

# Americas Wealth Management & Derivatives Conference 2017

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## SRP Americas Performance & Market Presentation

Boston, June 14-16



**Tiago Fernandes**  
Global Head of Data

All market statistics in this presentation are provided by [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)  
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# Contents

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- Key statistics
- The Good, the Bad and the Ugly
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- Payoff, asset classes and sectors analysis
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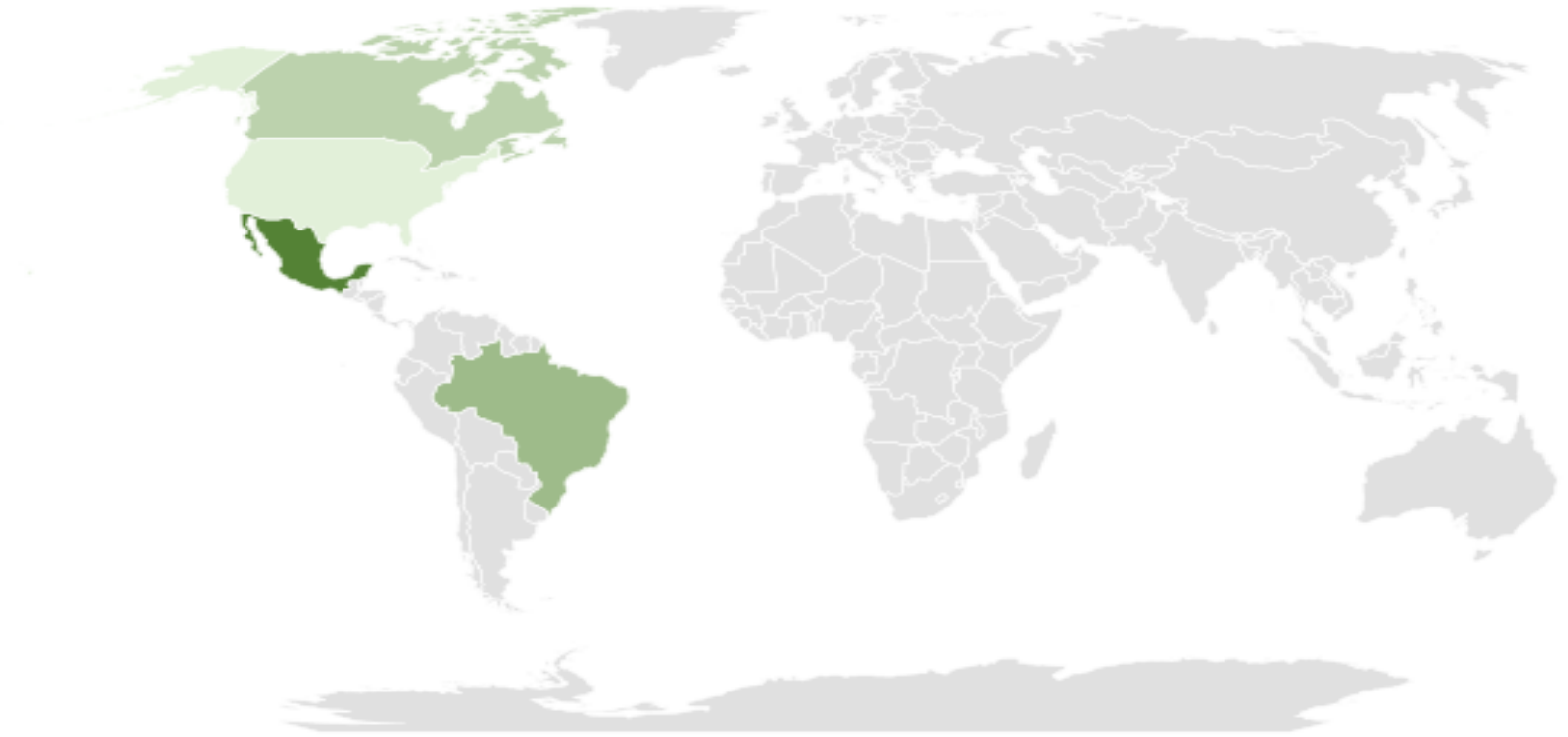
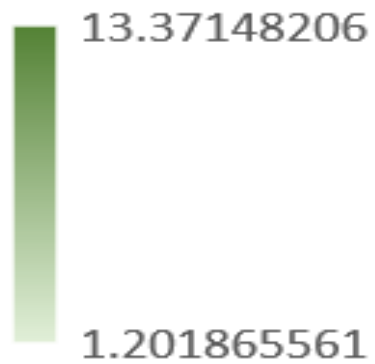
# Key statistics

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- Median performance: 5.93% p.a.
- Worst performance: -87.071% p.a.
- Best performance: 165.79% p.a.
- Number of products: 7,041
- Sales volumes: 31,113 USDm
- Number of distributors: 43
- Number of markets: 4
- Average term: 1.066 years

## Average Performance per Country

Average Annualized  
Performance



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Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)



# SRP The most successful products in the Americas

Product name	Dual Forex Note in USD 15/09/2016	Dual Forex Note in MXN 15/11/2016	Dual Forex Note in USD 14/09/2016
Distributor	BBVA	Monex	BBVA
Market country	Mexico	Mexico	Mexico
Term	1 week	1 week	1 week
Capital Protection	0%	0%	0%
Capital return per annum	165.79%	152.60%	143.40%
Payoff type	Dual Currency	Dual Currency	Dual Currency
Underlying	USD/MXN	USD/MXN	USD/MXN

Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

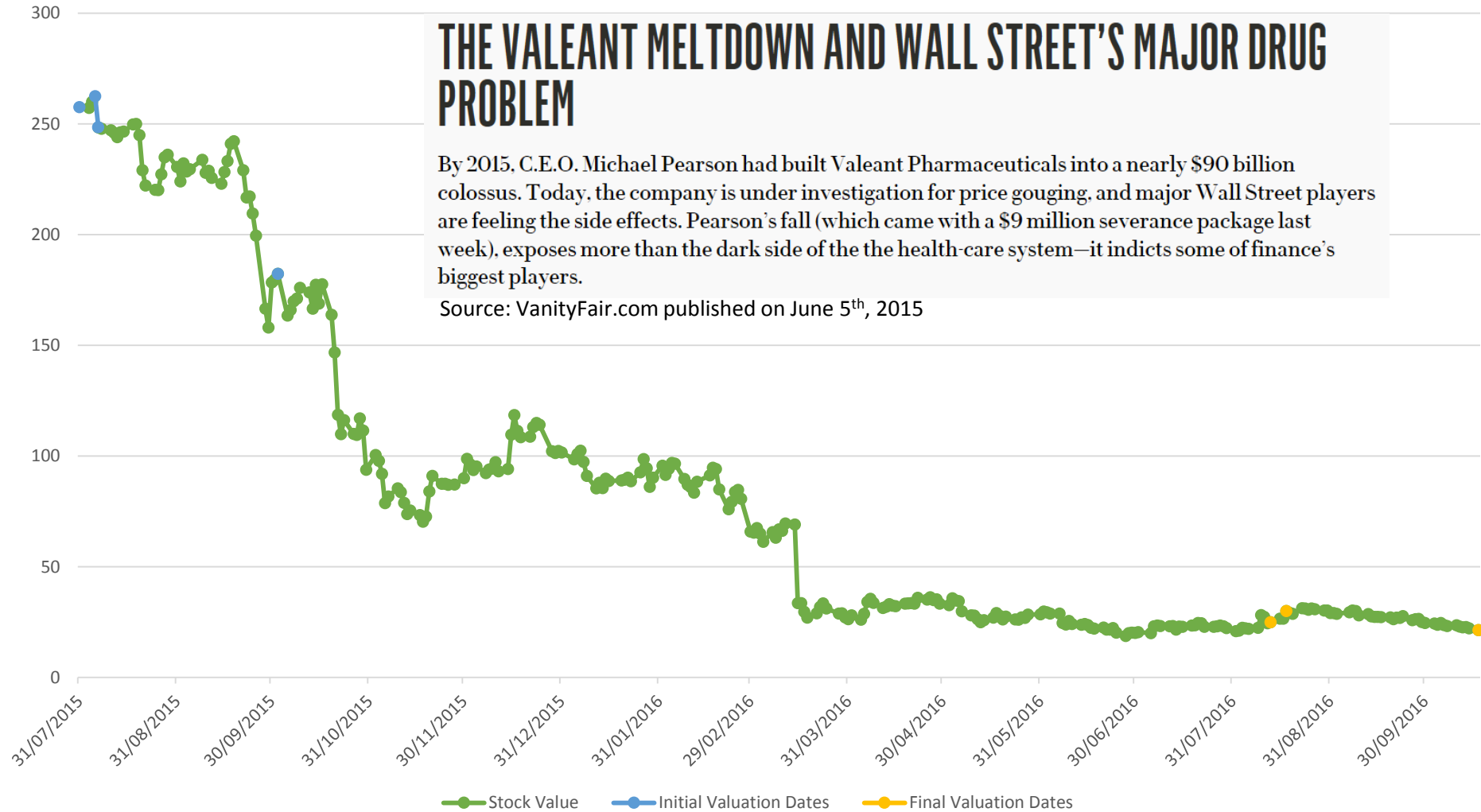


# SRP The worst performing products in the Americas

Product Name	VRX Phoenix Note	Auto Callable Contingent Interest Notes	VRX Phoenix Note
Market country	USA	USA	USA
Term	1.03562	1.04932	1.04384
Capital Protection	0%	0%	0%
Capital Return per Annum	-87.07%	-87.07%	-84.37%
Payoff Type	Reverse Convertible	Knock Out, Reverse Convertible	Reverse Convertible
Underlying	Valeant Pharmaceuticals International	Valeant Pharmaceuticals International	Valeant Pharmaceuticals International

Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

# Valeant Pharmaceuticals International



## Background

- Valeant stock price had more than doubled in previous year prior to this product issuance in August 2015
- Strike level set at what turned out to be a time just after the all-time high price
- Implied volatility levels were very high at that time giving attractive terms for yield enhancement product



# The worst product

## Structured product (Auto Callable Contingent Interest Note)

- 1 year auto-call
- Quarterly income of 13.3% annualized if stock above 75% of initial level
- Quarterly Auto-call at 100%
- 75% European barrier at maturity

Date	Stock price	Percentage level
14/08/2015	246.57	
16/11/2015	73.32	29.74%
16/02/2016	91.26	37.01%
16/05/2016	27.05	10.97%
17/08/2016	30	12.17%

# The worst product

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Was it a reasonable product to put out?

- EIV stated as 96.5%
- Volume sold \$2m – one of many single stock trades by this issuer or by the market in a continuous pipeline

## Stress test results

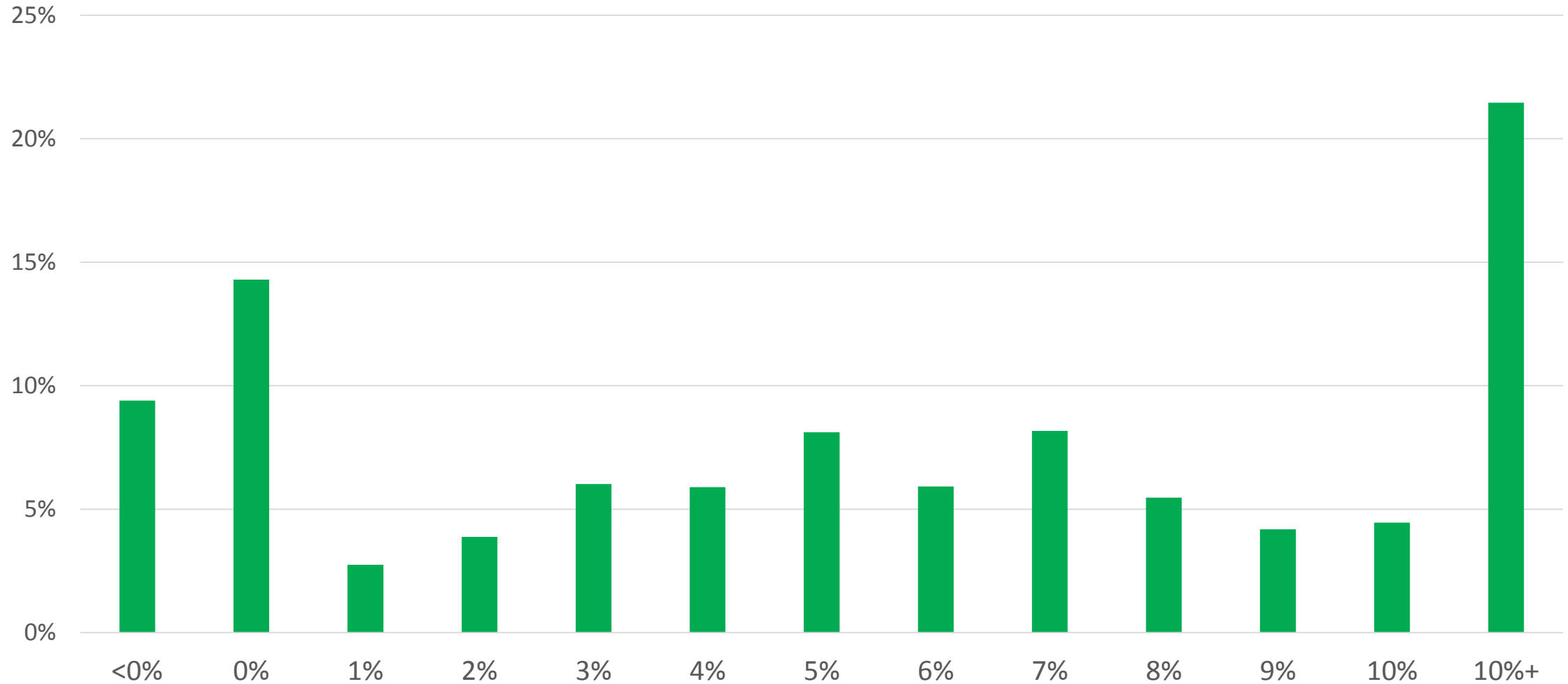
<b>Outcome</b>	<b>Probability (%)</b>	<b>Average payoff (%)</b>
Call at point 1	43.31	103.3
Call at point 2	11.6	106.1
Call at point 3	5.14	107.9
Return principal	8.58	109.1
Total return loss	31.37	46.1

# The worst product

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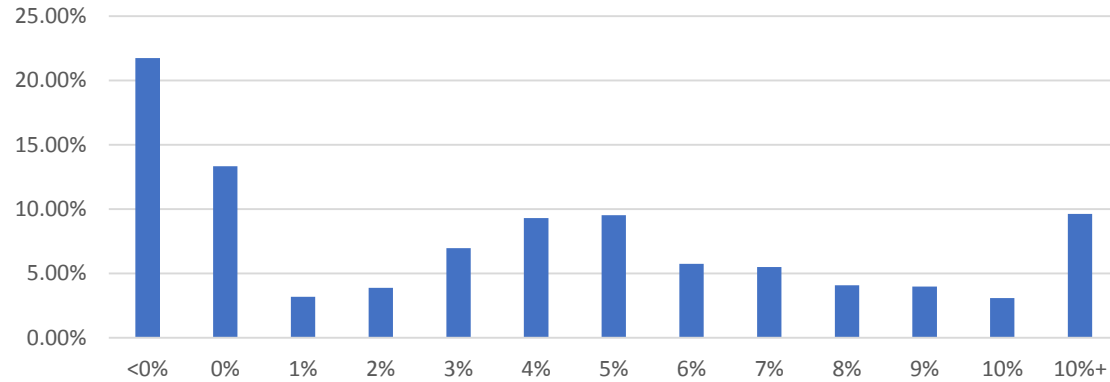
- The risk return profile of this auto-call is very typical – high probability of call at first point (3 months) and a high chance of significant loss
- The analysis shows a “standard” risk of 46% return in the bad case. Clearly what happened in this case was off the scale from a volatility/distribution standpoint
- However even when you are expecting the poor scenario to payback ~ 46% you cannot afford many loss scenarios, when your upside is capped and often called at 3 months
- You would need 6 in 7 scenarios at the full return of 113.3% to break even

# Histogram of annualized returns

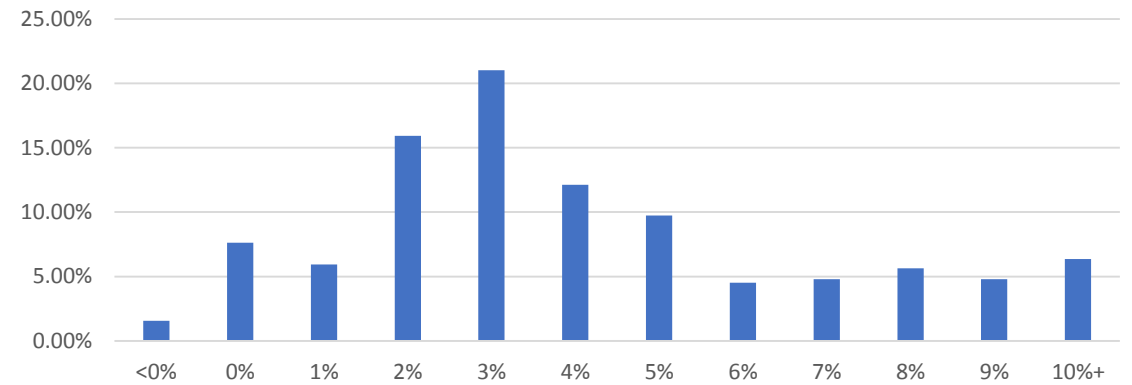


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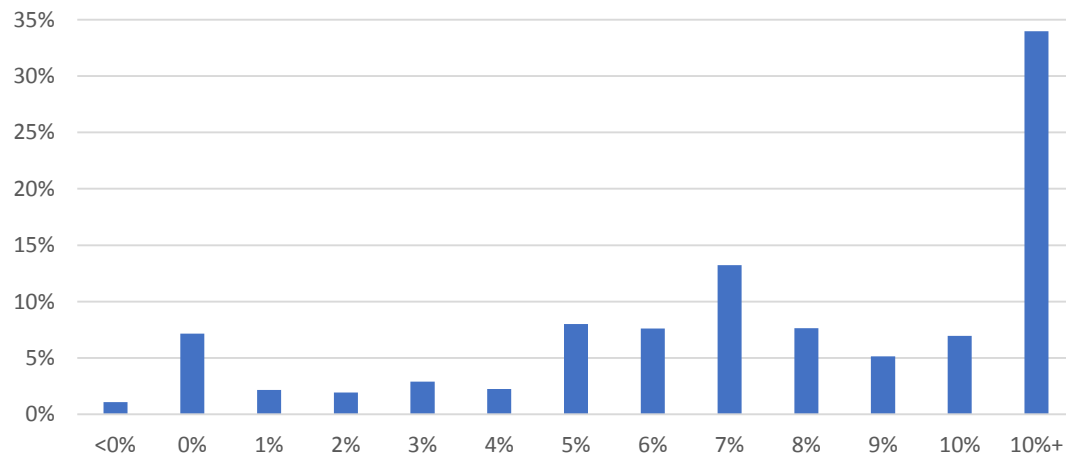
### Histogram of annualized returns - USA



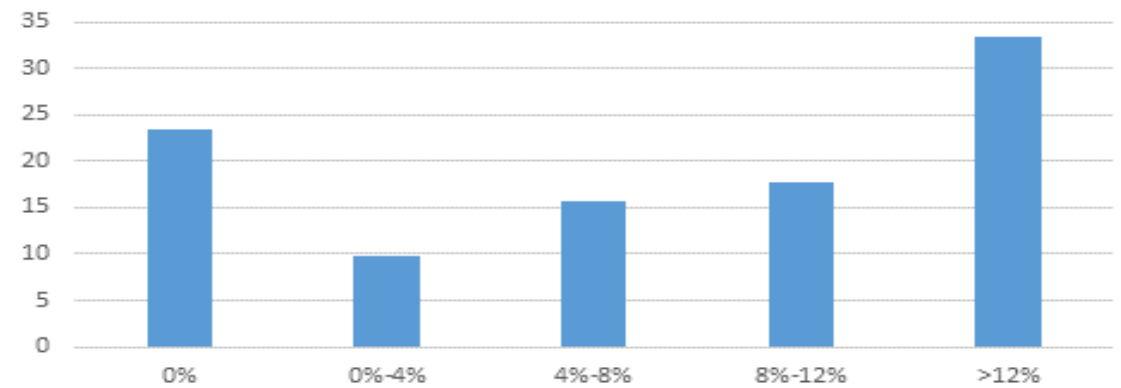
### Histogram of annualized returns - Canada



### Histogram of annualized returns - Mexico

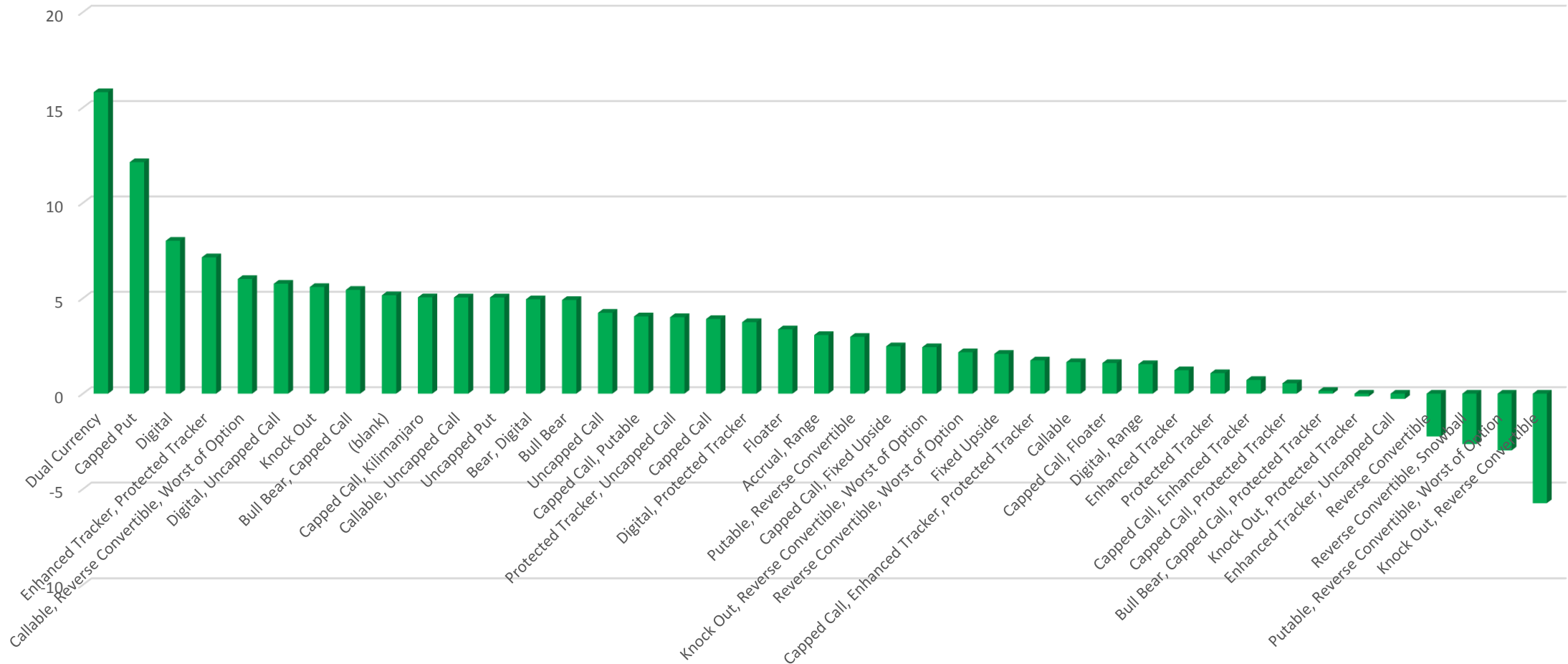


### Histogram of annualized holding period returns Brazil



Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

# Average Performance by Payoff

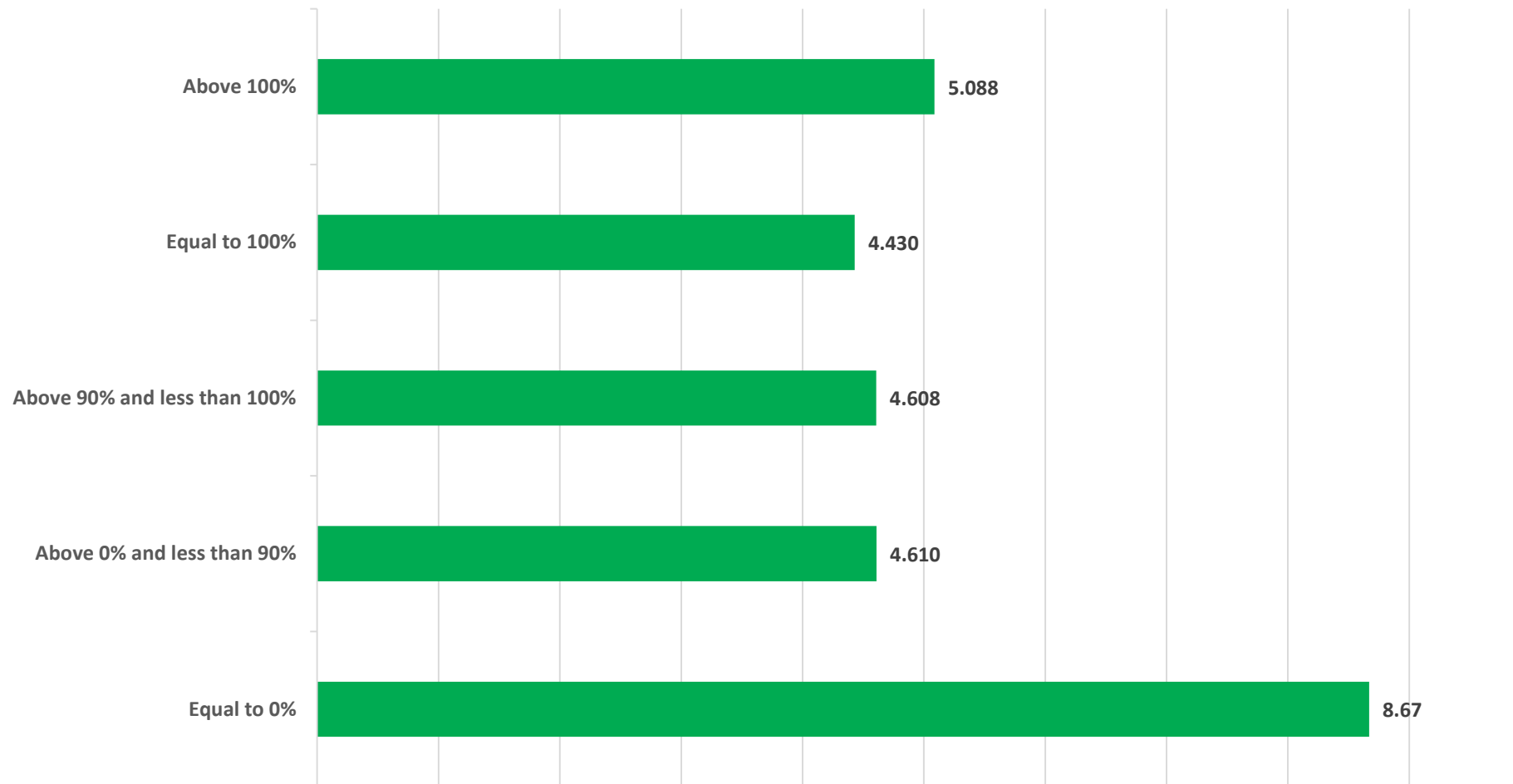


Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)



SRP

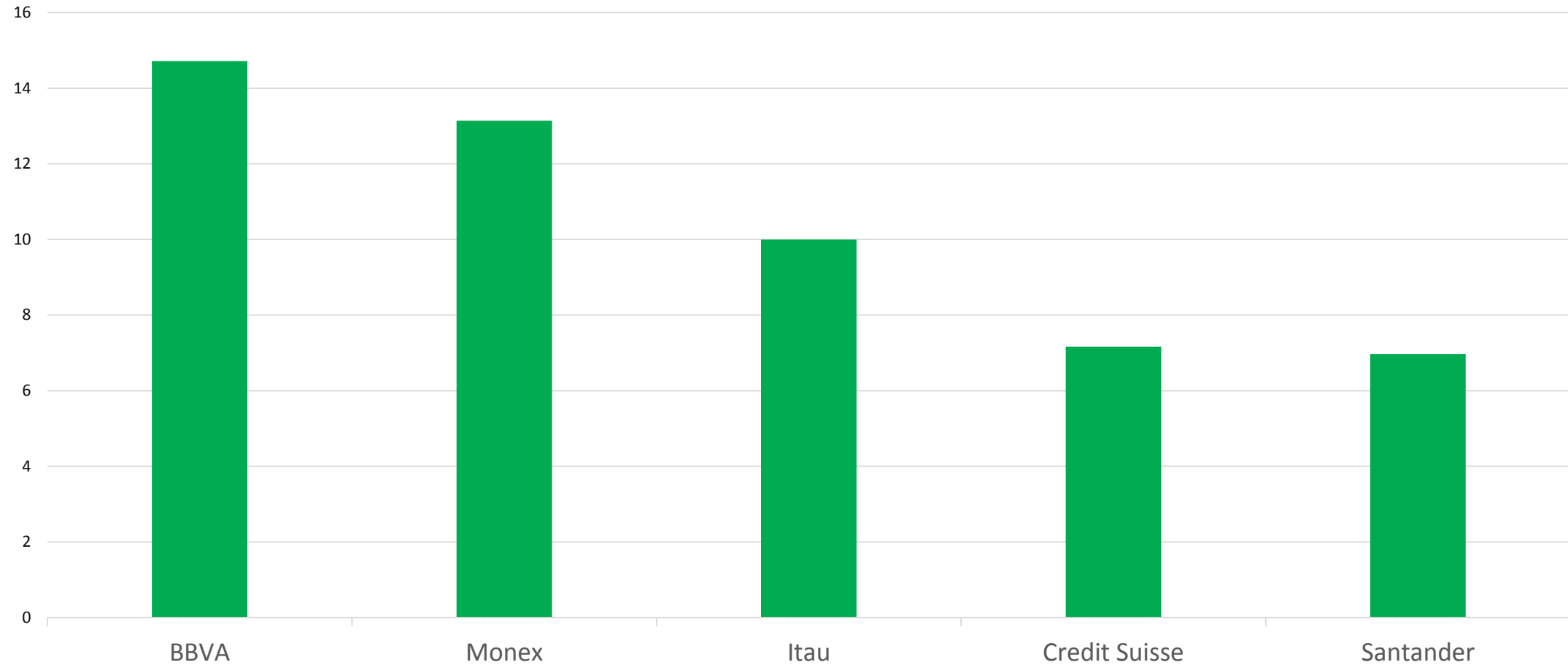
# Average Performance by Capital Protection



Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

# Top Distributors

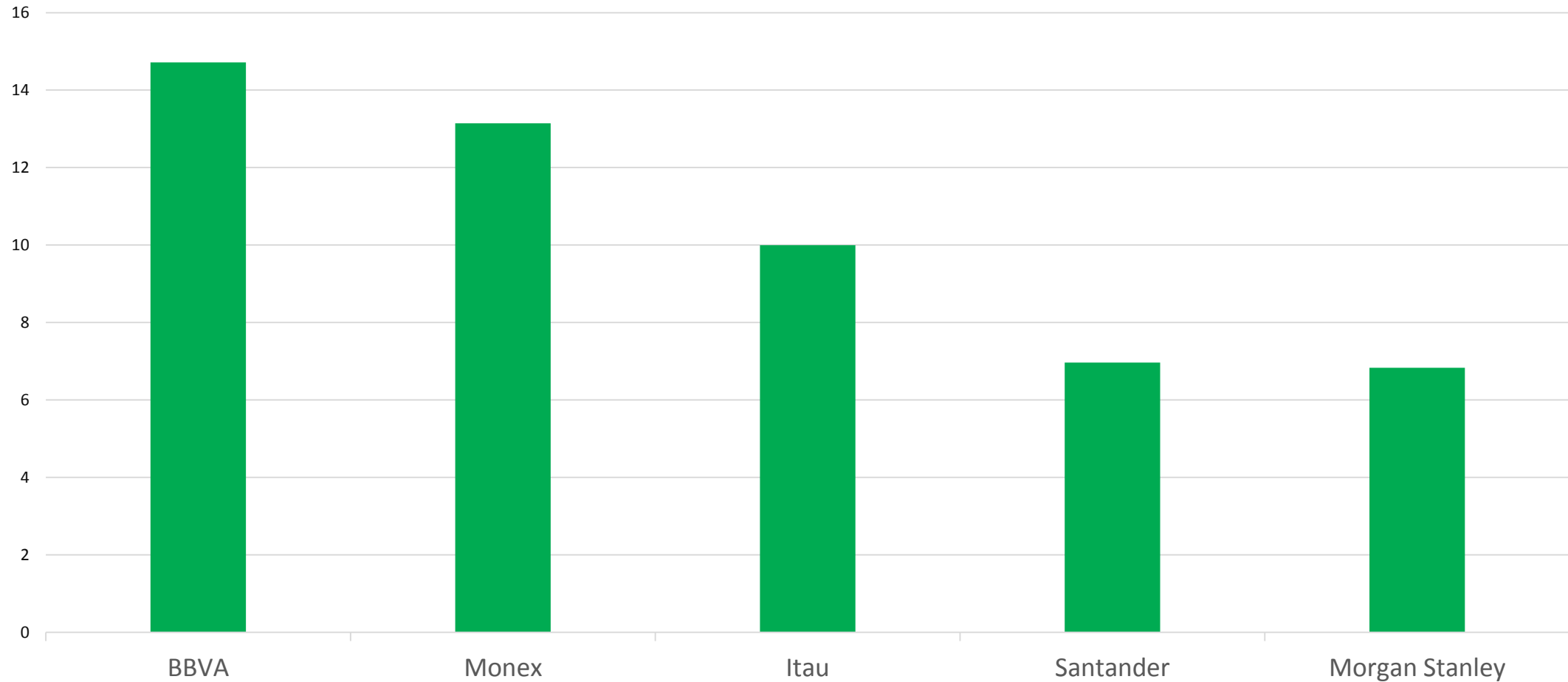
Top 5 Distributors by Average Annualized Return



Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)



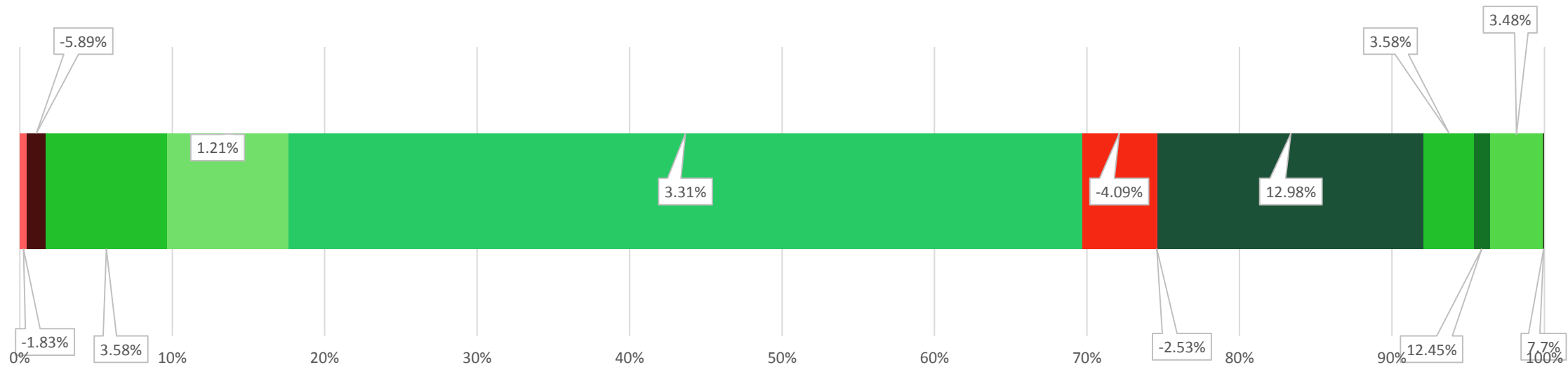
Top 5 Issuers by Average Annualized Return



Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)



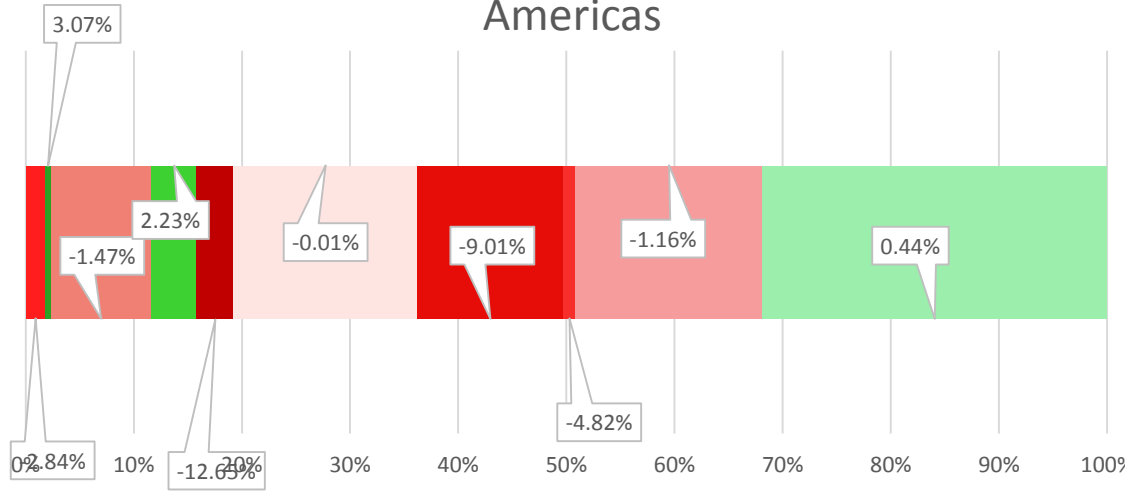
# SRP Average Performance by Asset Class in Americas



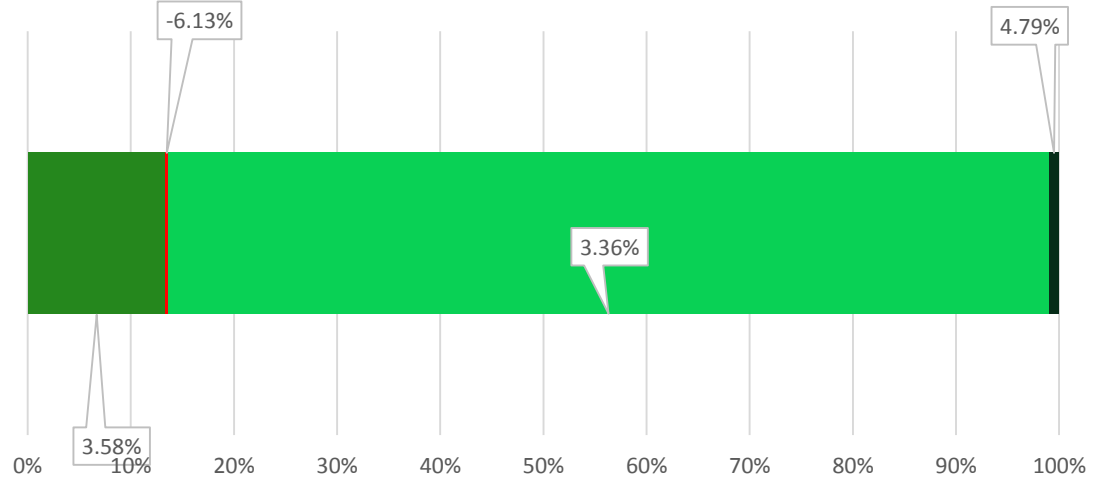
- Alternatives
- Commodities
- Equity (Index Basket)
- Equity (Share Basket)
- Equity (Single Index)
- Equity (Single Share)
- Fund
- FX Rates
- Hybrid
- Inflation
- Interest Rate
- Real Estate

Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

### Average Performance in Equities by Sector, Americas



### Average Performance by Equity Index



- Equity - Basic Materials
- Equity - Consumer Goods
- Equity - Energy
- Equity - Health Care
- Equity - Technology
- Equity - Commercial Services
- Equity - Consumer Services
- Equity - Financials
- Equity - Industrials
- Multiple Sectors
- Basket of Indices
- Strategy
- Country & Regional Indexes
- Proprietary & Custom Indexes

Source: [www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

# Key Trends in Americas

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## Canada

- Market linked GIC : Simplicity, Diversity and Online Offer
- Increase of Non-Capital Protected and Auto-callable products
- Class F Notes

## Brazil

- Increase in Equity-linked products
- Increase in Non-Capital Protected products
- Increase in exotic structures

## USA

- Demand for yield enhancement structures
- Increase in medium term products
- Demand for domestic underlyings and multi-asset momentum strategies

## Mexico

- Increase in USD denominated products
- Bearish products – capped/uncapped puts, digitals, bull bears
- Increase in short term products

# Thank You

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**Tiago Fernandes**

**Global Head of Data**

Structured Retail Products Limited

**Direct: +44 (0)20 7779 8228**

**Tiago@StructuredRetailProducts.com**

[www.StructuredRetailProducts.com](http://www.StructuredRetailProducts.com)

6-8 Bouverie Street, London EC4Y 8AX