



SVSP

Schweizerischer Verband für Strukturierte Produkte
Swiss Structured Products Association
Associazione Svizzera per prodotti strutturati
Association Suisse Produits Structurés

Structured products value creation - Q4 2018

Swiss Structured Products Association - SSPA

JANUARY 2019

BCG BOSTON
CONSULTING
GROUP

Executive summary¹

Turnover for Swiss structured products of the major SSPA members amounted to CHF 331 bn in 2018:

- Total turnover of CHF 331 bn is CHF 56 bn higher than in 2017; year-on-year growth rate was 20%
- Compared to the previous year, turnover grew in Q4 2018 by 16% and amounted to CHF 81 bn

Turnover shares shifted compared to previous year:

- With 46%, yield enhancement products accounted for approximately half of total turnover in 2018, declining by 11 percentage points from 57% in 2017; leverage products constituted the second-largest product group with 22% of total turnover in 2018
- Driven by a nominal turnover increase of 45% year-on-year, the share of participation products increased to 16% in 2018 compared to 13% in 2017
- Capital protection products made up 14% of total turnover in 2018, representing an increase of 1 percentage point compared to 2017
- Leverage products represented again the vast majority of all structured products transactions with a share of 92%

Equity and Foreign Exchange asset classes dominating the turnover; decreasing share of Foreign Exchange:

- With 54%, Equity products constituted the largest portion of total turnover in 2018, representing a share increase by 5 percentage points and a nominal turnover increase of 32% compared to previous year; the share of Foreign Exchange products on the other hand decreased from 33% to 27% compared to 2017
- Despite nominal turnover growth, the share of Fixed Income products stagnated and reached 13% (previous year: 12%)

Swiss structured products market still mostly defined by non-listed products, nominally increasing with decreasing turnover share:

- Non-listed products constituted about 62% of turnover in 2018; although nominally increasing by 7% to CHF 206 bn compared to 2017, the turnover share decreased by 8 percentage points

Primary market with increasing turnover, but decreasing turnover share:

- Despite nominally increasing by CHF 8 bn to CHF 183 bn, the primary market lost in 2018 9 percentage points of turnover share (from 64% to 55%) compared to previous year, due to nominal turnover growth of 49% of the secondary market (CHF 148 bn in 2018 relative to CHF 100 bn in 2017)
- The secondary market comprised around 98% of all transactions in 2018, with the number of transactions growing by 83% compared to 2017

With a total share of 84%, USD, EUR and CHF are still by far the most used currencies:

- USD is the predominant currency in 2018 with a share of 39%, but it lost 4 percentage points compared to previous year (43%)
- The share of EUR increased by 4 percentage points to 31%, while CHF lost 4 percentage points and reached a share of 14%

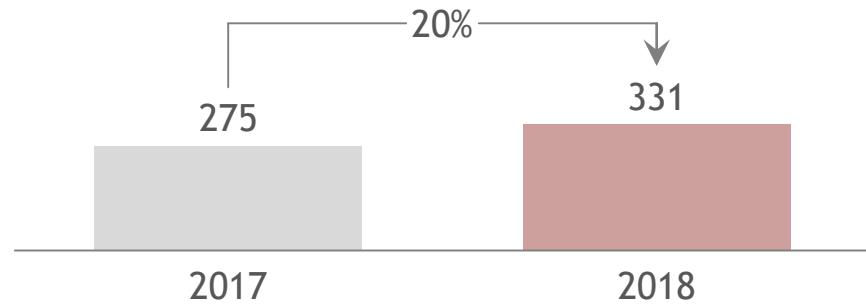
1. Numbers are commercially rounded. Compared to the preceding report, several participating banks were able to improve their data analyses. These changes were applied retroactively also to the 2017 data

Overall turnover development of structured products in 2017 and 2018

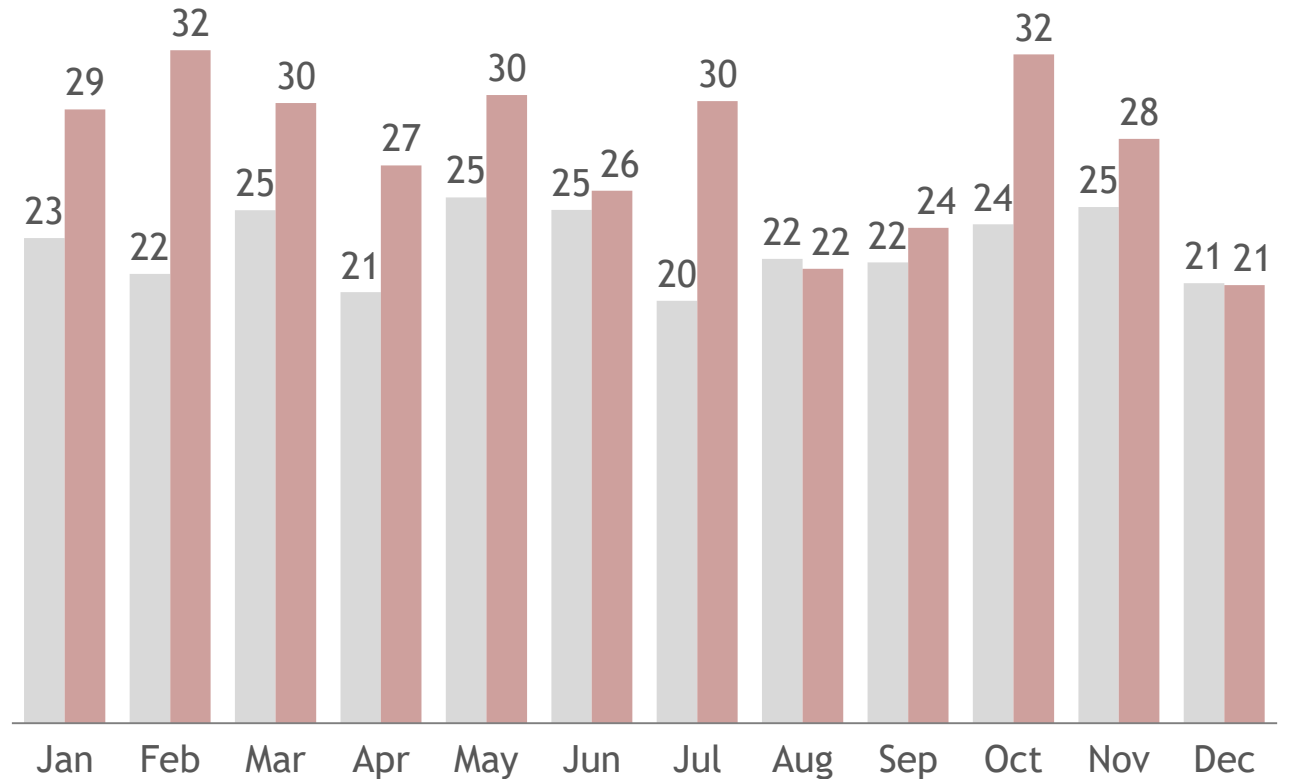
Turnover in respective timeframe in bn CHF

2017 2018

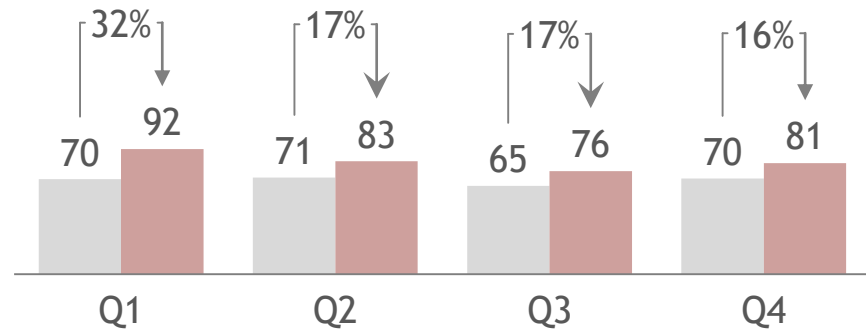
Yearly comparison



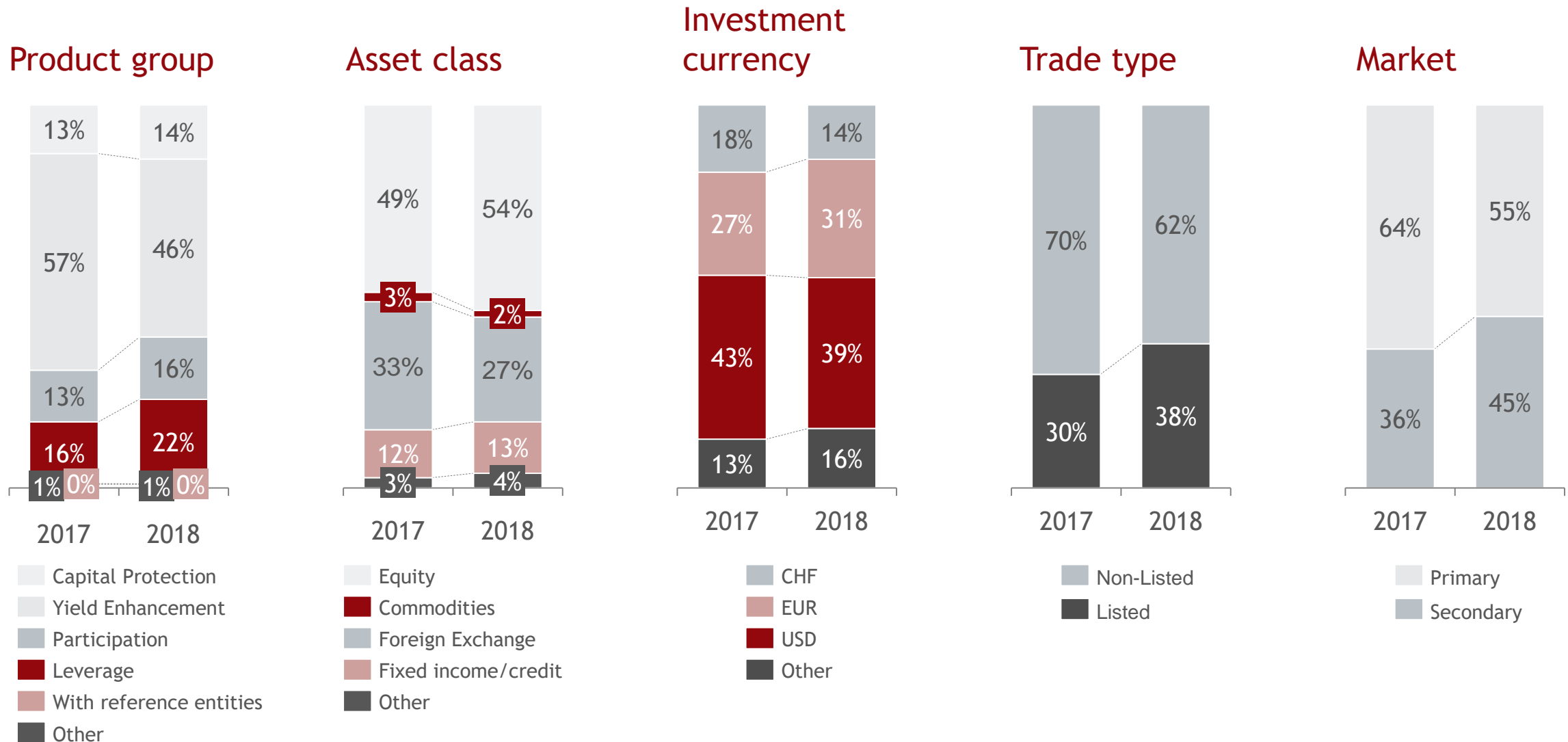
Monthly comparison



Quarterly comparison



Development of turnover breakdown of structured products 2017 and 2018



Source: Data collected monthly from SSPA member institutes

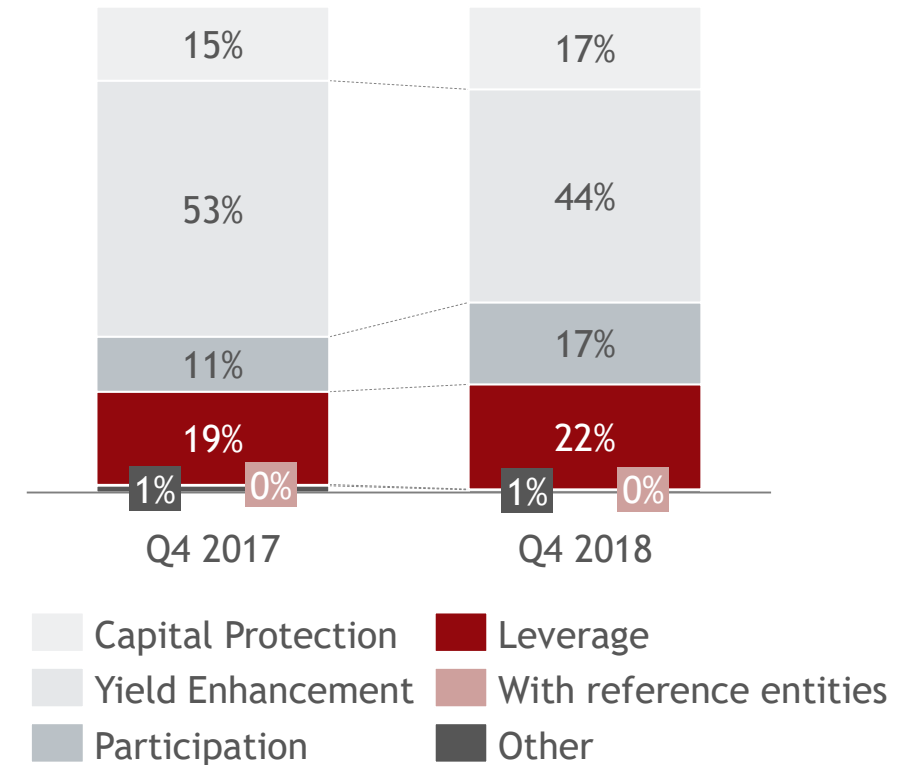
Turnover of structured products split by product group

Turnover in respective time frame in CHF bn

Split by product group

Product group		Turnover		Transactions	
		CHF	in %	#	in %
Capital protection	Q4 2017	10.6	15.2%	20'604	1.1%
	Q4 2018	13.8	17.0%	5'151	0.2%
Yield enhancement	Q4 2017	36.8	52.7%	119'733	6.1%
	Q4 2018	35.6	43.9%	116'670	3.7%
Participation	Q4 2017	7.9	11.3%	98'674	5.0%
	Q4 2018	13.7	16.8%	94'263	3.0%
Leverage	Q4 2017	13.4	19.1%	1'715'058	87.7%
	Q4 2018	17.5	21.6%	2'909'024	93.0%
With reference entities	Q4 2017	0.1	0.2%	1'452	0.1%
	Q4 2018	0.1	0.1%	1'136	0.0%
Other	Q4 2017	1.0	1.4%	950	0.0%
	Q4 2018	0.5	0.6%	727	0.0%
Total	Q4 2017	69.9	100.0%	1'956'471	100.0%
	Q4 2018	81.3	100.0%	3'126'971	100.0%

Turnover split



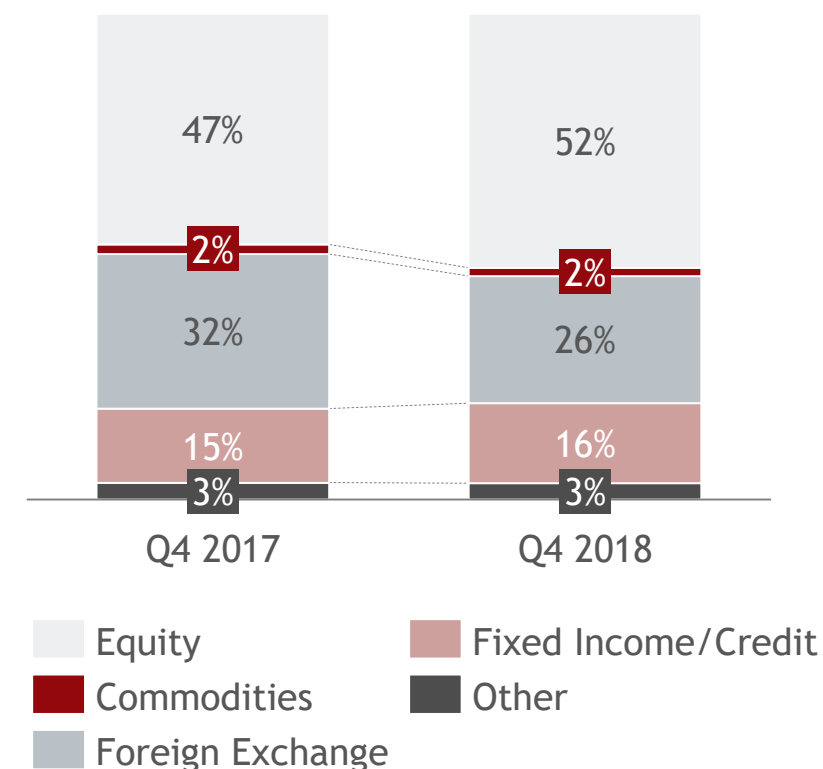
Turnover of structured products split by asset class

Turnover in respective time frame in CHF bn

Split by asset class


Asset class		Turnover		Transactions	
		CHF	in %	#	in %
Equity	Q4 2017	33.2	47.5%	1'685'509	86.2%
	Q4 2018	42.5	52.3%	2'805'288	89.7%
Commodity	Q4 2017	1.4	2.0%	150'247	7.7%
	Q4 2018	1.4	1.7%	214'049	6.8%
Foreign Exchange	Q4 2017	22.2	31.8%	61'055	3.1%
	Q4 2018	21.3	26.2%	86'979	2.8%
Fixed Income/ Credit	Q4 2017	10.7	15.3%	18'339	0.9%
	Q4 2018	13.4	16.5%	13'025	0.4%
Other	Q4 2017	2.4	3.5%	41'321	2.1%
	Q4 2018	2.8	3.4%	7'630	0.2%
Total	Q4 2017	69.9	100.0%	1'956'471	100.0%
	Q4 2018	81.3	100.0%	3'126'971	100.0%

Turnover split







Turnover of structured products split by trade type, market & currency

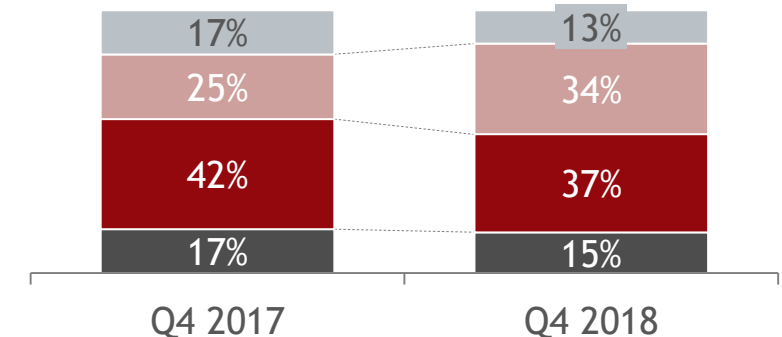
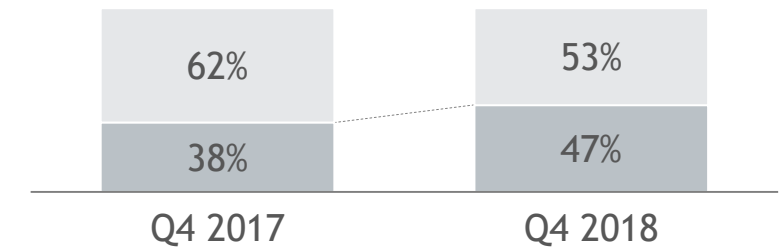
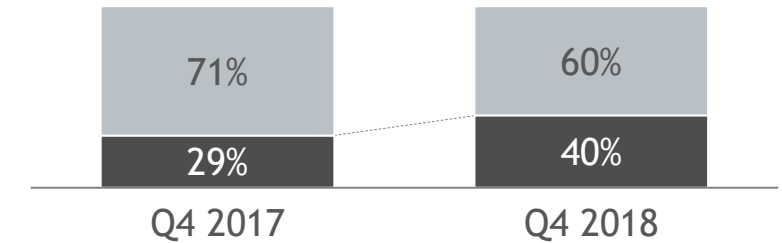
Turnover in respective time frame in CHF bn

Trade type	Turnover in Q4 2018		Transactions in Q4 2018	
	CHF	in %	#	in %
Non-listed 	48.9	60.2%	402'229	12.9%
Listed 	32.3	39.8%	2'724'742	87.1%

Market	Turnover in Q4 2018		Transactions in Q4 2018	
	CHF	in %	#	in %
Primary 	42.8	52.7%	54'430	1.7%
Secondary 	38.4	47.3%	3'072'541	98.3%

Investment currency	Turnover in Q4 2018		Transactions in Q4 2018	
	CHF	in %	#	in %
CHF 	10.3	12.7%	268'461	8.6%
EUR 	28.0	34.5%	2'011'762	64.3%
USD 	30.4	37.4%	68'138	2.2%
Other 	12.6	15.4%	778'610	24.9%
Total	81.3	100.0%	3'126'971	100.0%

Turnover split



Data collection methods and definitions

Data collection and verification

Issuers provide data on monthly basis

- Data is provided by SSPA members

Requested data points include

- Product group
- Asset class
- Trade type
- Market
- Investment currency
- Transactions
- Turnover in investment currency
- Turnover in CHF

Data verification

- Randomly chosen data points are cross-checked with publicly available data sources
- Data collection process is closely aligned with participating issuers

Product groups¹ (I/II)

Capital protection products

- Capital Protection Certificate with Participation (1100)
- Convertible Certificate (1110)
- Barrier Capital Protection Certificate (1130)
- Capital Protection Certificate with Coupon (1140)
- Miscellaneous Capital Protection Certificates (1199)

Yield enhancement products

- Discount Certificate (1200)
- Barrier Discount Certificate (1210)
- Reverse Convertible (1220)
- Barrier Reverse Convertible (1230)
- Express Certificate (1260)
- Miscellaneous Yield Enhancement Certificates (1299)

Product groups¹ (II/II)

Participation products

- Tracker Certificate (1300)
- Outperformance Certificate (1310)
- Bonus Certificate (1320)
- Bonus Outperformance Certificate (1330)
- Twin-Win Certificate (1340)
- Miscellaneous Participation Certificates (1399)

Leverage products

- Warrant (2100)
- Spread Warrant (2110)
- Warrant with Knock-Out (2200)
- Mini-Future (2210)
- Constant Leverage Certificate (2300)
- Miscellaneous Leverage Certificates (2099)

Investment products with reference entities

- Reference Entity Certificate with Conditional Capital Protection (1410)
- Reference Entity Certificate with Yield Enhancement (1420)
- Reference Entity Certificate with Participation (1430)

Other

- Miscellaneous Certificates (9999)

Market

Primary

- Newly issued product volume on primary market in which the product was engineered in Switzerland

Secondary

- Product volume traded on secondary markets (e.g. stock exchanges) in which the product was engineered in Switzerland

Asset class

Equity

- I.e. stocks, shares of ownership in publicly held companies

Commodities

- Goods traded on a commodity exchange

FX

- Foreign exchange (incl. structured deposits)

Fixed income/credit

- Asset in which real return rates or periodic income is received at regular intervals

Other

- Any other asset class not covered above

Trade type²

Listed

- Products listed at exchanges

Non-listed

- Products not listed at exchanges

Other

Transactions

- Number of transactions for products engineered or sold in Switzerland during a specified month

Turnover

- Volume of all transactions of products engineered or sold in Switzerland considered
- Origin of customer (i.e. domestic vs. international) not taken into account
- Third party market transactions are not considered

1. According to SSPA Swiss Derivative Map ©, for a full version please visit www.svsp-verband.ch

2. Including primary and secondary market

Disclaimer

Issued by

Swiss Structured Products Association SSPA
Rämistrasse 4, CH-8024 Zurich, Switzerland
www.sspa-association.ch
Contact: peter.keller@svsp-verband.ch
Published quarterly in more detail

Participating banks

Barclays Capital
Banque Cantonale Vaudoise
Commerzbank
Credit Suisse
Goldman Sachs
Julius Bär
Leonteq
Raiffeisen Schweiz
UBS
Vontobel
Zürcher Kantonalbank

Data as of December 31st, 2018.

Disclaimer

We cannot guarantee the accuracy of this document, see www.svsp-verband.ch/en/disclaimer/.

We hereby authorize reprints of and quotes with attributions from this document. The Boston Consulting Group collected the data and prepared the report.

Disclaimer

The services and materials provided by Boston Consulting Group (BCG) are subject to BCG's Standard Terms (a copy of which is available upon request) or such other agreement as may have been previously executed by BCG. BCG does not provide legal, accounting, or tax advice. The Client is responsible for obtaining independent advice concerning these matters. This advice may affect the guidance given by BCG. Further, BCG has made no undertaking to update these materials after the date hereof, notwithstanding that such information may become outdated or inaccurate.

The materials contained in this presentation are designed for the sole use by the board of directors or senior management of the Client and solely for the limited purposes described in the presentation. The materials shall not be copied or given to any person or entity other than the Client ("Third Party") without the prior written consent of BCG. These materials serve only as the focus for discussion; they are incomplete without the accompanying oral commentary and may not be relied on as a stand-alone document. Further, Third Parties may not, and it is unreasonable for any Third Party to, rely on these materials for any purpose whatsoever. To the fullest extent permitted by law (and except to the extent otherwise agreed in a signed writing by BCG), BCG shall have no liability whatsoever to any Third Party, and any Third Party hereby waives any rights and claims it may have at any time against BCG with regard to the services, this presentation, or other materials, including the accuracy or completeness thereof. Receipt and review of this document shall be deemed agreement with and consideration for the foregoing.

BCG does not provide fairness opinions or valuations of market transactions, and these materials should not be relied on or construed as such. Further, the financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard valuation methodologies, are not definitive forecasts, and are not guaranteed by BCG. BCG has used public and/or confidential data and assumptions provided to BCG by the Client. BCG has not independently verified the data and assumptions used in these analyses. Changes in the underlying data or operating assumptions will clearly impact the analyses and conclusions.



SVSP

Schweizerischer Verband für Strukturierte Produkte
Swiss Structured Products Association
Associazione Svizzera per prodotti strutturati
Association Suisse Produits Structurés

BCG

BOSTON
CONSULTING
GROUP