

Yield enhancement strategy "E-Commerce Growth Opportunity II"

a 24 months opportunity - Leverage: 3x

Strategy Summary

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Level of Risk	Time Horizon	Upside Opportunity	Asset Type	Coupons	Currency

Your benefits:

- ▶ **Conditional capital guarantee:** Up to 33 %
- ▶ **Issue Price:** 31%
- ▶ **Redemption:** 33%
- ▶ **Upside opportunity:** **Capital gain:** 6.45%, plus **coupon payment** of 17.46% p.a. (early call conditions may apply)
- ▶ **Maturity:** 24 months
- ▶ **Currency:** EUR
- ▶ **Underlying Companies:** Amazon, Paypal, Pinterest
- ▶ **Reimbursement Triggers:** First observation after 3 months at 95 %, then: Q2 & Q3: 94 %, thereafter and until maturity: 90 %
- ▶ **Coupon Features:** Memory
- ▶ **Coupon Barrier:** Coupon barrier fix at 67%. If each stock is at or above coupon barrier, coupon is paid; otherwise it is pushed forward and paid at next observation, provided conditions are met.
- ▶ **Payout at Maturity:**
 - If each stock is at or above the barrier, the client is redeemed at 33%
 - Else the client gets Wof performance - 67% (minimum redemption at 0%)
- ▶ **Valuation:** Bid/Ask live Intraday

Investment Opportunity

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A focused approach

The US election outcome is positive for the market and in particular for technology stocks. The political gridlock, with Democrats controlling the White House and Republicans the Senate, makes the break-up of FAANG and other big technology companies unlikely in the near future. On the back of an increased political predictability, economic uncertainty should evaporate and this should lead to lower market volatility.

Why the combination of Amazon, PayPal, and Pinterest? E-commerce has attractive growth prospects; we estimate that LGW sits in the region of 15% to 20% for the years to come. Margin expansion (share price supportive) will occur in business areas such as e-platforms (AMZN), payments (PYPL), and visual marketing and pinning (PINS). In general, e-commerce may suffer from increased government regulation (but out of context for the time being), slowdown in consumer spending (but economic recovery is on its way), increased online competition, and execution missteps.

Company view:

- ▶ **AMZN:** The number and volume of e-commerce related transaction is ever increasing, and we believe that AMZN is a key beneficiary from the shift to online purchase behavior. AMZN is focusing on prime members who have an increased average purchase power compared to traditional online clients. Given this, we expect profitability to increase further over time.
- ▶ **PYPL:** PayPal is well positioned to benefit from the ongoing secular shift to online payments. We expect double-digit growth figures for the next years ahead and this is in turn share prices supportive.
- ▶ **PINS:** Pinterest is an emerging visual marketing platform and is well positioned to ride the wave of social commerce which should increase user engagement. This in turn will lift revenue growth and boost profit margins over the next few years.

Heatmaps

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	Amazon.Com, Inc.					PayPal Holding, Inc.					Pinterest, Inc.				
	1 to 9,99	10 to 29,99	30 to 69,99	70 to 89,99	90 to 100	1 to 9,99	10 to 29,99	30 to 69,99	70 to 89,99	90 to 100	1 to 9,99	10 to 29,99	30 to 69,99	70 to 89,99	90 to 100
Price Momentum															
Analyst Revision															
Relative Value															
Earnings Quality															
Risk Metrics															
Growth Metrics															
Value Metrics															
Momentum Metrics															
Social Media Metrics															
Total [Data Quality]	91,84					97,95					91,84				

Amazon.com, Inc. offers a range of products and services through its websites. The Company's products include merchandise and content that it purchases for resale from vendors and those offered by third-party sellers. It also manufactures and sells electronic devices. It operates through three segments: North America, International and Amazon Web Services (AWS). In addition to the traditional services, AMZN provides services such as advertising. It also offers Amazon Prime, a membership program that includes free shipping, access to streaming of various movies and television (TV) episodes.

PayPal Holdings, Inc. is a technology platform and digital payments company that enables digital and mobile payments on behalf of consumers and merchants. The Company's combined payment solutions, including its PayPal, PayPal Credit, Braintree, Venmo, Xoom and Paydiant products, compose its Payments Platform. It operates a two-sided global technology platform that links its customers and merchants around the globe to facilitate the processing of payment transactions. It also offers consumers person-to-person payment solutions through its PayPal website and mobile applications, Venmo and Xoom.

Pinterest, Inc. is a visual discovery engine. The Company operates a visual discovery platform where users can create and manage theme-based image collections and share inspirations for their lives. Its visual discovery platform acts like a virtual pinboard, where people use pins to share their subjects of interest. Its offered platform is also integrated with image recognition technology, which allows users to take pictures to provide related information and ideas to the object. It offers online marketing services to brands, which allows brands to connect with people on the basis of their shared tastes and interests.

12-months price probability analysis

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TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%
65%	12%	8%	4%	2%	69%	15%	12%	7%	4%	78%	26%	22%	16%	14%

Guidance

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Pay-out diagram (plus eventual coupons payment) based on issue price of 31 %

Worst-Performer	100%	90%	80%	70%	67%	60%	50%	40%	30%	20%	10%	0%
Redemption	33%	33%	33%	33%	33%	23%	15%	8%	0%	0%	0%	0%

Characteristics

Nam Name	RCB "E-Commerce Growth Opportunity II"
Issuing Bank	Leonteq Zuerich AG
ISIN Number	CH0579770105
Duration:	Maximum 2 years, early redemption mechanism applies
Management Fee	1 % on the invested capital
Type of investment	Yield enhancement
Issue size:	USD 100K, min denomination USD 1K
Risk scale	

Risk

- Capital is not protected below barrier or if the issuer or guarantor fails
- Gain is limited to the coupon payment
- The investor will not receive dividend payments from the underlying

Product Launch

- Launch subject to investment conditions fixed by the issuer and amount raised.

Disclaimer

Past performance is no guarantee of future returns.

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