STRUCTURED PRODUCTS SUITABILITY DISCLOSURE

WHAT ARE STRUCTURED PRODUCTS?

Structured products are pre-packaged investments that normally include assets linked to interest plus one or more derivatives. They are generally tied to an index or basket of securities and are designed to facilitate highly customized risk-return objectives. This is accomplished by taking a traditional security such as a conventional investment-grade bond and replacing the usual payment features—periodic coupons and final principal—with non-traditional payoffs derived from the performance of one or more underlying assets rather than the issuer's own cash flow.

Because of their huge variety, there is no simple definition—or uniform formula to calculate the risk and payoff—of structured products.

BENEFITS OF STRUCTURED PRODUCTS

 Diverse and customisable	Issuers can tailor structured products to meet investors' differing financial circumstances and needs.
 Potential yield enhancement	Structured products offer potential yield enhancement if your view of the market proves correct and the product issuer is credit-worthy. A structured deposit that offers repayment of the full principal at maturity can be a useful alternative to savings accounts, current accounts, or term deposits
 Participating in the upside of bullish stock markets with some downside protection	Some structured notes offer strike prices—the price at which a call or put option is exercised—that are significantly below market prices; for example, 90% or 95% strikes. So even if the underlying securities fall below the initial price, but above the strike prices, the investor can still receive the principal plus the agreed "coupon". If the prices of the stocks close on maturity above the initial price, the investor gets his principal plus coupon plus the upside of the reference equity. If the underlying is a basket of stocks, the investor receives the upside of the worst-performing stock.

RISK OF STRUCTURED PRODUCTS

 Loss of capital	As a structured product's performance depends on the underlying assets or index's performance, adverse price movements may cause a loss of capital.
 Lack of liquidity	Generally, investors will have no access to their principal for the tenor (or term) of the structured deposit or note, without incurring some risk of loss on the principal. For structured deposits, the principal protection only applies when held to maturity
 Issuer risk	If the structured deposit or structured product issuer goes into a debt default, the investor risks losing his/her entire principal.

Disclaimer: Only invest if you are confident the product can help you meet your investment objectives and you are knowledgeable and comfortable with the risks associated with these products.