Risk classification	0 Lowest Risk	1 Low Risk	2 Medium Risk	3 High Risk	4 - Highest Risk
Loss	There is a 95% probability that the product will not depreciate in value in one year.	There is a 95% probability that the product will not lose more than 5% of its value in one year.	There is a 95% probability that the product will not lose more than 15% of its value in one year.	There is a 95% probability that the product will not lose more than 30% of its value in one year.	There is a minimum of 5% probability that the product will lose more than 30% of its value in one year.

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Risk level

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