

Weekly Newsletter



MARKET OVERVIEW

EUROZONE

Q4 GDP was revised down from 1.2% YoY to 1.1%, after 1.6% in Q3. Estonia recorded the highest growth (+2.2%) while Greece and Italy saw declines (-0.1%).

UNITED KINGDOM

On the other hand, PMI confidence in Services market a 4-month high, up from 50.1 to 51.3 in February, 1.4 points above expectations.

UNITED STATES

December's trade deficit worsened from \$49.3bn to \$59.8bn, taking 2018's deficit to \$621bn, a decade low.

ASIA & EMERGING COUNTRIES

Russian headline inflation rose from 5.0% YoY to 5.2% in February – a 2-year high.

THEME OF THE WEEK

ECB – When doves cry

SUMMARY

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Observation date in next two weeks		
ISIN	TICKER	DATE
	5Y USD FLOORED CAPPED FLOAT	
XS1314889129	100%KG	14/03/2019
	5Y EUR PH+ WO 75% SX5E CAC SMI	
XS1620557394	1,02% P.Q.	15/03/2019
	18M EUR PHOENIX PLUS 80% TUI	
XS1864698011	BKNG TRIP	18/03/2019
	5Y EURQ PH+ SD SC 75% NOVN SAN	
XS1570747094	PFE ROG 2.12% PQ NC2Q 270622	20/03/2019
	3Y USDQ PHOENIX PLUS 70% DAI GY	
XS1471994811	2.40% P.Q. NC2Q 06012020	20/03/2019
	4Y EUR PH+ WO SPX,SX5E, CAC 1,0%	
XS1778765930	P.Q.	21/03/2019
XS1797182869	18M EUR PHOENIX PLUS 80% VK MT	25/03/2019



ECB – When doves cry

Recent growth data in the euro zone has underlined the slowdown in activity. Italy entered a “technical” recession in the fourth quarter, i.e. two consecutive quarters of declining Gross Domestic Product (GDP), while Germany came close – QoQ growth was 0.0% in Q4 after -0.2% in Q3. Against this sluggish backdrop, the European Central Bank’s (ECB) policy meeting was held on March 7. What would Mario Draghi pull out of the hat?

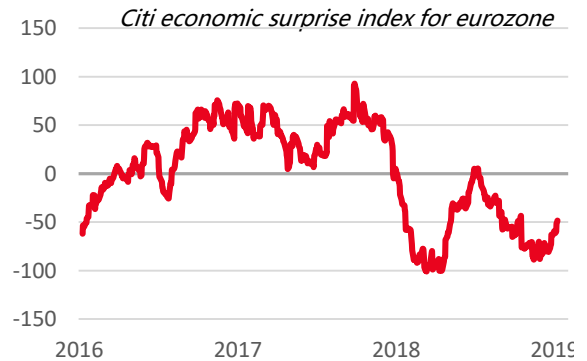
Going into the meeting, expectations were for no change to policy settings **but for some hints on future easing measures. In the event, Chairman Draghi delivered some dovish surprises:**

- The ECB cut its forecasts by more than expected. GDP growth was slashed from 1.7% in 2019 to 1.1% with 2020 lowered from 1.7% to 1.6%. Headline inflation forecasts were also revised lower, by 0.4 points this year and 0.2 points next, suggesting the ECB’s inflation target remains out of reach.
- The central bank also announced a third round of Targeted longer-term refinancing operations (TLTRO), i.e. longer-term cheap refinancing for banks which might have difficulty otherwise in attracting sufficient funding. With the second round due to expire in June next year, this move was expected to come a bit later to improve financing visibility.
- Mr Draghi also extended the ECB’s forward guidance on rates. Whereas previously he had expected the first rate hike to come in late summer 2019, he now made clear it will not happen before year-end (and also mentioned that several members had suggested postponing till next March).

At first sight, the market reaction to the announcements seemed churlish. Bond yields tumbled, with the 10-year Bund yield hitting only 0.06%, the lowest since October 2016. The euro also fell, down 1.0% to 1.119 against the dollar, the lowest since June 2017. And euro zone bank shares slid 4.0%, their worst day in seven months. Why?

The market’s kneejerk reaction was driven by the sharper-than-expected cuts to forecasts, by the fact that the ECB felt compelled to announce TLTRO3 now rather than wait, and by sharp flattening of the yield curve which hits banks’ net interest margins even harder than before. However, the announcements were not uniformly negative. The growth outlook is set to improve in the second half of this year, to a 1.5% annual rate. And the extension to forward guidance provides comfort that accommodative monetary policy will remain in place for the foreseeable future.

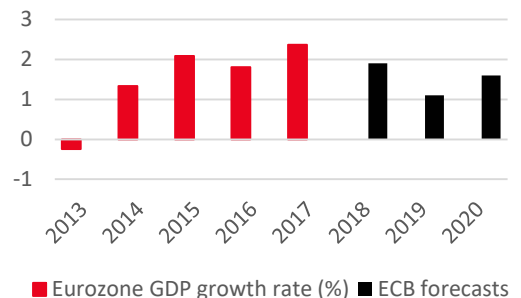
Fewer negative surprises recently



Sources: Macrobond, Citi, 07/03/2019

The ECB has slashed its growth forecasts

Eurozone GDP growth rate (%) and ECB 2018-2021 projections



Sources: Macrobond, World Bank, ECB, 07/03/2019



What happened last week?

EUROZONE

- The Sentix investor sentiment index ticked higher in March at -2.2 after -3.7 as Expectations improved for the 2nd straight month, offsetting the 7th fall in a row in the Current Situation.
- After two months at 51.2, February PMI confidence in Services surprised on the upside, jumping to 52.8 on revised data and sending the Composite reading to 51.9, up from 51.0.
- Retail sales rebounded from -1.4% MoM to +1.3% in January, their sharpest upswing in 14 months with +3.3% registered in Germany.
- Q4 GDP was revised down from 1.2% YoY to 1.1%, after 1.6% in Q3. Estonia recorded the highest growth (+2.2%) while Greece and Italy saw declines (-0.1%).

UNITED STATES

- Institute for Supply Management (ISM) non-manufacturing jumped 3 points to 59.7 in February after a cool off in January, outperforming expectations for 57.4. The 109th consecutive month of expansion was driven by strong improvement in New Orders (+7.5 points).
- December's trade deficit worsened from \$49.3bn to \$59.8bn, taking 2018's deficit to \$621bn, a decade low.
- Private sector employment (ADP survey) increased by 183'000 in February, while job growth in January was revised from 213'000 to 300'000, a 13-year high.
- Nonfarm productivity rose 1.3% last year – the strongest since 2010 – after 1.1% in 2017. Unit labour costs increased 1.4% YoY, down from 2.2% in 2017 – a positive for corporate margins. Hourly compensation rose at 3.9% annualised in Q4, after 3.5% in Q3.

UNITED KINGDOM

- PMI confidence in Construction fell from 50.6 to 49.5 in February, ending a 10-month run of expansion. The survey highlighted concerns over new commercial and civil engineering projects.
- On the other hand, PMI confidence in Services market a 4-month high, up from 50.1 to 51.3 in February, 1.4 points above expectations.
- According to the British Retail Consortium, February like-for-like domestic sales slowed -0.1% YoY after January's modest recovery with Brexit day looming large.

ASIA & EMERGING MARKETS

- February PMI confidence in Services in Japan bounced back to December's 52.3 after 51.6 in January, underpinned by growth of new businesses and a slight pick-up in foreign demand.
- In China, Caixin PMI confidence in Services was 2.5 points lower in February than January's 53.6. This outweighed last week's rebound in Manufacturing and sent the Composite down from 50.9 to 50.7.
- Russian headline inflation rose from 5.0% YoY to 5.2% in February – a 2-year high.
- GDP growth in South Africa slowed from 1.4% in 2017 to 0.8% last year – the country suffered a recession in H1 2018 before recovering 2.6 % and 1.4% QoQ annualised in Q3 and Q4.
- PMI Manufacturing confidence in South Korea and Taiwan fell further in February, to 47.2 and 46.3, respectively.

This week's key events

		Per.	Prev.	Cons.
EUROZONE				
11 Mar.	German trade balance (€bn)	Jan.	19.4	--
13 Mar.	Industrial production YoY	Jan.	-4.2%	-2.1%
15 Mar.	Headline inflation YoY	Feb.	1.4%	1.5%
USA				
11 Mar.	Retail sales Ex Auto MoM	Jan.	-1.8%	0.4%
12 Mar.	Headline inflation YoY	Feb.	1.6%	1.6%
15 Mar.	Industrial production MoM	Feb.	-0.6%	0.6%
UNITED KINGDOM				
12 Mar.	GDP 3M/3M	Jan.	0.2%	0.1%
12 Mar.	Manufacturing output YoY	Jan.	-2.1%	-2.0%
14 Mar.	RICS housing survey	Feb.	-22	-24
ASIA & EMERGING MARKETS				
13 Mar.	Japan: Machinery orders YoY	Jan.	0.9%	--
14 Mar.	China: Industrial output YoY	Jan.	6.2%	5.5%
14 Mar.	China: Retail sales YoY	Jan.	9.0%	8.1%

Sources: DataStream, Bloomberg , 11 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						Government bonds*						
	Last	1wk	3mth	YTD	12mth		1wk	3mth	YTD	12mth		
EONIA (EUR)	-36 bp	0 bp	➔	-1 bp	-1 bp	0 bp	United States (3-7yr)	0,4 %	➡	1,8 %	0,7 %	3,8 %
3mth Euribor (EUR)	-31 bp	0 bp	➔	1 bp	0 bp	2 bp	United Kingdom (3-7yr)	0,6 %	➡	0,5 %	0,5 %	2,4 %
3mth Libor (USD)	260 bp	-1 bp	⬇	-17 bp	-21 bp	54 bp	Germany (3-7yr)	0,4 %	➡	0,4 %	0,4 %	2,1 %
3mth Libor (GBP)	84 bp	-1 bp	➔	-6 bp	-7 bp	24 bp	Japan (3-7yr)	0,0 %	➔	0,1 %	0,0 %	0,1 %
10-year US Treasury bond	264 bp	-8 bp	⬇	-21 bp	-6 bp	-25 bp						
10-year German bond	7 bp	-12 bp	⬇	-19 bp	-18 bp	-59 bp						
10-year French bond	43 bp	-15 bp	⬇	-26 bp	-29 bp	-48 bp						
10-year UK bond	117 bp	-13 bp	⬇	-10 bp	-10 bp	-32 bp						

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

Exchange rates						
	Last	1wk	3mth	YTD	12mth	
EUR/USD	1,12	-1,6 %	⬇	-1,6 %	-2,4 %	-9,8%
EUR/CHF	1,13	-0,3 %	⬇	0,4 %	0,5 %	-3,3%
GBP/USD	1,31	-1,3 %	⬇	2,8 %	2,6 %	-5,9%
USD/JPY	111,6	0,2 %	➡	-1,0 %	1,8 %	5,2%
USD/BRL	3,87	3,2 %	➡	-1,0 %	-0,3 %	19,3%
USD/CNY	6,71	0,3 %	➡	-2,3 %	-2,4 %	6,2%
USD/RUB	66,3	0,5 %	➡	-0,2 %	-4,9 %	16,6%

Equities**						
	Last	1wk	3mth	YTD	12mth	
MSCI AC World	498	-1,0 %	⬇	5,7 %	9,7 %	-1,2 %
Eurostoxx 50	3 309	0,3 %	➡	8,7 %	10,6 %	1,6 %
DAX	11 518	0,0 %	➔	6,8 %	9,1 %	-5,9 %
CAC 40	5 268	0,5 %	➡	9,7 %	11,4 %	4,9 %
S&P 500	2 749	-1,2 %	⬇	4,9 %	10,1 %	2,9 %
FTSE 100	7 158	1,4 %	➡	6,8 %	7,5 %	4,5 %
SMI	9 325	0,4 %	➡	7,9 %	11,9 %	10,4 %
Topix	1 602	-0,4 %	⬇	-1,0 %	7,3 %	-3,9 %
IBOV Brazil	94 340	-1,3 %	⬇	7,1 %	7,3 %	10,4 %
MICEX Russia ***	2 477	-0,4 %	⬇	1,9 %	5,0 %	8,1 %
MSCI EM	1 044	-0,7 %	⬇	6,9 %	8,3 %	-9,7 %
SENSEX 30 India	36 725	2,4 %	➡	3,1 %	1,9 %	12,6 %
Hang Seng (H-K)	28 779	0,5 %	➡	10,7 %	11,7 %	-1,3 %
Shanghai Composite	3 106	5,6 %	➡	19,2 %	24,6 %	-5,1 %

Commodities						
	Last	1wk	3mth	YTD	12mth	
Brent(barrel)	\$66,0	0,0 %	➔	4,8 %	24,2 %	1,1 %
Gold(ounce)	\$1 286	-2,3 %	⬇	3,2 %	0,4 %	-3,1 %
Copper(Ton)	\$6 460	-1,5 %	⬇	5,1 %	8,6 %	-6,5 %

Thursday close

EUR/USD	1.12
GBP/USD	1.31
EUR/CHF	1.13
USD/JPY	111.6
Brent(barrel)	\$66.0
Gold (ounce)	\$1286

Performance should not be seen as a guarantee of future returns. Source: Datastream 08/03/2019. *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 11.3.2019.)

	ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE
1	XS1119148853	5Y EUR DEPOSIT LINKED NOTE	Košarica valuta	EUR	9% p.a.	10/12/2019	94,62%
2	XS1212271008	5Y EUR TWINWIN 65 SX5E100 CAP	Eurostoxx 50	EUR	sudjelujući	12/06/2020	104,67%
3	XS1265964210	5Y EUR DEPOSIT LINKED NOTE	WO Total, Repsol, Statoil	EUR	5,70% p.a.	16/10/2020	97,70%
4	XS1314889129	USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,70% p.a.	17/03/2021	97,34%
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	98,63%
7	XS1416369285	3Y EUR PHOENIX PLUS WO	ENGIE, E.ON, Enel	EUR	3,0% p.s.	08/08/2019	101,09%
8	XS1417403265	3 Y USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,0% p.a.	12/10/2019	99,81%
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	82,13%
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	99,95%
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	87,14%
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	70,19%
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	95,03%
14	XS1778576535	5Y EUR PH+ WO 55% SX7E SXPP SXDP	WO SX7E SXPP SXDP	EUR	0,33% p.m	05/04/2023	82,88%
15	XS1778423894	5 Y USD PHOENIX PLUS SX7E 60% 1,415% p.q	Eurostoxx Banks	USD	1,415% p.q.	20/04/2023	75,00%
16	XS1778379898	5 Y USD PHOENIX PLUS SX7E 60% 1,30% p.q	Eurostoxx Banks	USD	1,30% p.q.	27/04/2023	72,14%
17	XS1797182869	18M EUR PHOENIX PLUS 80% VK	WO Vallorec, Arcelormittal	EUR	1,45% p.m	31/10/2019	39,34%
18	XS1816572785	18M EUR PHOENIX PLUS 80% VK FTI	WO Vallorec, Technip	EUR	1,75% p.m	16/12/2019	36,28%
19	XS1816572199	18M USD PHOENIX PLUS 80% VK MT.- SG CIB	WO Vallorec, Arcelormittal	USD	1,91% p.m	16/12/2019	35,66%
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	85,76%
21	XS1842908557	4Y USD TWIN WIN CL1	CL1	USD	sudjelujući	08/08/2022	97,66%
22	XS1864698011	18M EUR PHOENIX PLUS 80% TUI BKNG TRIP CIB	WO TUI, BKNG, TRIP	EUR	0,95% p.m.	24/10/2020	67,39%
23	XS1864726242	4Y USD CAPPED AND FLOORED FLOATER	USD LIBOR 3M	USD	2,0% p.a.	26/10/2022	97,70%
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	97,43%
25	XS1864640286	3 Y USD PHOENIX PLUS WO FP RDS PUT LEVERAGE 60% SGCIB	Total, RDS	USD	1,80% p.q.	01/11/2021	97,67%
26	XS1864598906	5 Y EUR PHOENIX PLUS ON SX7E SGCIB	Eurostoxx Banks	EUR	1,31% p.q.	13/11/2023	91,71%

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 11.3.2019.)

	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	101,09%
2	XS1471994811	3Y USDQ PHOENIX PLUS 70% DAI GY 2.40% P.Q. NC2Q.06012020	Daimler	USD	2,40% p.q.	06/01/2020	79,52%
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	87,77%
4	XS1574623341	3Y CHF PHOENIX PLUS 60% 70% LH	Lafarge Holcim	CHF	3,0% p.s.	22/04/2020	97,22%
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	86,23%
6	XS1511962331	3Y USD PHOENIX PLUS 80% HUI 7.60% P.S.	HUI	USD	7,60% p.s.	03/03/2020	86,18%
7	XS1622385232	5Y EUR PHOENIX PLUS 70% BNP FP 2.18% P.Q. NC2Q.06062022	BNP	EUR	2,18% p.q.	06/06/2022	70,07%
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	99,95%
9	XS1583545865	5Y EUR PHOENIX PLUS 60% CO FP 2% P.Q.	Casino Guichard	EUR	2,0% p.q.	08/08/2022	88,01%
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	57,30%
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	97,21%
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	100,69%
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	67,94%
14	XS1658366932	4Y EUR PH+ SD SEC WO 57% RWE EOAN ENGI 1,375% P.Q.	WO EOAN, ENGIE RWE	EUR	1,375% p.q.	07/12/2021	101,37%
15	XS1667712852	5Y EUR PH+ 60% ACA FP 1,75%	Credit Agricole	EUR	1,75% p.q.	22/12/2022	80,47%
16	XS1667711961	2Y EUR PH+ 70% RNO FP 2%	Renault	EUR	2,0% p.q.	08/01/2020	76,35%
17	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	67,27%
18							
19							
20							
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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