

Yield enhancement strategy "Luxury Basket II"

a 24-month opportunity

Strategy Summary

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Level of Risk	Time Horizon	Upside Opportunity	Asset Type	On the nominal	Currency

Your benefits:

- ▶ **Conditional capital guarantee:** Up to 33 % (Barrier at 67 %), Gear Put / Discount
- ▶ **Issue / Redemption Price:** 29.65 % / 33.0 %, plus coupon
- ▶ **Maturity:** 24 months
- ▶ **Currency:** EUR
- ▶ **Underlying Companies:** **Ferrari NV (RACE), Marriott International (MAR), Moncler SPA (MONC)**
- ▶ **Reimbursement Triggers:** Autocall: 100 % with quarterly observation, starting 12.3.2021
- ▶ **Coupon Features:** Memory
- ▶ **Coupon Barrier:** Coupon barrier at 75 %, observation quarterly. 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:** Low Strike at 67 %. If each equity is at or above Low Strike level, the investor will be redeemed 100 % of the investment amount; otherwise, the payout will be linked to the worst performing equity from 67 %.
- ▶ **Valuation:** Bid/Ask Intraday - Follow the product on: <https://www.ix-7.ch/Members/Member/Workspaces.aspx>

Investment Opportunity

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A focused approach

A structural shift is occurring in consumer behavior with spending on experiences increasing. People want to belong to a community and share their experience, which is reflected in the vibrant growth rates of branded products. Increased demand for experience will play out through greater spending on luxury, travel, streaming (leisure and conferencing), gaming, social media, restaurants, and food delivery.

Company view:

- ▶ **Ferrari** – Ferrari is one of the world's most prestigious car brands. The aim of Ferrari is to preserve the brand value and its pricing power, as volume growth will not serve as a major driver for the stock. Brand expansion is expected to be very limited, yet Race has established itself successfully in the SUV segment where it is expected to gain momentum. On the back of decent long-term visibility, stable earnings, and cash flows, the company's valuation ratios resemble the one of the luxury sector.
- ▶ **Marriott** – MAR has a high-level management team, ample amounts of liquidity, a well-diversified portfolio (geography and brands). We expect that MAR will be a key beneficiary of the re-opening trade as individual, family, business, and group travel are set to restart. US travel should return relatively quickly while other regions are expected to follow suite.
- ▶ **Moncler** – Moncler is a new-comer to the market. It is well-managed luxury brand and it is addressing a clear market segment. It offers brand resilience thanks to its highly selective and disciplined approach to distribution and pricing. A key component of its growth strategy are store rollouts. The company dominates the premium down jacket market, with a strong track record and superior performance since 2007. The brand's sales should surprise on the upside and management's strategy and execution are notably effective.

Stock market top-down view:

- ▶ Given the recent pickup in coronavirus cases resulting in renewed partial lockdowns, the market may remain toppish during the months ahead. Short-term, consumer spending across the globe might be capped given lingering uncertainties. The relative stock market valuation is still attractive, especially with the revenue forecasts being validated. A broader price appreciation is tough largely dependent on the job market improvement.

Heatmaps

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	Ferrari					Marriott Intern.					Moncler				
	1 to	10 to	30 to	70 to	90 to	1 to	10 to	30 to	70 to	90 to	1 to	10 to	30 to	70 to	90 to
	9.99	29.99	69.99	89.99	100	9.99	29.99	69.99	89.99	100	9.99	29.99	69.99	89.99	100
Price Momentum					Green					Green					Green
Analyst Revision				Green				Yellow				Red			
Relative Value		Red					Red					Red			
Earnings Quality					Green			Yellow				Red			
Risk Metrics				Green					Green				Yellow		
Growth Metrics			Yellow					Yellow					Yellow		
Value Metrics		Red					Red					Red			
Momentum Metrics				Green					Green					Yellow	
Social Media Metrics															
Total [Data Quality]	75.95					97.95					92.55				

Ferrari NV, known as Ferrari, is an Italy-based designer, manufacturer and retailer of sports cars that is incorporated in the Netherlands. It operates under the Ferrari brand. Its sports cars portfolio includes, among others, F12berlinetta, FF, Ferrari 488 GTB, 488 Spider, 458 Speciale, Ferrari California T, F12tdf and LaFerrari. The Company also offers financing services through Ferrari Financial Services. It also produces limited series and one-off cars. The Company divides its regional markets in EMEA (Europe, the Middle East, India and Africa), Americas, Greater China and Rest of APAC (Asia-Pacific region, excluding Greater China) and is active in over 60 markets worldwide through a network of authorized dealers.

Marriott International, Inc. (Marriott International) is a lodging company. Marriott International operates in three business segments: North American Full-Service, North American Limited-Service and International. Its North American Full-Service segment includes its Luxury and Premium brands (JW Marriott, Marriott Hotels, Westin, Renaissance Hotels, Le Meridien, Autograph Collection Hotels, Delta Hotels, Gaylord Hotels, and Tribute Portfolio) located in the United States and Canada. Its North American Limited-Service segment includes Select brands (Courtyard, Residence Inn, Fairfield Inn & Suites, SpringHill Suites, Element Hotels and Moxy Hotels). Its International segment includes JW Marriott, St. Regis, EDITION, Bulgari Hotels & Resorts, Marriott Hotels, Westin, Four Points, Aloft Hotels, AC Hotels by Marriott, Protea Hotels, Element Hotels, and Moxy Hotels.

Moncler SpA is an Italy-based company engaged in fashion industry. The Company designs, produces and distributes clothing and accessories through Moncler brand. Moncler SpA manufactures collections for women, men and children. The Company offers mainly sportswear, outerwear, knitwear and skiwear, including jackets, shoes, sweaters, trousers, bags, shirts, tops, gloves, hats and sunglasses, among others. Moncler SpA trades its products through approximately 122 stores, as well as through the wholesale distribution channel. Moncler SpA operates in approximately 66 countries, including Austria, France, Germany, Switzerland, Turkey, China, Hong Kong, Japan, Taiwan and the United States, among others.

12-months price probability analysis

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	TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%	TP	-10%	-20%	-30%	-35%
	44.50%	43.30%	33.10%	24.60%	20.50%	51.30%	37.10%	33.10%	22.10%	17.70%	37.20%	49.20%	43.17%	34.60%	30.20%

Guidance

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Pay-out diagram based on issue price

Worst-Performer	100%	90%	80%	70%	65%	60%	50%	40%	30%	20%	10%	0%
Redemption	33%	33%	33%	33%	42.86%	35.71%	21.43%	7.14%	0%	0%	0%	0%

Characteristics

Certificate name	RCB "Luxury Basket"
Issuing Bank	Leonteq Securities AG, Zuerich
ISIN Number	CH0584955774
Duration:	Maximum 24 months, early redemption mechanism applies
Management Fee	0.5 % on the invested capital
Type of investment	Yield enhancement
Issue size:	min denomination USD 10K
Risk scale	

Risks

- 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

Initial fixing occurred 11.12.20 with an issue price of 29.65%; Issue Date 21.12.2020

Disclaimer

Past performance is no guarantee of future returns.

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