

LEONTEQ

Investing with Structured Products 2023

FOR PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES ONLY

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Dear Clients,

2022 was a difficult year for financial markets, with stocks and bonds broadly delivering negative returns. This made for a challenging environment to find positive investment returns. Even Crypto assets, once touted as an attractive diversifying investment, witnessed an unprecedented decline in value.

As we settle into 2023, questions inevitably turn to the upcoming year. The forces at work are diverse and prolong an uncertain environment. Geopolitical instabilities in several regions of the World will continue to have multi-dimensional ramifications. Not least, they will likely worsen global economic austerity and heighten the risk of recession.

But, amidst the uncertainty there exist new and emerging investment opportunities. We will support our clients to capitalize on them, helping them navigate the markets through our structured products and strategies – spanning fixed income, credit, equity, commodities – and through leveraging our market leading position in crypto.

Our client servicing capacity has also expanded in recent months. We have introduced a new Shari'a-compliant offering – in the wake of opening our Dubai office – and, we have launched a new ETP+ label and have become recognized as a benchmark administrator under the EU Benchmark Regulation.

Lynqs, our digital platform, continues to operate at the heart of our strategy; providing digital access to our investment products, trade ideas and tools (pre and post trade) to help Investors build their allocation, execute and manage their positions.

As a digital-first enterprise, this 2023 edition of our Leonteq Financial Engineering Book is being published in digital format. It contains a flavor of the products and services we place at your disposal to help design and implement your investment strategies.

The Leonteq Financial Engineering Team



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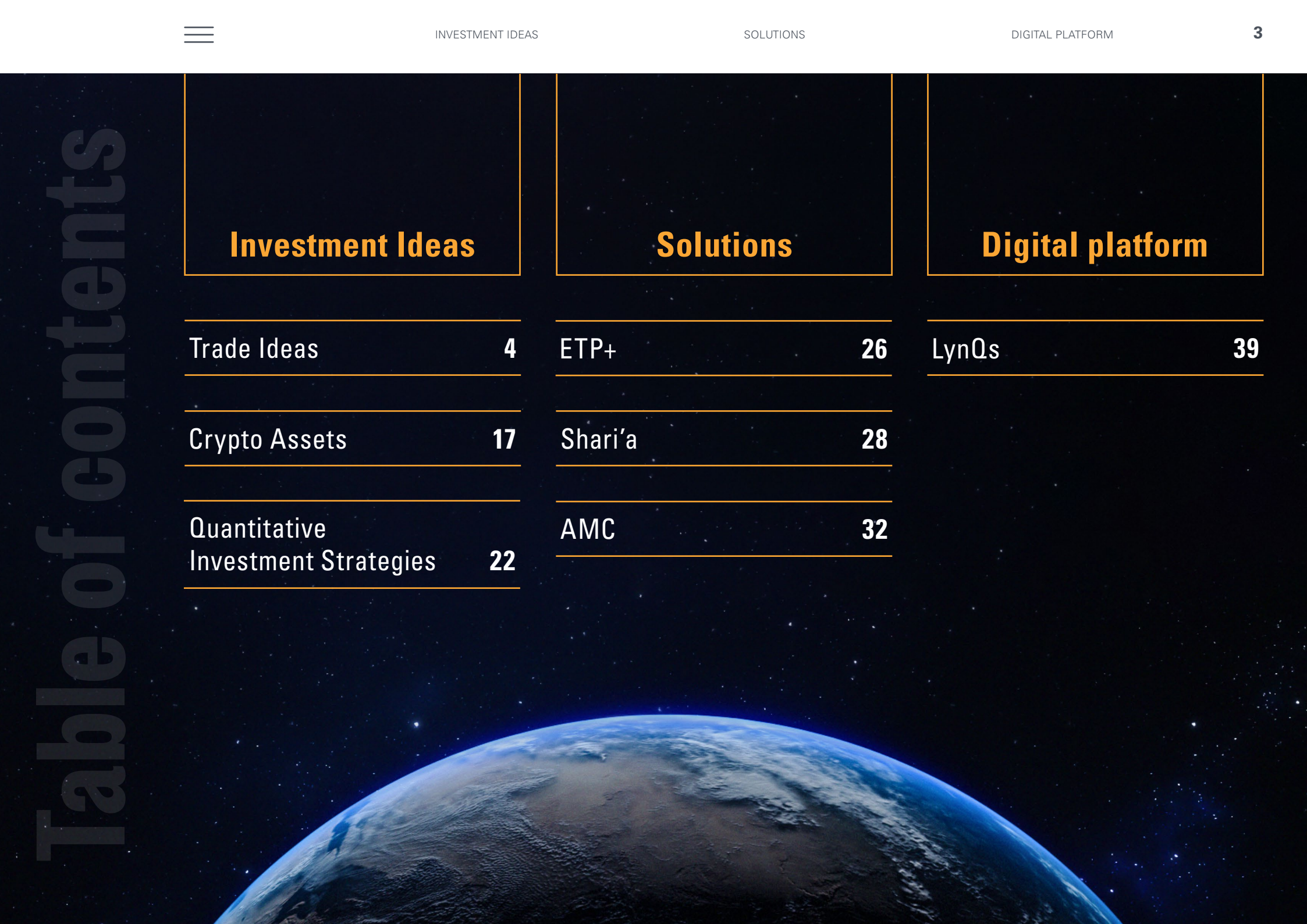

Investment Ideas

Trade Ideas

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1 DAILY MOVE KNOCK-OUT PUT – CHEAPENING YOUR DOWNSIDE PROTECTION

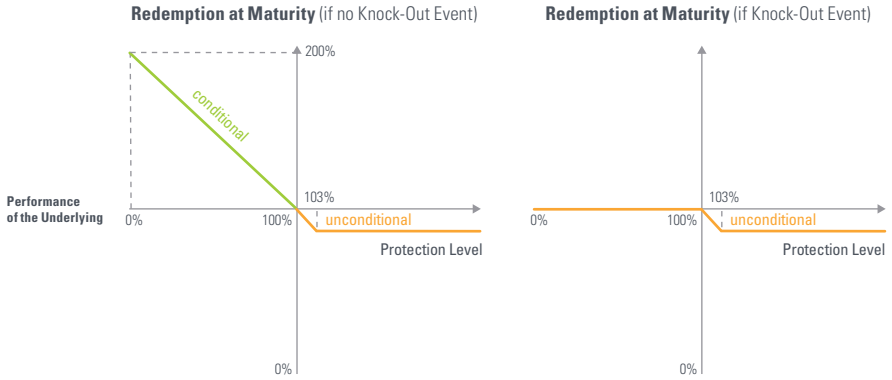
RATIONALE

The idea is to maximize the protection level & downside participation by setting the downside exposure conditional to S&P 500 not having extreme daily moves over the next year (daily move KO feature).

For instance, on the version with 7.5% Absolute KO Trigger:

- **Classic version:** if you buy a structure offering unconditional participation to the negative performance of the S&P 500, you can only afford 87% Protection Level.
- **Daily Move KO version:** if you buy a structure offering conditional participation to the negative performance of the S&P 500 instead, you can afford a 97% Protection Level, i.e., 10% higher!

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- The product provides 97% protection of the denomination. Investors may lose up to 3% of the capital invested at maturity.
- The protection level is independent of the performance of the Underlying and only valid at Maturity.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

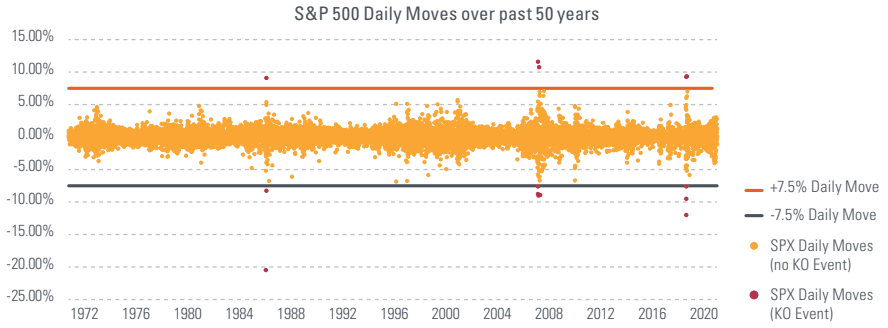
At Maturity:

- If SPX did not have an absolute daily move higher than the Knock-Out daily move trigger, then investor receives 100% of the denomination + ATM Put - call spread 100%/103%.
- If SPX had an absolute daily move higher than the Knock-Out daily move trigger, then investor receives 100% of the denomination - call spread 100%/103%.
- In any case, the investor benefits from a 97% protection level.

PRODUCT TERMS

Issuer	Leonteq Securities AG
Underlying	S&P 500 INDEX (SPX Index)
Maturity	1 Year
Currency	USD
Participation	100% of the absolute negative performance if no Knock-Out Event occurred
Put Strike Level	100% of the initial fixing
Knock-Out Event	If on any day during the life of the product, the absolute daily move of the underlying is greater than the Knock-Out Trigger, the put deactivates.
Knock-Out Trigger	7.50%
Protection Level	97% (at Maturity), via the short call spread 100%/103%, unconditional

ADDITIONAL INFORMATION



Source: Bloomberg



2 ENHANCING THE CALLABLE BONUS DURING THE DIVIDEND SEASON

RATIONALE

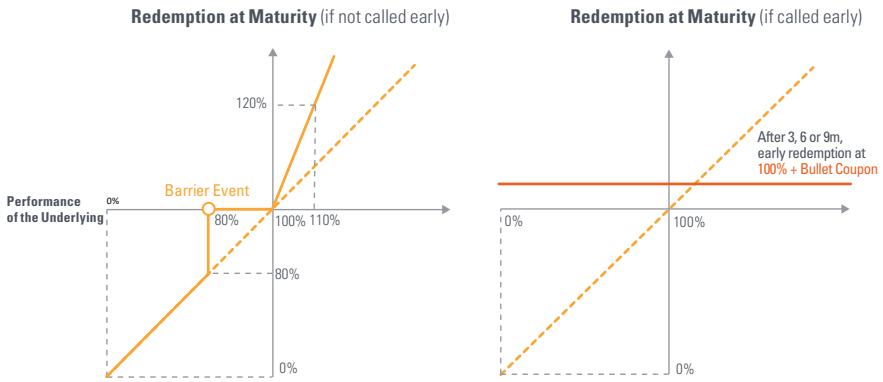
Take advantage of the incoming dividend season and lower stock forwards to **enhance the pricing conditions of** the Bonus (financed by giving up the dividend).

Indeed, the vast majority of dividends from SMI members are falling in the next 6 months (see Additional Information).

Adding a callable (by the Issuer) feature enables to further **boost upside participation** while still benefitting from an exit coupon in case of early redemption.

For instance, without such feature, a 1-Year classic Bonus on Richemont would cost around 15% more than its callable variant.

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- The product is not capital protected. Investors may lose part or all of the invested capital.
- If the Underlying closes at or below the Barrier Level at Maturity, the investor will receive less than 100% of the denomination.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- Compared to a direct investment in the Underlying, the investor will not be entitled to receive any dividend payments.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

Callability:

- On any Observation Date (quarterly), the Issuer has the right to call the Note at 100.00% of the denomination, plus the Bullet Coupon.

At Maturity:

- If the Underlying closes above the Barrier Level, the investor will receive 100% of the denomination and benefit from the Upside Participation in the positive performance of the underlying from the Bonus Level.
- If the Underlying closes at or below the Barrier Level, the investor will receive the denomination reduced by 1% for each 1% negative performance of the Underlying.

PRODUCT TERMS

Issuer	Leonteq Securities AG
Underlying	Single Name (member of SMI Index)
Maturity	1 Year
Currency	CHF
Bonus Level	100%
Upside Participation	200% of the upside performance
Cap Level	Uncapped
Strike Level	100% of the initial fixing
Gearing	1 = 1/Strike
Barrier Level	80% of the initial fixing
Barrier Type	European (observed at maturity)
Callable	Quarterly, at 100% + coupon, by the Issuer
Coupon Level	See table below (bullet, paid if called)

ADDITIONAL INFORMATION

BLOOMBERG TICKER	COMPANY NAME	BULLET COUPON (%)
CFR SW Equity	CIE FINANCIERE RICHEMONT- REG A	16
LOGN SW Equity	LOGITECH INTERNATIONAL-REG	15
SREN SW Equity	SWISS RE AG	10
UBSG SW Equity	UBS GROUP AG-REG	10

See **Annex** for more details.



3 SHARI'A ELIGIBLE FLOORED AUTOCALL – IMPROVING THE MARK-TO-MARKET DYNAMICS

RATIONALE

Leonteq launched its **fully-automated Shari'a programme**, available for various payoffs & asset classes, including the following Floored Autocall.

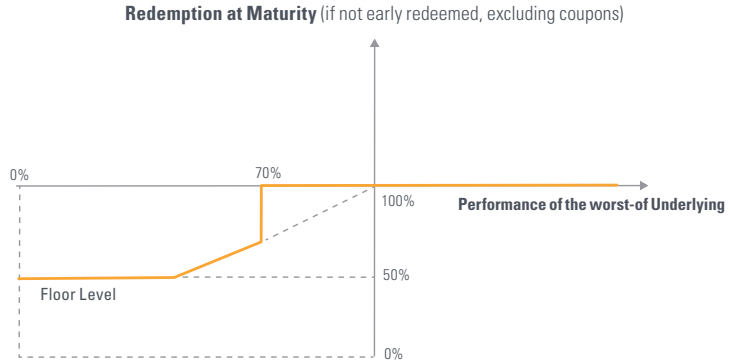
As investors are craving for extra-protection in this volatile market, they might need to pay attention to the secondary market of their investments.

Traditional Autocalls have an **asymmetric profile:** their delta is close to 100% on the downside, with an upside limited to the coupon generated.

Volatility shocks can deepen further such an asymmetry and deteriorate the mark-to-market value of the structure.

The Floored Autocall alternative enable a **more balanced risk profile**, and more **friendly secondary market on the way down**.

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- The product provides 50% (Version 1) / 60% (Version 2) protection of the denomination. Investors may lose up to 50% (Version 1) / 40% (Version 2) of the capital invested at maturity.
- The protection level is independent of the performance of the Underlying and only valid at Maturity.
- If the Worst Performing Underlying closes at or below the Barrier Level at Maturity, the investor will receive less than 100% of the denomination.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- Maximum yield is limited to the coupon payment.
- Compared to a direct investment in the Underlying, the investor will not be entitled to receive any dividend payments.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

Coupon Mechanism:

- The Guaranteed Coupon of is paid independently of the performance of the Underlying.

Early Redemption:

- On any Quarter, if the Worst Performing Underlying is above the Autocall Trigger Level, the Product is redeemed at 100% plus any payable coupon.

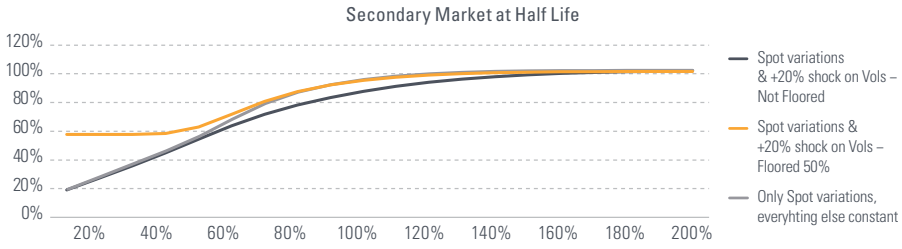
At Maturity (if the product has not been early redeemed):

- If the Worst Performing Underlying is above the Barrier Level, the product redeems at 100%.
- Otherwise, the investor will receive the denomination reduced by an amount proportional to the negative performance of the Worst Performing Underlying below the Strike Level and floored to the Floor Level.

PRODUCT TERMS

Issuer	IBDAA Certificate Issuer Ltd., St Peter Port, Guernsey, a standalone company incorporated in Guernsey
Underlying	APPLE INC (AAPL UQ Equity) AMAZON.COM INC (AMZN UQ Equity) ALPHABET INC-CL A (GOOGL UQ Equity)
Maturity	1 Year, 6 Months
Currency	USD
Basket Type	Worst of
Autocall Trigger Level	100% of the initial fixing (quarterly observed)
Coupon Level	15% p.a. (Floor 50%) / 13% p.a. (Floor 60%), guaranteed
Coupon Frequency	Quarterly
Strike Level	100% of the initial fixing
Barrier Type & Level	70% of the initial fixing (European)
Floor Level	50% / 60% depending on version

ADDITIONAL INFORMATION



Source: Leonteq Securities AG
Based on real pricing simulations (parallel shifts) which may not be a reliable indication for future results.



4 PARTICIPATING TO RISING RATES WITH THE FLOATING COUPON AUTOCALL

RATIONALE

Switzerland no longer has the world's lowest interest rates.

The Swiss National Bank (SNB) raised its key policy rate out of negative territory in September for the first time since January 2015.

"*It cannot be ruled out that further increases in the SNB policy rate will be necessary to ensure price stability over the medium term.*" the SNB said on a recent press release.

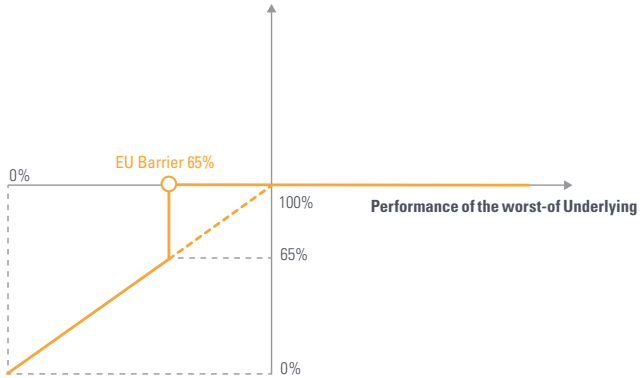
For investors that think SNB will raise rates further, the following floating coupon autocall enable to **participate in this rate increase** as the coupon will follow the evolution of CHF rates.

The floating coupon only costs 1.30% p.a. more versus a classic autocall (SARON + 5% p.a. versus 6.30% p.a. fixed).

Over the past 5 years, **around 90% of the time**, the fixed coupon of this structure was lower than the current one (cf backtest in Additional Information section).

PAYOFF PROFILE

Redemption at Maturity (if not early redeemed, excluding coupons)



Source: Leonteq Securities AG

RISK FACTORS

- The product is not capital protected. Investors may lose part or all of the invested capital.
- If the Worst Performing Underlying closes at or below the Barrier Level at Maturity, the investor will receive less than 100% of the denomination.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- Compared to a direct investment in the Underlying, the investor will not be entitled to receive any dividend payments.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

Coupon Mechanism:

- The Coupon is paid independently of the performance of the Underlying.

Redemption Mechanism:

- On any Observation Date, if the Worst Performing Underlying is above the Autocall Trigger Level, the Product will be early redeemed at 100% plus any payable coupon.

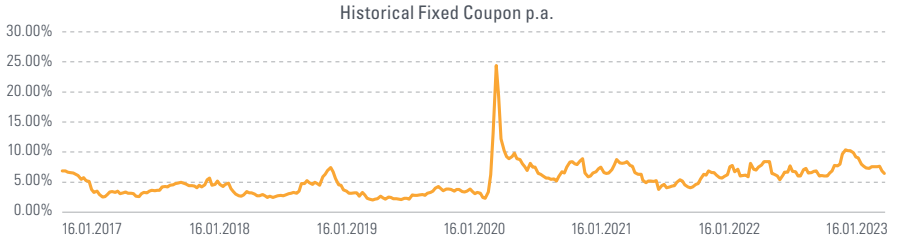
At Maturity (if the product has not been early redeemed):

- If the Worst Performing Underlying is above the above the Barrier Level, the product redeems at 100%.
- Otherwise, the investor will receive the denomination reduced by an amount proportional to the negative performance of the Worst Performing Underlying below the Strike Level.

PRODUCT TERMS

Issuer	Leonteq Securities AG
Underlying	NESTLE SA-REG (NESN SW Equity) NOVARTIS AG-REG (NOVN SW Equity) ROCHE HOLDING AG (ROG SW Equity) ZURICH INSURANCE GROUP AG (ZURN SW Equity)
Maturity	1 Year, 6 Months
Currency	CHF
Basket Type	Worst of
Autocall Trigger Level	100% of the initial fixing (quarterly observed)
Coupon Type & Level	Fixed version: 6.30% p.a., guaranteed Floating version: SARON + 5% p.a., guaranteed
Strike Level	100% of the initial fixing
Barrier Type & Level	65% of the initial fixing (European)
Spot Reference (SRFXON3 Index)	0.9357%

ADDITIONAL INFORMATION



Source: Leonteq Securities AG, Lexifi. The figures refer to simulated past performance.
The back-tested performance of the coupon is not a reliable indicator of future performance.



5 REVERSE CONVERTIBLE ON SOVEREIGN BONDS – BENEFITTING FROM YIELD VOLATILITY IN YOUR BOND PORTFOLIO

RATIONALE

Why investing in a Reverse Convertible on a bond?

The idea is the same as for stocks: you can enhance the yield of your underlying by capping the upside (by selling a put).

Consequently, the Reverse Convertible pays you a higher coupon than if you would have bought the bond directly.

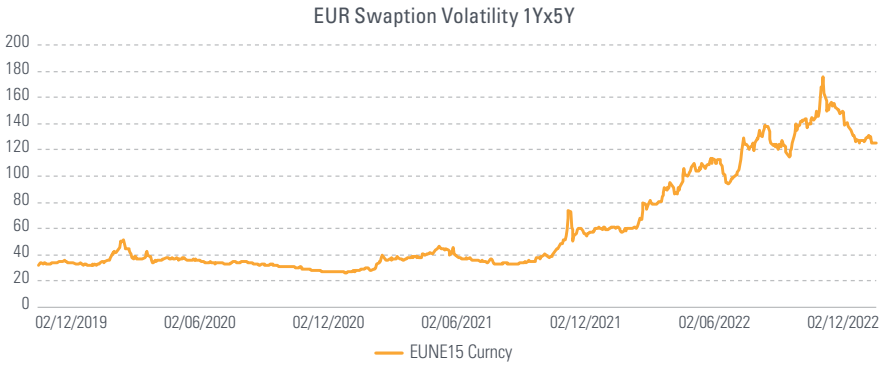
You reduce the duration of your investment since you get paid a higher coupon than a 5Y Bond for potentially a 1Y investment.

The underlying risk is the same since in case the put is exercised, you receive physically the bond.

The pricing opportunity and how it works:

- You can achieve a higher coupon for a lower duration thanks to the volatility.
- By capping the upside, you sell volatility, and the rich premium you collect allows you to finance those conditions.

CAPTURE THE RICH RATES VOLATILITY



Source: Bloomberg
Past performance is not a reliable indicator of future performance.

RISK FACTORS

- The product is not capital protected. Investors may lose part or all of the invested capital.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- Maximum yield is limited to the coupon payment.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

Coupon Mechanism:

- The Guaranteed Coupon is paid independently of the performance of the Bond.

At Maturity:

- If the Bond is above the Strike level, the investor will receive 100% of the denomination.
- Otherwise, the investor get delivered the bond (physically), at Strike price.

PRODUCT TERMS

Issuer	Leonteq Securities AG
Underlying	See table below
Maturity	1 Year
Currency	EUR
Coupon Type & Level	See table below
Coupon Frequency	Quarterly
Strike Level	100% (ATM forward)
Gearing	1/Strike Level

ADDITIONAL INFORMATION

Product details			Underlying details		
Country	**Strike ATMF (clean)**	**Guaranteed Coupon**	**Bond ISIN**	**Bond Tenor**	**Bond Yield**
Italy	91.83%	3.46%	IT0005416570	15/09/2027	3.29%
Spain	93.86%	3.40%	ES0000012G26	30/07/2027	2.75%
Germany	95.24%	3.49%	DE0001102424	15/08/2027	2.16%
France	101.78%	3.38%	FR0011317783	25/10/2027	2.45%



6 GREEN BOND TCM REPACK – THE RACE TO RENEWABLES IS ON

RATIONALE

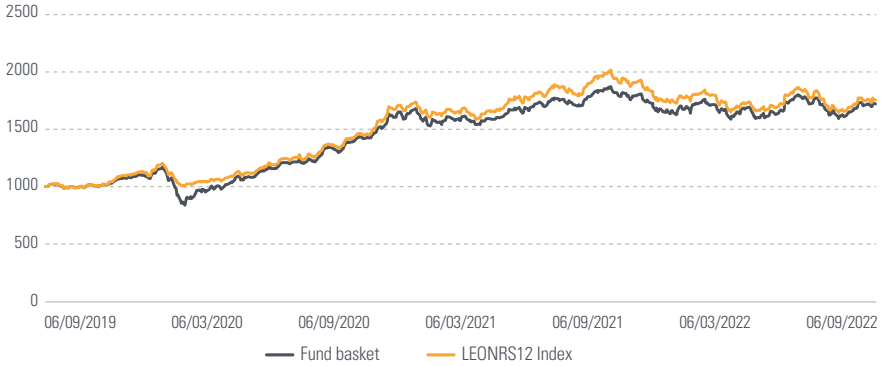
The age of renewable energy is coming on with lightning speed according to Barron's:

- Renewables are now the largest source of power generation in Europe, and the REPowerEU plan aims to double the region's solar capacity in just the next three years. Wind and clean hydrogen will get enormous subsidies as well.
- In the US, the climate bill unlocked $370 billion for clean-energy incentives and consumer benefits. Research firm Wood Mackenzie projects that the incentives will trigger some $1.2 trillion in private investments by 2035.

In line with Leonteq's commitment on Green & Sustainable investments, the following product constitutes a renewable energy focused package:

- The product is a 100% Collateralised Note, with principal collateral / bond reference being the ING Greenbond (A+ Fitch rating), and offers uncapped upside to Leonteq Renewable Energy and Sustainable Investment Funds (index details in Annex).
- The investment on the ING Green bond will go towards financing/refinancing of Renewable Energy projects - Wind and Solar Energy production, and Green buildings.

INDEX PERFORMANCE VERSUS FUNDS BASKET



Source: Bloomberg, Leonteq Securities AG
Past performance is not a reliable indicator of future performance.

RISK FACTORS

- The product is not capital protected. Investors may lose part or all of the invested capital.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- The investor bears the credit risk of the Issuer.
- The investor's exposure to the credit risk of the Issuer of this Product is only mitigated due to collateralisation.
- In order to collateralise this Product, collateral is being deposited at SIX SIS Ltd. In case of insolvency of the Issuer, the deposited securities will be used for the Redemption of the Product.
- Any SIX Securities Services logo and any copyright for the TCM – Triparty Collateral Management approach as provided by SIX SIS Ltd are owned by SIX.

PRODUCT DESCRIPTION

The format - TCM (Triparty Collateral Management):

- The issuer's risk is mitigated by the green collaterals held in a dedicated account at SIX in favour of the investors of the Note.
- The specific collaterals are earmarked against the ISIN of the TCM collateralised Note so that only the investors of the Note have claim to the collaterals (proceeds) in the event of default of the issuer.

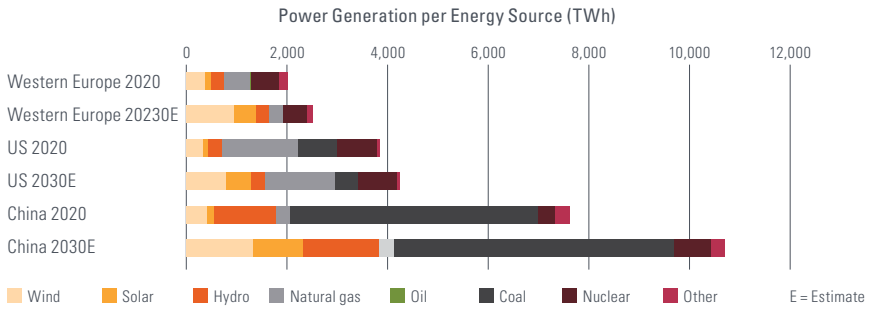
If no default occur, the investor will receive at Maturity:

- 100% of the denomination.
- Uncapped Upside (from Strike Level) on Leonteq Renewables Energy and Sustainable Investment Funds Index.

PRODUCT TERMS

Issuer	Leonteq Securities AG - TCM (100% collateralised note, dedicated account)
Format	Collateralised Note (100% collateralised every day), monitored and managed by SIX SIS
Underlying	Leonteq Renewable Energy and Sustainable Investment Funds Index (LEONRS12 Index)
Maturity	~3 years (January 2026)
Currency	USD
Primary Collateral / Reference Obligation	ING Greenbond (ISIN: USN4580HAA51)
Bond Principal Collateral Ratio	100%
Ratings	Fitch A+ / S&P A- / Moody's Baa1
Top Up Collaterals	Renewable Energy and Sustainable Investment Funds
Redemption Level (if no Default)	100% + ATM Call on LEONRS12 Index

ADDITIONAL INFORMATION



Source: S&P Global Commodity Insights



7 BONUS ON GAS & CRUDE OIL – RIDING THE COMMODITY SUPER-CYCLE

RATIONALE

This Bonus benefits from **leveraged upside participation** thanks to the backwardation of Oil (downward sloping forward curve due to front-end contracts trading higher than futures).

About Low Sulphur Gas Oil - our newly available commodity:

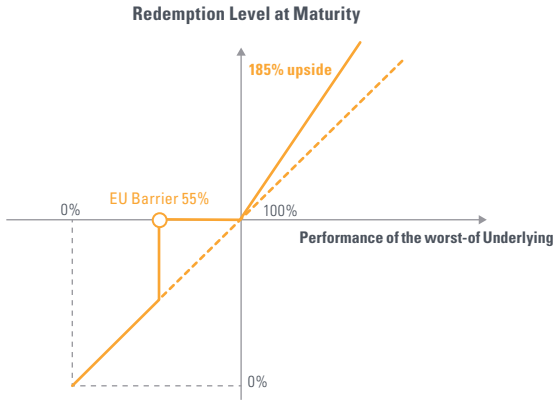
The underlying physical market for Low Sulphur Gasoil is diesel barges delivered in the ARA (Amsterdam, Rotterdam, Antwerp including Flushing and Ghent) region.

It is used as the pricing reference for all distillate trading in Europe and beyond.

ICE Low Sulphur Gasoil Futures contract is the glue connecting the European middle distillate market, while also stretching globally to related products in Asia and the US.

It impacts middle distillate prices (jet, diesel, and gasoil) while acting as the benchmark for European biodiesel and more recently, shipping bunker fuel.

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- The product is not capital protected. Investors may lose part or all of the invested capital.
- If the Worst Performing Underlying closes at or below the Barrier Level at Maturity, the investor will receive less than 100% of the denomination.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

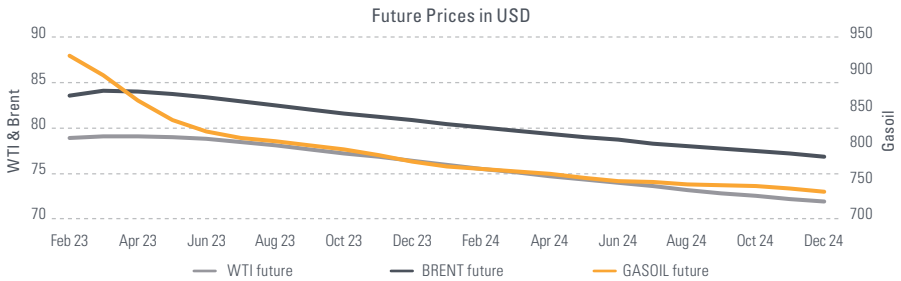
At Maturity:

- If all the Underlyings close above the Bonus Level, the investor will receive 100% of the denomination and benefit from the Participation in the positive performance of the Worst Performing Underlying from the Bonus Level.
- If none of the underlyings close at or below the Barrier Level, but the Worst Performing Underlying closes at or below the Bonus Level, the investor will receive the Bonus Level.
- If any of the underlyings trades at or below the Barrier Level, the investor will receive the Denomination reduced by 1% for each 1% negative performance of the Worst Performing Underlying.

PRODUCT TERMS

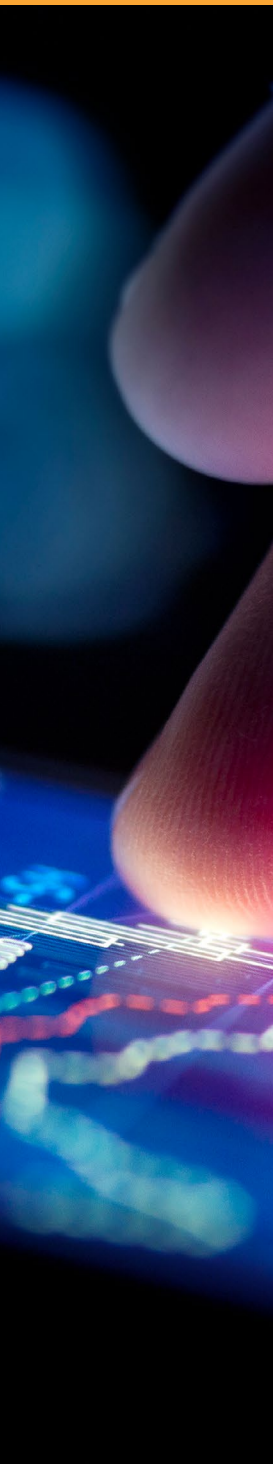
Issuer	Leonteq Securities AG
Underlying	ICE GasOil (GASOIL) WTI CRUDE NYMEX (WTI) ICE Brent Crude (BRENT_CRUDE)
Maturity	1 Year
Currency	USD / EUR / CHF
Basket Type	Worst of
Upside Participation	USD: 185% of the upside performance EUR: 150% of the upside performance CHF: 125% of the upside performance
Bonus Level	100% of the initial fixing
Cap Level	Uncapped
Barrier Type	European (observed at maturity)
Barrier Level	55% of the initial fixing

ADDITIONAL INFORMATION



Source: Bloomberg. Past performance is not a reliable indicator of future performance.

See **Annex** for more details.



8 CREDIT-LINKED NOTE ON ITRAXX MAIN & GOLDMAN SACHS – LEVERAGING ON QUALITY TO BOOST THE COUPON

RATIONALE

The current macro environment offers to Credit investors an **attractive risk/reward profile looking at history**:

- Wide credit spreads & rich rates lead to historically high coupons.
- Low current & expected defaults should help to preserve investor's capital.

More specifically, the investor may benefit from a **triple stream of yield** thanks to the following structure by capturing:

1. Goldman Sachs (GS) credit spread.
2. iTraxx Europe Main credit spread.
3. The Issuer funding spread.

3Y MARKIT ITRAXX MAIN CREDIT SPREAD



Source: Bloomberg
Past performance is not a reliable indicator of future performance.

RISK FACTORS

- Before maturity, the secondary market value of the Note is influenced by many factors and may be below 100% of the denomination.
- The investor bears the credit risk of the Issuer, the Reference Entity and the Credit Index.
- The Protection level is only valid at maturity and if no Credit Event occurred during the lifetime of the product.
- If a Credit Event occurred during the lifetime of the product, the investor will be exposed to a diminution of the redemption.
- Secondary market – Under normal market conditions the usually observed bid-ask spread is at about 5%. In case of illiquidity in the Reference Entities or market unrest, the bid-ask spread may substantially widen.
- Maximum yield is limited to the Coupon payment.

PRODUCT DESCRIPTION

At Maturity:

- If during the lifetime of the Investment, no Credit Event occurs in Goldman Sachs, the investor receives at maturity 100% - n/125, where n is the number of credit events during the lifetime of the product on iTraxx Europe Main.
- If during the lifetime of the Investment, a Credit Event occurs in Goldman Sachs, the investor receives at maturity the liquidation proceeds coming from the recovery of Goldman Sachs and the unwind of the hedge on iTraxx Europe Main.

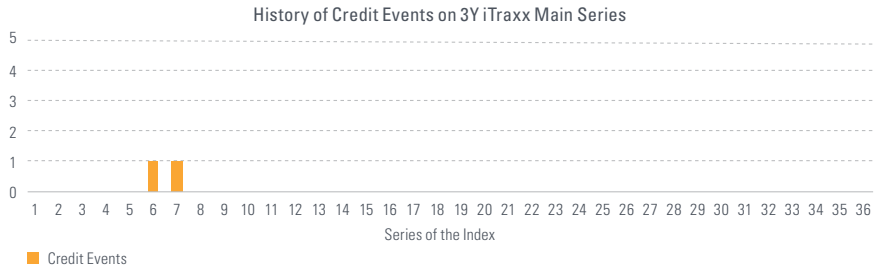
How are generated those rich coupons?

- If the investor invests 1 mio in the CLN, 2 mio protection is sold (1 mio on GS, 1 mio in iTraxx Europe Main).
- This structure is leveraged, but there is no Stop Loss based on the product mark-to-market or credit spreads, other than GS's default.

PRODUCT TERMS

Issuer	Leonteq Securities AG
Credit Index	MARKIT ITRX EUROPE 12/25 (Investment Grade)
Credit Index Recovery Type	0-Recovery
Reference Entity	Goldman Sachs Group Inc/The (Fitch A, S&P BBB+)
Reference Entity Recovery Type	Market Recovery
Currency	See below
Maturity	20/12/2025
Redemption Date	3 weeks after maturity
Coupon Level	USD: 6% p.a., annually, first long EUR: 5% p.a., annually, first long
Settlement in case of Credit Event	Cash at redemption, excluding accrued coupon
Callable	Yearly, at 100% + coupon, by the Issuer

ADDITIONAL INFORMATION



Source: Leonteq Securities AG

9 100% PROTECTED NOTE WITH CREDIT TRANCHE LINKED COUPON – A 140% HISTORICAL WORST CASE REDEMPTION

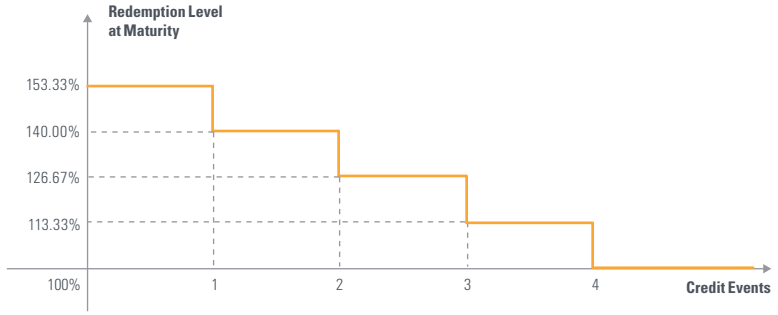
RATIONALE

Take advantage of the **disconnection between realized (historical) & implied probability of default in iTraxx Main** through the following protected note offering a conditional coupon linked to the number of 5Y iTraxx Main Credit Events.

For iTraxx Main S38 5Y, the implied probability of default is currently trading at 9.5%. This suggests that around 12 of the 125 names will default until maturity.

Looking at realized, this seems extreme: iTraxx Main exists since 18.5 years – **the highest number of credit event in any series was 1**.

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- The product provides 100% protection of the denomination.
- The protection level is independent of the performance of the Underlying and only valid at Maturity.
- Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- Maximum yield is limited to the coupon payment.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

Coupon Mechanism:

- The coupon is reduced by 13.33% per Credit Event. The full coupon is lost after 4 Credit Events.
- The historical worst-case redemption scenario is at 140% (1 Credit Event).
- Even with 2 Credit Events (redemption = 126.67%), the yield is around 5% p.a., still above the risk-free rate (5Y SOFR ~3.41% p.a. as of January 12, 2023).

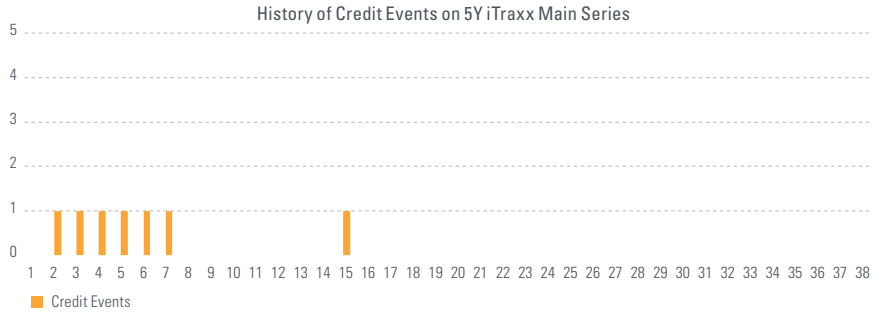
At Maturity:

- The investor will receive 100% of the denomination. Only the coupon is at risk.

PRODUCT TERMS

Issuer	Leonteq Securities AG
Credit Index	MARKIT ITRX EUROPE 12/27 (Investment Grade)
Recovery Type	0-Recovery
Currency	USD
Maturity	20/12/2027
Redemption Date	3 weeks after maturity
Conditional Coupon Level	53.33% bullet, paid at Maturity, subject to iTraxx Main S38 0-3.2% 0-Recovery Tranche
Protection Level	100% at Maturity

ADDITIONAL INFORMATION



Source: Leonteq Securities AG

(10) 100% PROTECTED NOTE ON US INFLATION – CATCH THE CARRY WHILE YOU CAN

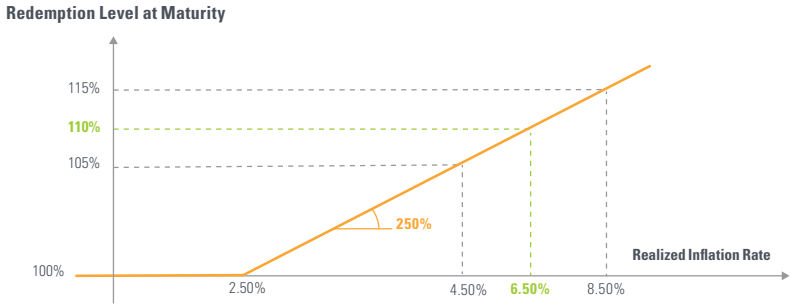
RATIONALE

US 1Y inflation forward is around 2%, well below the last inflation level (6.5% as of January 14, 2023), as the market believes the FED will do "whatever they can" to to fight inflation.

Doubts are rising whether FED will be able to hike as much as they want, and two main drivers of inflation – supply chain chaos & soaring energy costs – are outside their control.

The inflation call offers direct exposure to the realization of US inflation over the next year & enables to **capture the carry** and **hedge against rising rates**, mainly driven by realized inflation those days.

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- The product provides 100% protection of the denomination.
- The Protection is independent of the performance of the Underlying and only valid at Maturity.
- Before maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
- The investor bears the credit risk of the Issuer.

PRODUCT DESCRIPTION

Coupon Mechanism:

- The investor will receive 100% of the denomination and 250% x Max[0 ; Realized Inflation Rate - Strike Level].

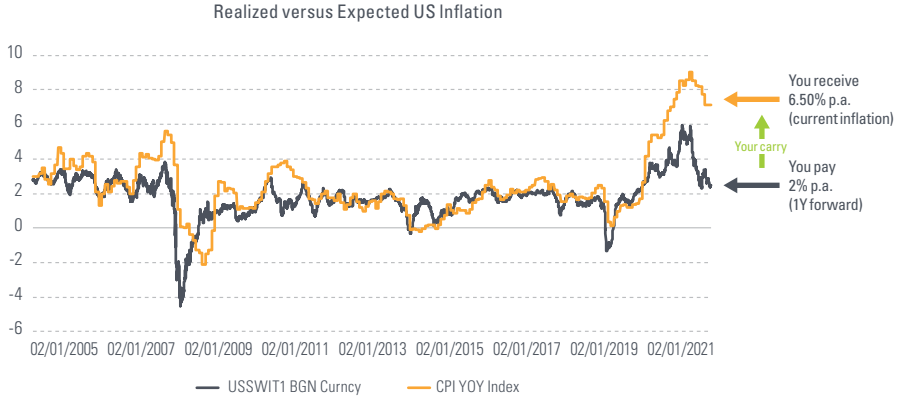
Where:

- Realized Inflation Rate = [CPURNSA Index Final (3-months lag) / CPURNSA Index Initial (3-months lag)] ^(1/ Maturity) -1

PRODUCT TERMS

Issuer	Leonteq Securities AG
Underlying	US CPI Urban Consumers NSA - observed with market standard 3-month lag (CPURNSA Index)
Maturity	1 Year
Currency	USD
Protection Level	100% at Maturity
Inflation Call Strike Level	2.50%
Upside Participation	250% of the upside performance, uncapped
Last Inflation Rate	6.50%

ADDITIONAL INFORMATION



Source: Bloomberg, Leonteq Securities AG. Past performance is not a reliable indicator of future performance.

See **Annex** for more details.

(11) FX LEVERAGED PTARF – MONETIZING THE EUR/USD VOLATILITY

RATIONALE

A Pivot Target Accrual Redemption Forward ("PTARF") is a foreign exchange product that allows investors to **buy or sell a currency at an enhanced rate** for a number of observation dates. The full notional is not required at the beginning of the trade as it is an unfunded OTC transaction.

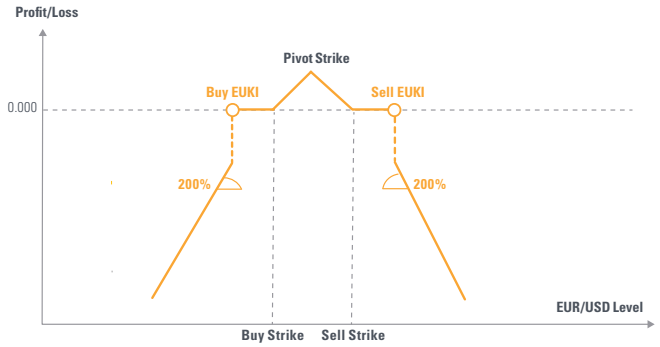
The product automatically expires if the sum of profits reaches a pre-defined Target Profit level.

If the spot is between the Buy Strike and the Buy Knock-In Level or between the Sell Strike and the Sell Knock-In Level, the investor does not perform any FX conversion.

If the spot falls below the Buy Knock-In Level or rises above the Sell Knock-In Level, the investor would buy (respectively sell) the period notional at the Buy Strike (respectively Sell Strike).

As the product is leveraged, the notional for each period is doubled.

PAYOFF PROFILE



Source: Leonteq Securities AG

RISK FACTORS

- If the value of the Underlying falls below (rises above) the Buy (Sell) Knock-in Price, investors end up paying more (getting less) for the Underlying than it is worth.
- As the PTARF is leveraged, the downside risk is magnified whenever the Underlying price falls below (rises above) the Buy (Sell) Knock-in Price. In the extreme case, the consequences can be disastrous when the Underlying price falls to a very low level or even zero (rises very high above the Sell Knock-in Price) since the investors are still bound by the contract to purchase (sell) the Underlying at the Buy (Sell) Strike Price until the Expiry Date.
- A PTARF is not a one-off transaction. Instead, it comprises of a series of option contracts whereby investors are committed and obliged to buy or sell the Underlying periodically until the PTARF expires or the occurrence of a Knock-Out Event. Whenever the prevailing market price of the Underlying falls below (rises above) the Buy (Sell) Knock-in Price, investors are incurring huge losses on a recurring basis.
- The potential losses under PTARF are unlimited.

PRODUCT DESCRIPTION

The Accrued Profit is the sum of the profits of each period, where the profit for each period is calculated as follows:

- If the Fixing Rate is below the Pivot Strike and above the Buy Knock-In: Max(0, Fixing Rate, Buy Strike).
- If the Fixing Rate is at or above the Pivot Strike and below the Sell Knock-In: Max(0, Sell Strike - Fixing Rate).

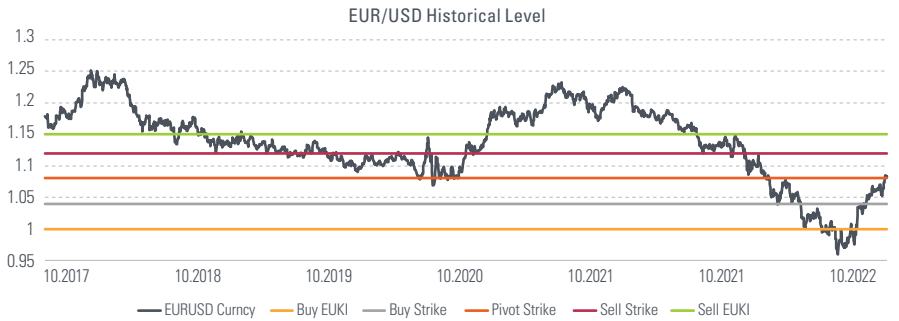
Early Termination based on a Profit Trigger:

- If on any Fixing Date (i), the Accrued Profit is at or above the Target Profit level, a Knock-out Event will occur.
- For the current period (i), the investor will exchange the Notional Amount per period at the Buy Strike or Sell Strike, as the case may be, and the transaction is knocked-out for all remaining subsequent periods.

PRODUCT TERMS

Format	OTC Swap
Currency Pair	EUR/USD
Maturity / Frequency	52 weeks / bi-weekly
Notional	in EUR
Spot Reference	1.0803
Leverage	x2
Buy EUKI / Buy Strike	1.0000 / 1.040 (USD per EUR)
Pivot Strike	1.0803 (USD per EUR)
Sell Strike / Sell EUKI	1.1200 / 1.1500 (USD per EUR)
Target Profit	0.25
Final Payment Type	Full

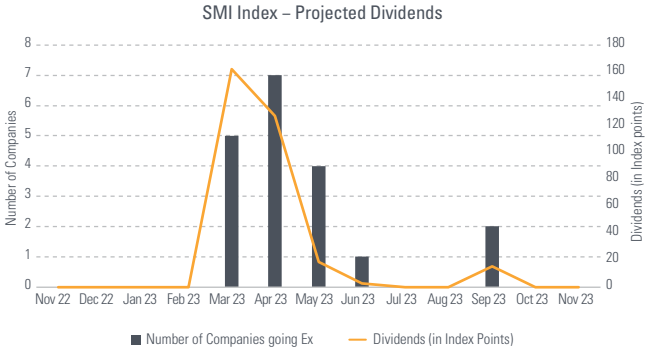
ADDITIONAL INFORMATION



Source: Bloomberg, Leonteq Securities AG. Past performance is not a reliable indicator of future performance.

EQUITIES

2 ENHANCING THE CALLABLE BONUS DURING THE DIVIDEND SEASON



Source: Leonteq Securities AG

COMMODITIES

7 BONUS ON GAS & CRUDE OIL – RIDING THE COMMODITY SUPER-CYCLE

Crude Oil | Fractional Distillation

<25°C	Petroleum Gas
<25-60°C	Gasoline
<60-180°C	Naphtha
<180-220°C	Paraffin
<220-250°C	**Diesel = Gas Oil**
<250-300°C	Fuel Oil
<300-250°C	Lubricating Oil
<350°C	Crude Oil, Furnace, Bitumen

Source: Leonteq Securities AG

INFLATION

10 100% PROTECTED NOTE ON US INFLATION – CATCH THE CARRY WHILE YOU CAN

Redemption Table

REALIZED INFLATION RATE	REDEMPTION AT MATURITY
2.000%	100.00%
2.500%	100.00%
3.000%	101.25%
3.500%	102.50%
4.000%	103.75%
4.500%	105.00%
5.000%	106.25%
5.500%	107.50%
6.000%	108.75%
6.5% (current inflation)	110.00%
7.000%	111.25%
7.500%	112.50%
8.000%	113.75%
8.500%	115.00%
9.000%	116.25%
9.500%	117.50%
10.000%	118.75%

Crypto Assets

A Peek at Leonteq's Evolving Crypto Asset Platform

2017 — Launch of the first crypto asset tracker by Leonteq

30 — Crypto assets available on the platform

30+ — Indices (active and passive) available on the platform

250+ — Structured products outstanding

listed on
- SIX Swiss Exchange
- BX Swiss
- Börse Frankfurt (Freiverkehr)

At Leonteq, we assert there are compelling **advantages** to investing in crypto assets via structured products:

- Investors benefit from a fully regulated issuer with an investment-grade rating (BBB-, stable outlook, Fitch) and robust capital base of approx. CHF 890m.
- Investors do not have to manage cryptographic keys utilizing their own in-house storage infrastructure.
- Structured products are easily modified to meet specific client requirements.
- By virtue of being "bankable", structured products are more easily traded in the conventional way, similar to shares, bonds or ETFs.

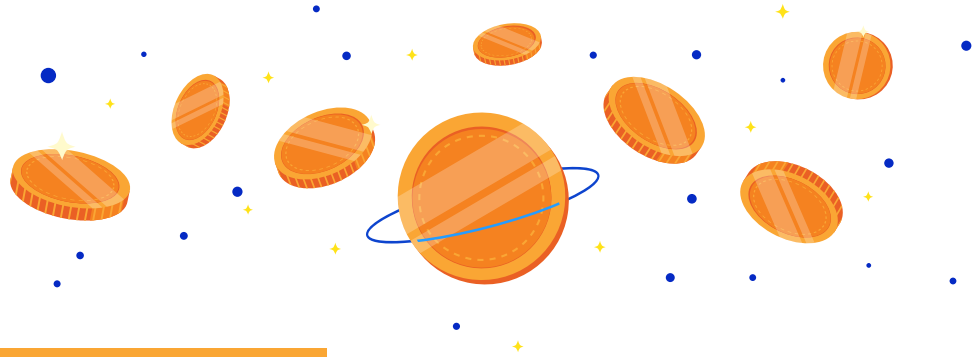
RISK WARNINGS:

Investments in products referencing one or more crypto assets or indices of crypto assets are subject to increased volatility compared to investments in traditional assets and to specific risks which can negatively impact the value, tradability, liquidity and/or security of such investments. Potential investors are encouraged to inform themselves about these specific risks when considering an investment in products referencing one or more crypto assets or indices of crypto assets.

In certain jurisdictions (e.g. Italy) distributors shall not recommend crypto and crypto assets to retail investors.

Leonteq's Crypto Asset Universe

Leonteq offers one of the largest universes that can be securitized – representing close to 80% in terms of capitalization of the entire crypto asset market (excluding stable coins). This 'universe' can be broken down into five groups, and are listed below, with definitions provided by Coindesk's Digital Asset Classification Standard (DACS)[1]:



Computing

DACS Definition[1]: "The Computing sector consists of projects that aim to decentralize the sharing, storing, and transmission of data by removing intermediaries and ensuring privacy for all users. All projects that aim to gather, transmit, store, and share data and web services in a decentralized manner play a key factor in building the infrastructure of Web 3.0. This includes on-chain and off-chain data transmission, social data platforms, peer-to-peer secure data transactions, open networks, free market private computation, and decentralized file storage and file sharing."

Leonteq Coverage according to DACS: 0x, Chainlink, Filecoin

Currency

DACS Definition[1]: "Currency sector refers to any digital asset acting primarily as a medium of exchange and unit of account running on a blockchain network with the ability to complete crossborder transactions without restriction. Digital assets in the Currency sector do not necessarily act as a store of value."

Leonteq Coverage according to DACS: Bitcoin, Bitcoin Cash, Dogecoin, Litecoin, XRP, Stellar

DeFi

DACS Definition[1]: "DeFi refers to digital assets that support financial products and services that are not facilitated or controlled by any central entity. These financial products and services are accessible without any barrier to entry or identification requirements. All DeFi tokens must be created on smart contract platforms and offer open-sourced liquidity with the ability for token holders to reserve governance rights."

Leonteq Coverage according to DACS: Aave, Compound, Maker, Uniswap, yearn.finance

Culture & Entertainment

DACS Definition[1]: "Culture & Entertainment includes all projects that aim to decentralize social media platforms, create decentralized gaming worlds, and increase direct peer-to-peer interaction between content creators and their audience, while at the same time maintain user privacy, security, and ownership of data and digital assets."

Leonteq Coverage according to DACS: ApeCoin, Axie Infinity, Chiliz, Decentraland, Enjin Coin

Smart Contracts

DACS Definition[1]: "Smart Contracts are computerized blockchain protocols that execute terms of a contract. Smart Contracts represent computer code that ensures when the terms of the contract are met by both parties. It, executes automatically, allowing for peer-to-peer trustless transactions. Smart contract platforms are designed for the building of decentralized applications, layer 2 scaling solutions, DAO's, and custom protocols. Each platform has a unique open-source user and miner incentive structure […]. Each platform utilizes a native token for the payment towards building on the platform, providing liquidity, and allowing interoperability between the native token and newly created tokens built on the platform."

Leonteq Coverage according to DACS: Algorand, Avalanche, Cardano, Cosmos, EOS, Ethereum, Ethereum Classic, Polkadot, Polygon, Solana, Tezos

[1] Source: https://downloads.coindesk.com/cd3/DACS+-+Glossary+-+Final.pdf

Crypto Asset Indices

In addition to the 30 different crypto assets currently available on its crypto asset platform, Leonteq offers investor access to crypto asset indices, helping clients to structure their own individualised, rule-based or actively managed indices. Three examples of which are:

Leonteq Crypto Market Index (LIXXCRYP Index):
This index tracks the financial performance of major crypto assets. The weight of each index component is determined based on its market capitalization. To avoid over-concentration, the Leonteq Crypto Market Index employs a novel mechanism to reduce concentration in any single index component. The index rebalances on a quarterly basis.

Leonteq Bitcoin Lock-in 80% Index (LIXXBI80 Index):
This index tracks the performance of a dynamic portfolio of cash and Bitcoin. The index deploys a risk budgeting mechanism targeting reduced index drawdowns by allocating dynamically between the two index components. The Leonteq Bitcoin Lock-in 80% Index is designed such that the maximum drawdown risk on a 1-year basis is limited to approximately 20%. This Index can rebalance daily (more background information is available in the section "Risk Budgeting In Troubled Times").

DER AKTIONÄR Krypto TSI Index (AKPIKRYP Index):
This index was launched in cooperation with DER AKTIONÄR – a popular German weekly investment magazine. The index tracks performance of ten major crypto assets. Its methodology is based on a trend signal indicator (TSI) developed by DER AKTIONÄR. The strongest-trending crypto assets are chosen for inclusion in the index using an automated selection process that takes into account trends and market capitalization. The index rebalances on a quarterly basis.

Leonteq Crypto Product Offering

Currently, Leonteq supports three product ranges in the crypto asset space:

(Static) Delta 1

Delta 1 trackers provide access to the crypto asset class. This product is ideal for investors who have an interest in crypto assets but do not wish to manage wallet infrastructure or may be unable to trade directly in crypto assets.
Single crypto asset trackers represent the majority of Leonteq's crypto offering, though there has been a recent, notable shift toward static crypto baskets and rule-based crypto indices.

KEY TERMS

Issuer
Leonteq Securities AG, Zurich

Term
Fixed-end
Open-end

Listing
SIX Swiss Exchange
BX Swiss
Börse Frankfurt (Open Market)

Universe
Any of the 30 available crypto assets (subject to listing admission on respective venue)
Crypto indices developed by Leonteq

Currency
All major currencies

Minimum Size
500,000 CHF equivalent

Other Features
Management fee and/or performance fee (indices only)

Actively Managed Certificates (AMCs)

AMCs become increasingly the wrapper of choice for asset managers. By using an AMC, asset managers can offer their discretionary and proprietary strategies to a wider investor audience.
AMCs also offer the opportunity to dynamically combine crypto assets (e.g., metaverse crypto assets) with crypto-targeted traditional assets (e.g., listed shares focusing on the metaverse) all in one product.

KEY TERMS

Issuer
Leonteq Securities AG, Zurich
Leonteq Securities AG, Guernsey

Term
Max. 12 months

Listing
SIX Swiss Exchange

Universe
Zurich
- Any of the 30 available crypto assets (subject to listing admission on respective venue)
- Crypto indices developed by Leonteq

Guernsey:
- Structured products (non-linear payoffs) issued out of Leonteq Guernsey

Currency
All major currencies

Minimum Size
250,000 CHF equivalent

Other Features
Management fee and/or performance fee

Non-Linear Payoff Structures

With the maturing of the crypto asset industry, non-linear payoff structures have lately emerged as an investment option.
Non-linear payoffs allow investors to use price volatility to their advantage, turning it into yield opportunities or putting in place conditional downside protection via low strikes or barriers.
Leonteq offers the most popular non-linear payoffs on Bitcoin and Ether.

KEY TERMS

Issuer
Leonteq Securities AG, Zurich
Leonteq Securities AG, Guernsey

Term
Max. 12 months

Listing
SIX Swiss Exchange
BX Swiss
Börse Frankfurt (Open Market)

Universe
- CME CF Bitcoin Reference Rate
- Ether-Dollar Reference Rate
- Single underlying only (no worst-of or basket)

Currency
All major currencies

Minimum Size
250,000 CHF equivalent

Other Features
- Payoffs: reverse convertible, softcalls, autocalls
- Lowest barrier 49% (American and European)
- Autocall frequency: monthly, quarterly, semi-annually

Risk Budgeting in Troubled Times



The price volatility of crypto assets over past years reveals how risky, yet lucrative, they can be as an investment. Despite their upward price trend over the past decade, it is not uncommon for crypto assets to temporarily drop by 50% or more (see Figure 1). Double-digit annualised returns are of course enticing, but the reality is few investors can withstand such stark price plunges.

Fig 1 Performance Statistics of Bitcoin, Ether and XRP

	Bitcoin	Ether	XRP
Return p.a.	15.6%	8.5%	-14.6%
Volatility p.a.	69.9%	91.9%	103.8%
Information Ratio	0.22	0.09	-0.14
Max. Drawdown	-76.9%	-91.3%	-87.7%

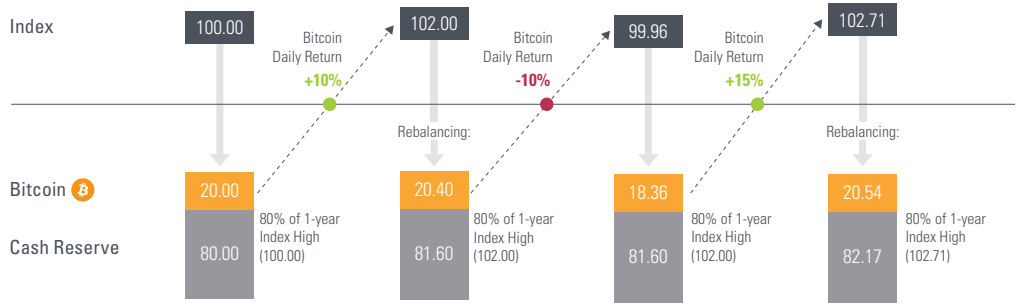
Source: Leonteq Securities AG, Bloomberg as of 30 December 2022. Data from 08 February 2018 (first availability on Bloomberg for all three crypto assets) to 30 December 2022. Past performance is no indication of future performance.

Risk Budgeting: Targeting a Better Risk-Return Profile

Leonteq has created a new index - the Leonteq Bitcoin Lock-in 80% Index (Bloomberg: LIXXBI80 Index) - to safeguard against severe drawdowns.

Through this index, approximately 80% of the 1-year historical index peak is kept in a cash reserve, while the rest is invested in Bitcoin. The allocation between the cash reserve and Bitcoin is monitored daily and adjusted if new index peaks are recorded. Figure 2 illustrates this dynamic rebalancing.

Fig 2 Risk Budgeting Mechanism



Source: Leonteq Securities AG. For illustration purposes only.

The Leonteq Bitcoin Lock-in 80% Index is designed such that the maximum risk of loss over a 1-year period is limited to approximately 20%, though it should be said consecutive 1-year loss periods may incur losses of more than 20%. The Leonteq Bitcoin Lock-in 80% Index is also designed so that the cash reserve is only adjusted if the required rebalancing exceeds one percent of the current index level. This helps to avoid excessive costs associated with too frequent trading.

The Leonteq Bitcoin Lock-in 80% Index launched on July 1, 2022. Since then, the index has demonstrated its resilience in the face of market volatility, as illustrated in Figure 3.

Fig 3 Comparison Bitcoin vs. Leonteq Bitcoin Lock-in 80% Index

Statistic	Bitcoin	Leonteq Bitcoin Lock-in 80% Index
Return (not annualized)	-14.6%	-1.8%
Volatility p.a.	57.8%	9.6%
Max. Drawdown*	-35.5%	-6.9%

Source: Leonteq Securities AG, Bloomberg as of 30 December 2022.
Data from 01 July 2022 (index inception) to 30 December 2022. Past performance is no indication of future performance.

* Max. Drawdown: means the maximum attainable loss over a given investment horizon

Not a Static Portfolio

The Leonteq Bitcoin Lock-in 80% Index was specifically created for risk-averse investors who want to gain exposure to a new asset class and are willing to forego some upside (with lower allocation to Bitcoin) in exchange for lower drawdowns. It is important to not confuse the index concept with a static 20% - 80% portfolio on Bitcoin and a cash reserve. The index concept adjusts dynamically, possibly daily, and corresponds to a profit-taking strategy.

Fig 4 Hypothetical Backtest (Static Portfolio)

Statistic	Bitcoin	Static Portfolio (80% Cash Reserve and 20% Bitcoin)	Leonteq Bitcoin Lock-in 80% Index (backtested)
Return (not annualized)	15.6%	3.9%	6.3%
Volatility p.a.	69.9%	26.3%	9.9%
Information Ratio[1]	0.22	0.15	0.64
Max. Drawdown*	-76.9%	-51.9%	-14.7%

Source: Leonteq Securities AG, Bloomberg as of 30 December 2022. Data from 08 February 2018 (date selected for comparative purposes with other tables in this article) to 30 December 2022. The index peak was calculated over a 1-year horizon, cash reserve is only adjusted if the required rebalancing exceeds 1% of the current index level, a transaction fee of 50 bps on traded notional was applied. Back-tested performance is purely hypothetical and is provided for information purposes only. Back-tested data does not represent the actual performance and it is not an indicator of the actual or future performance.

[1] Information Ratio: means the ratio of return p.a. and volatility p.a.

* Max. Drawdown: means the maximum attainable loss over a given investment horizon

Customized Solutions

Customisation is embedded deep in the design of Leonteq Bitcoin Lock-in 80% Index, allowing institutional clients like asset managers, family offices, and banks to develop individualised indices based on the same concept and their preferred risk tolerances.

The underlying crypto asset (either a single asset or a basket of assets), cash reserve percentage (e.g. 85%, 75%, 65%), and time horizon for which the index peak is calculated (e.g. 6 months or 1 year) are all customizable options. Asset managers may even dynamically set the cash reserve percentage based on a proprietary risk-on/risk-off indicator.

Next figure illustrates three hypothetical backtests with a varying cash reserve percentage across different crypto assets using the same investment horizon as in Figure 1 for comparative purposes.

Fig 5 Hypothetical Backtests

Variation	Statistic	Bitcoin Strategy Index	Ether Strategy Index	XRP Strategy Index
Cash reserve percentage = 85%	Return p.a.	4.4%	5.4%	2.5%
	Volatility p.a.	7.3%	8.7%	10.5%
	Information Ratio[1]	0.61	0.63	0.23
	Max. Drawdown*	-11.4%	-13.8%	-15.7%
Cash reserve percentage = 75%	Return p.a.	7.8%	8.5%	3.5%
	Volatility p.a.	12.6%	15.0%	18.0%
	Information Ratio[1]	0.62	0.57	0.19
	Max. Drawdown*	-18.6%	-24.8%	-25.7%
Cash reserve percentage = 65%	Return p.a.	10.5%	11.5%	4.1%
	Volatility p.a.	18.3%	21.7%	26.1%
	Information Ratio[1]	0.57	0.53	0.16
	Max. Drawdown*	-26.7%	-34.3%	-35.8%

Source: Leonteq Securities AG, Bloomberg, as of 30 December 2022. Data from 08 February 2018 (first availability on Bloomberg for all three crypto assets) to 30 December 2022. The index peak was calculated over a 1-year horizon, cash reserve is only adjusted if the required rebalancing exceeds 1% of the current index level, a transaction fee of 50 bps on traded notional was applied. Back-tested performance is purely hypothetical and is provided for information purposes only. Back-tested data does not represent the actual performance and it is not an indicator of the actual or future performance.

* Max. Drawdown: means the maximum attainable loss over a given investment horizon

[1] Information Ratio: means the ratio of return p.a. and volatility p.a.

Click here to know more about: Technical Corner – What is Proof-of-Work?

Quantitative Investment Strategies



Leonteq Quantitative Investment Strategies

Leonteq's range of Quantitative Investment Strategies (QIS), wrapped in an Index format, have opened up a new type of underlying for our clients. These include the option to customize strategies to suit investor preferences: Leonteq's QIS offer optionality across fixed volatility budgets, and fixed dividends, and they provide exposure to portfolios which may themselves be tailored around geographies, management styles, sectors and asset classes.

In addition, our QIS offer access to external expertise via actively managed portfolios and research-backed dynamic equity indices. Meanwhile, their transparent operational methodology, regulatory compliance, and ease to launch make them attractive to investors.

Leonteq Indices: Framework Makes the Dreamwork

As part of its Growth Strategy 2026, Leonteq is focusing on the further expansion and diversification of its offering across products, asset classes and issuers. This will allow the company to grow its activities beyond its core offering of traditional structured products.

In this regard, Leonteq Securities AG has become recognized as a third country administrator under the EU Benchmark Regulation (BMR), a policy framework designed to measure and monitor the integrity of benchmarks. Through this accreditation, Leonteq is now able to offer new client investment opportunities referencing a range of indices which qualify as benchmarks under the BMR.

Furthermore, compliance with BMR strengthens our internal governance. Under the aegis of this regulatory framework, an index committee has been established - with representation from Leonteq's front office, operations and control functions – that provides oversight and governance of the Leonteq Systematic Indices. This committee helps to ensure consistent integration of activities into our overall corporate governance and management framework.

Recent Development: Leonteq Index Website

Alongside our governance framework, index engine and BMR certification, we are further strengthening our QIS proposition with the launch of a new quantitative investment strategies website.

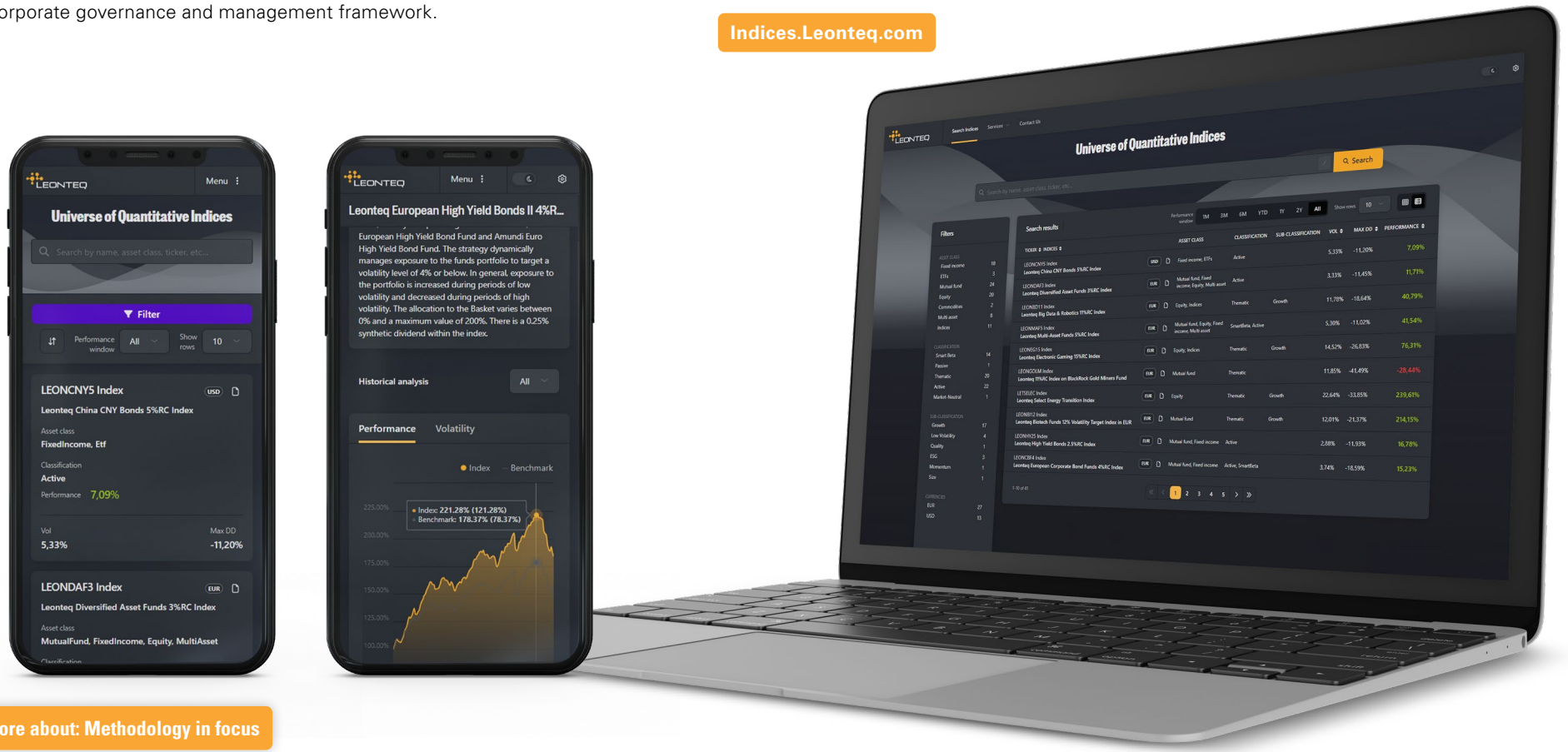
The website offers professional and qualified investors access to our proprietary strategies, complete with up-to-date descriptions, valuations, track records and key metrics, as well as downloadable, daily-updated factsheets and times series.

The website will continue to evolve in tandem with our QIS platform, with third party indices, index compositions, historical volatility target participation, and more, to be added in the future.

Over the next two pages, we showcase 2 innovative Leonteq Indices, which can be used as underlyings for Capital Protected Notes or Call Warrants.

For professional clients and eligible counterparts only

Indices.Leonteq.com



Click here to know more about: Methodology in focus

Product Idea 1 **100% Protected Note, linked to the Leonteq Emerging Market Debt Momentum 7%RC Index**

Maturity 5 Years

Issuer Leonteq Securities AG

Underlying Leonteq Emerging Market Debt Momentum 7% Risk Control Index (BBG: LEONEMD7 Index)

Payoff at Maturity If no Issuer Default:
investor Receives 100% + Participation * Max (0%, Performance of Underlying)

Participation

Currency	Participation
USD	200.00%
EUR	150.00%
CHF	100.00%

Index Description

The index gives variable exposure to a dynamic strategy on actively managed mutual funds, each of which holds a diversified portfolio of Emerging Market debt.

The variable exposure is due to the embedded volatility mechanism, which aims to cap the annualized volatility of the index at 7%.

The index currency is EUR and the performance is calculated in excess of 3M Euribor, accrued on a daily basis.

Eligible Funds (Accumulation Share Classes)

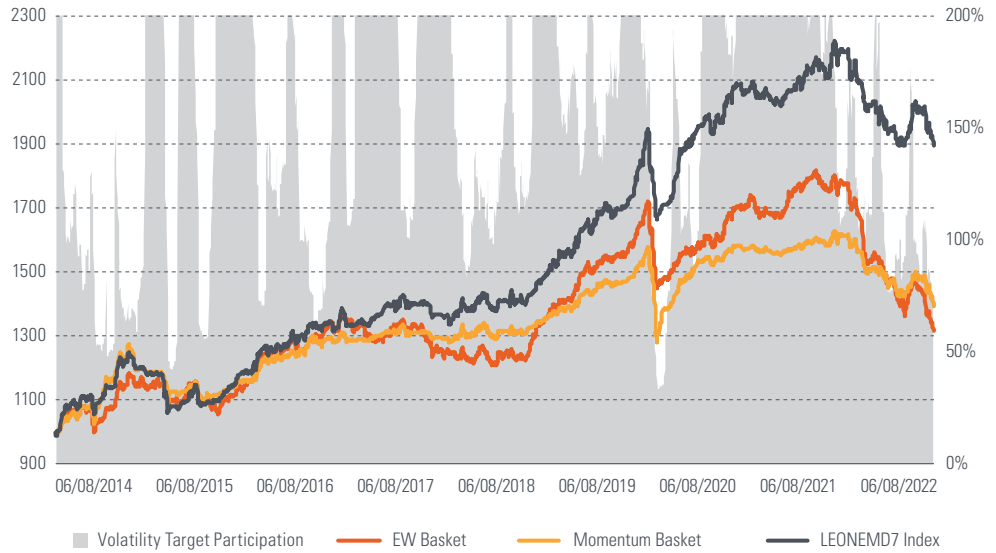
BBG Ticker	Name	AUM (m)	Inception Date	Max Weight
AEMAE2A LX Equity	Aberdeen Standard SICAV I - Emerging Markets Corporate Bond Fund	1,266	21/03/2014	50%
BEMCE2E LX Equity	BlackRock Global Funds - Emerging Markets Corporate Bond	804	18/02/2013	50%
JPECAEH LX Equity	JPMorgan Funds - Emerging Markets Corporate Bond Fund	854	14/07/2010	50%
MGLEEAA LX Equity	M&G Lux Investment Funds 1 - M&G Lux Emerging Markets Bond Fund	2,769	21/09/2018	50%
NBEURAA ID Equity	Neuberger Berman Short Duration Emerging Market Debt Fund	5,093	14/06/2014	100%

Risk Factors See page 41

Each month, the index rebalances dependent on which fund has performed best over the previous two months. If the best performing fund was the short-dated EM bond fund, the index would be fully invested into this, defending against drawdowns from the longer dated EM bond funds. This defensive feature, combined with the momentum weighting, has improved the risk-adjusted return of the strategy, compared with passive investments in an equally-weighted basket of the 5 eligible funds.

Further, the volatility target mechanism, which enables leveraged exposure (up to 200%) when the realized volatility of the momentum basket is below 7%, would have historically improved the risk-adjusted return – see below table.

Historical Index Performance



Source: Bloomberg, Leonteq Securities AG
The back-tested performance of the index and past performance are not a reliable indicator of future performance.

EUR, Excess Return, since Aug 2014	EW Basket	Momentum Basket	LEONEMD7 Index
Annualised Participation	3.36%	4.04%	7.78%
Annualised Volatility	7.04%	6.19%	7.27%
Sharpe Ratio	0.48	0.65	1.07
Max Drawdown	-27.38%	-18.68%	-14.99%
Average Fund Participation	100%	100%	149%

Index Link https://indices.leonteq.com/index-details/LEONEMD7%20Index

Product Idea 2 **Call Warrant, linked to the Leonteq Energy Transition 12%RC Index**

Maturity	3 Years
Issuer	Leonteq Securities AG
Underlying	Leonteq Energy Transition 12% Risk Control Index (BBG: LEONET12 Index)
Strike Level	100% of the initial fixing
Payoff at Maturity	If no Issuer Default: investor Receives 100% * Max (0%, Performance of the Underlying - Strike Level)

Indicative Warrant Cost

Currency	Option Premium
USD	10.50%
EUR	10.50%
CHF	11.50%

Index Description

With Net Zero deadlines approaching, increasing focus is being placed on the development and wholesale adoption of clean energy, particularly within the European Union.

The Leonteq Energy Transition Index is designed to capitalize on the innovation and growth taking place in the EU. The Index focuses on European equity investments, and its world-leading Carbon Credit Market. There is also an exposure to Gold and Copper futures, which are predicted to play a decisive role in future decarbonization: gold serving as a protective hedge against inflationary pressures stemming from infrastructural overhaul, and copper continuing to form a vital component in electrical wiring, cables and batteries.

The index gives variable exposure to the following fixed weight investment portfolio:

Constituent	Asset Class	Currency	Weight
Copper Futures Tracker	Base Metal	USD	15.00%
Gold Futures Tracker	Precious Metal	USD	35.00%
Carbon Emissions Futures Tracker	Alternative	EUR	15.00%
Acciona SA	Equity	EUR	5.85%
Infineon Technologies AG	Equity	EUR	5.85%
EDP Renovaveis SA	Equity	EUR	5.85%
Verbund AG	Equity	EUR	5.85%
Encavis AG	Equity	EUR	5.85%
Iberdrola SA	Equity	EUR	5.85%

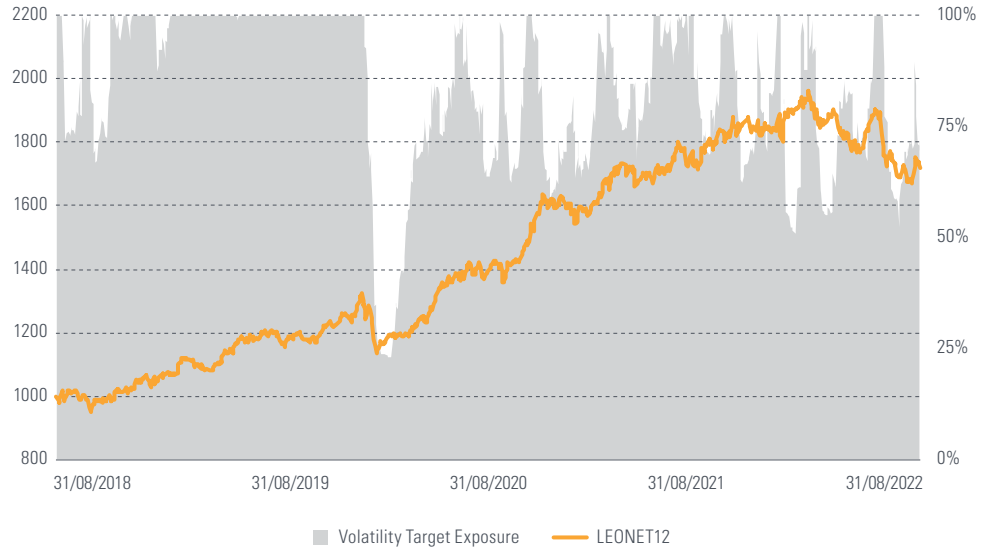
Risk Factors See page 41

In each case, a futures tracker represents a rolling notional position on the nearest dated future in the relevant market.

The variable exposure is due to the embedded volatility mechanism, which aims to cap the annualized volatility of the index at 12%.

The index currency is EUR. Any non-EUR constituents are FX-hedged into EUR using a partial quanto basis.

Historical Index Performance



Source: Bloomberg, Leonteq Securities AG
The back-tested performance of the index is not a reliable indicator of future performance.

(since August 2018)	Leonteq Energy Transition 12%RC Index
Annualised Return	12.99%
Annualised Volatility	12.20%
Sharpe Ratio	1.06
Maximum Drawdown	-14.99%
Average Basket Exposure	83%

Note: This index is just an example of the types of quantitative investment strategies that we structure. If you are interested in seeing variations, please reach out to your Leonteq sales team.

Index Link https://indices.leonteq.com/index-details/LEONET12%20Index

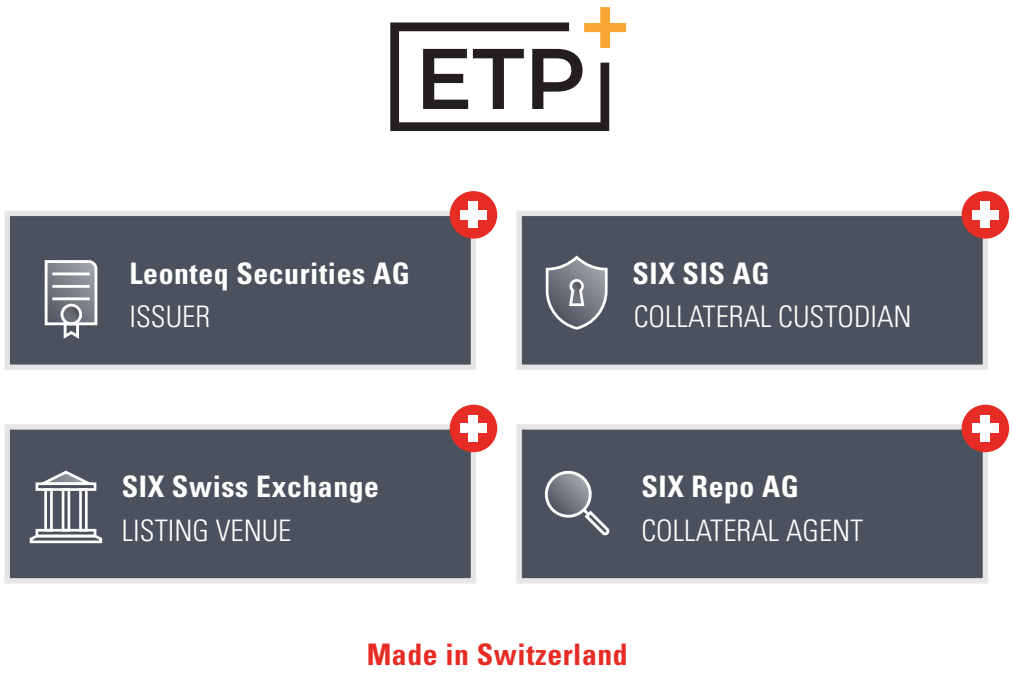
ETP+

For enhanced investor safety

Rely on robust collateral management powered by SIX and be assured that your investment is safeguarded

Leonteq introduces the ETP+ label, which is designed to provide enhanced safety for investors.

The ETP+ label offers distinct innovations for the ETP market in Switzerland. ETP+ uses not only a reputable custodian and collateral agent, both based in Switzerland, but also provides for daily independent checks, which serve as key mitigators of the issuer risk. In combination with Leonteq as a issuer that is a regulated and rated securities firm, this new setup offers a compelling differentiation to existing ETP providers.



What are ETPs?

The meaning of ETP can vary depending on the listing jurisdiction, but in most countries, ETP is considered a generic term covering collateralised or uncollateralized ETNs (exchange trade notes), ETCs (exchange traded commodities), and ETFs (exchange traded funds).

In Switzerland, ETP carries a narrow definition. An ETP listed in Switzerland must be a collateralized bearer debt instrument (besicherte Schuldverschreibung).

Unlike at Leonteq, most ETP issuers typically tend to be special purpose vehicles (SPVs) without a proven track record, rating or regulatory supervision and only minimum paid-in capital. The ETP segment is often seen as a low-cost "entry-segment" to the Swiss retail market as there are almost no obligations an issuer needs to satisfy, while collateralization is the main requirement for protecting investors.

ETP Issuer Comparison

	Leonteq ETP+	Other ETP Providers
Issuer	Leonteq Securities AG, Zurich, Switzerland	ETP specific
Regulated	FINMA-regulated (securities firm)	No
Rated	Investment-grade (BBB-, positive outlook, Fitch)	No
Capital Base	Approx. CHF 890m[1]	Low
Track Record	Extensive	Little

Source: Leonteq Securities AG, "Other ETP Providers" refers to a standard exchange traded product setup. Individual ETP providers may exhibit varying properties.

[1] Half-Year 2022 Results, Source: https://ch.leonteq.com/investor-relations/hyr-2022/leonteq-results-presentation-half-year-2022.pdf

ETP Collateralization

SIX Swiss Exchange regulation provides for minimal collateralisation requirements. Regulations in place tend to focus on the nature of the collateral and the need for a separate collateral custodian. Periodic spot checks to ensure compliance (for example by SIX Swiss Exchange itself) are not foreseen. Collateral custodians and collateral agents do not need to be located in Switzerland.

For investors, it is crucial to understand the collateral arrangement of an ETP because it may be the only recourse available in the event of a default of the ETP issuer, especially if the ETP issuer itself does not have an inherent value.

Leonteq adopted a novel strategy when it comes to collateralizing its first ETP+. Leonteq has partnered with the SIX Group to utilize an existing collateralization setup that has been in operation since 2012. Under this set up, collateral is held at SIX SIS AG with collateral checks taking place daily by SIX Repo AG, acting as collateral agent, to ensure ETP+ liabilities are fully covered. Both, SIX SIS AG and SIX Repo AG are Swiss-based and as SIX Swiss Exchange belong to the SIX Group.

Use of reputable Swiss-based collateral custodians and collateral agents to undertake daily checks serve as key mitigators of issuer credit risk, and offer a distinct and compelling point of differentiation to rival ETP setups.

ETP Collateral Comparison

	Leonteq ETP+	Other ETP Provider
Collateral Requirement	Yes (100%)	Yes (100%)
Custodian	SIX SIS AG	Issuer-dependent, no minimum requirements (but must be a third-party custodian)
Collateral Agent	SIX Repo AG	Issuer-dependent, no minimum requirements
Monitoring	Daily through SIX Repo AG	Issuer-dependent, no minimum requirements
Jurisdictions	Switzerland	Potentially mixed depending on location of issuer, custodian and collateral agent

Source: Leonteq Securities AG, "Other ETP Provider" refers to the typical exchange traded product setup. Individual ETP providers may exhibit varying properties.

Watch the video

Leonteq Launches its First ETP+ in Cooperation With Tamedia Finanz und Wirtschaft AG

On 28 November 2022, Leonteq launched its first exchange traded product (ETP) on SIX Swiss Exchange (ETP segment) under the label ETP+ together with Tamedia Finanz und Wirtschaft AG.

The ETP+ introduces two novel approaches:

1. It is linked to the newly created FuW Swiss 50 Index NTR (Bloomberg: FUW50N Index) – representing an investment alternative to the well-known Swiss Market Index (Bloomberg: SMI Index).
2. The ETP construction differs favourably for investors from other ETP providers in terms of issuer setup and collateral management.

FuW Swiss 50 Index NTR (Net Total Return)

The FuW Swiss 50 Index NTR was developed by the editorial team of Tamedia Finanz und Wirtschaft AG. With the FuW Swiss 50 Index NTR, which includes the top 50 tradable Swiss companies, investors have access to an appropriate representation of the Swiss equity market. Every six months, the companies in the index are selected according to their free float market capitalization and considering minimum liquidity requirements. The top 25 companies are double-weighted, while the remaining 25 companies are single-weighted, resulting in a broader diversification compared to market capitalization weighted indices. The index is a net total return index, meaning that net dividends are automatically reinvested. The ETP+ on the FuW Swiss 50 Index NTR is listed on SIX Swiss Exchange and is available to Swiss retail and institutional investors. The ETP+ on the FuW Swiss 50 Index NTR is currently the only equity-based listed ETP at SIX Swiss Exchange.

The first ETP+ from Leonteq in cooperation with Tamedia Finanz and Wirtschaft AG is an authentic "Made in Switzerland" product. The ETP+ is an alternative investment product for accessing the Swiss equity market, and all functions relating to collateral management, which are crucial to the protection of Swiss investors, are performed in Switzerland.



Shari'a Finance



Introduction to Shari'a Finance

Islamic banking and finance is a key mode of offering financial services across much of the Gulf region as well as Africa, South Asia and South East Asia and has developed to align the offering of financial services to the rules of Shari'a (principles of the Islamic faith). Islamic banking and financial products are also available in some European countries, such as Switzerland and the United Kingdom.

Shari'a contains certain fundamental prohibitions affecting financial services, such as the prohibition of charging interest (*riba* – *usury*), speculation (*maysir*) and uncertainty in the performance of contracts (gharar) – see glossary at the end of the presentation for more details. Islamic banking and financial products, to be "*halal*", which means permissible, must avoid such prohibitions and are, typically, but not exclusively, based on the transfer or lease of assets between the financial institution and the customer or in profit and loss arrangements between the two.

Leonteq Issues Shari'a Compliant Trust Certificates

We launched a Shari'a compliant structured certificate programme to make our product offering available to clients seeking Shari'a compliant solutions for their asset portfolios. Our Dubai, DIFC, office, established in 2021, has been at the centre of our efforts to market our products, including the Shari'a compliant certificate programme, to investors based in the Gulf region. The Shari'a compliant certificate programme is also available in Switzerland and the United Kingdom.

The issuer of certificates under such programme is IBDAA Certificate Issuer Ltd, a standalone special purpose vehicle based in Guernsey. Leonteq Securities AG acts as lead manager, calculation agent, paying agent and has other roles under the programme.

Through the certificates, investors will benefit from a competitive minimum subscription size, and they can, via the applicable Shari'a structure as adopted, obtain exposure to a diverse array of asset classes, in addition to currencies and payoffs - including yield enhancement - capital protection, participation, warrants and FX payoffs.

On a given choice of asset class and payoff, the certificates are structured to generate financial returns which are analogous to those of equivalent traditional structured securities and expose an investor to the same risks as those benefiting and, respectively, affecting, an investor in equivalent traditional structured securities.

Advising Leonteq on development and implementation of these certificates is award-winning Shari'a finance consultants, Amanie Advisors Limited (Amanie).

The Shari'a Board of Amanie issued a fatwa opinion on the Shari'a compliance of the programme. It consists of the following Islamic scholars:

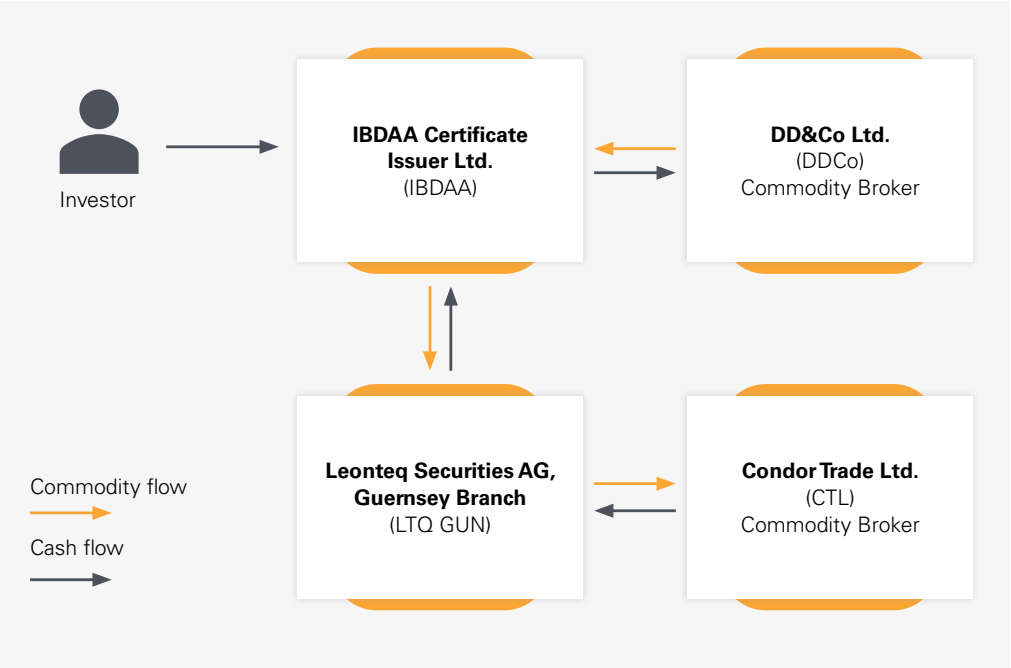
- Dr. Mohamed Ali Elgari – Chairman
- Dr. Mohd Daud Bakar – Executive Member
- Dr. Muhammad Amin Ali Qattan
- Dr. Osama Al Dereai

Shari'a Compliant Assets & Transactions

Following from the concepts mentioned earlier regarding Islamic finance, the conveyance of cash profits and payoffs in the form of distributions and dissolutions amounts to holders of the certificates must adhere to Shari'a principles.

The chosen solution for the programme is to ensure that such payments are associated to transactions executing the transfer of interests in Shari'a compliant assets, and, more specifically, to LME metals and other commodities supplied by DD&Co, a subsidiary of the DDCAP Group™. The transactions are conducted through the automated platform ETHOS AFPTM.

As illustrated in the diagram below, such transactions occur between IBDAA and Leonteq Guernsey (LTQ GUN). The commodities, sourced from DD&Co, the designated supplier, are ultimately sold to Condor Trade Limited (CTL), the designated purchaser.



Source: Leonteq Securities AG

The contractual framework under which commodity transactions between LTQ GUN and IBDAA are executed can be either the Wa'ad (Undertaking) structure or the Murabaha structure.

Wa'ad (Undertaking) Structure

Musawamah	A sale in which price of a traded commodity is stipulated between seller and the buyer without reference to the price paid or cost incurred by the seller.
Wa'ad	An undertaking, or unilateral promise

Under the programme, Wa'ad – or, undertakings, have been issued by LTQ GUN and IBDAA.

In accordance with the Asset Sale Undertaking issued by IBDAA for the benefit of LTQ GUN or with the Asset Purchase Undertaking issued by LTQ GUN for the benefit of IBDAA, the beneficiary of the undertaking will be able to deliver a notice (of sale or purchase, respectively) to the other party upon certain conditions related to the performance of the relevant underlying being satisfied.

On delivery of such notice, a commodity transaction will be completed between IBDAA and LTQ GUN on the basis of a Musawamah contract, for a price calculated on the basis of the payoffs and redemption amounts payable under the certificates.

Payments are processed on a spot basis relative to the date a Musawamah commodity transaction is entered into. Payments under the certificates are linked to payments received by the IBDAA as far as they are relevant to a Musawamah commodity transaction.

Murabaha Structure

Murabaha	A sale in which price of a traded commodity is stipulated between seller and the buyer with the actual cost price and sale profit being made known to the parties. It has also been widely used as a form of a Shari'a compliant credit facility which enables customers to receive financing without having to take out an interest-bearing loan.

Under the programme a Murabaha module is available, containing terms of reference applicable to commodity Murabaha transactions to be completed between LTQ GUN and IBDAA.

A Murabaha commodity transaction consists of a commodity sale executed on the basis of cost price + profit calculated on the payoffs and redemption amounts payable under the certificates.

Payments can be processed either on a spot or deferred basis relative to the date the Murabaha commodity transaction is entered into. Payments via the certificates are linked to payments received by IBDAA, in so far as they are relevant to the Murabaha commodity transaction.

The Murabaha structure will be used primarily with capital-protected certificates.

Contemplated Structures and Underlyings

The following sets of payoffs (as benchmark references) are contemplated for use with the undertaking structure.

PAYOFF FAMILY	PAYOFF NAME	SHORT DESCRIPTION
Capital Protection	Capital Protection Certificate (CPC)	Capital Protection, partial or total, with upside or downside Participation (or both) to one or multiple underlying assets, with or without Barriers, with or without distributions, capped or uncapped
	Floating Rate Note (FRN)	Capital Protection, partial or total, with a distributions floor and Floating Participation to benchmarks
Yield Enhancement	Reverse Convertible (RC)	Guaranteed distributions, but investor negatively exposed to downside on redemption if one or multiple underlying assets underperform
	Barrier Reverse Convertible (BRC)	Same as RC, but with a downside Barrier, with or without Lock-In
	Multichance BRC (MBRC)	Same as BRC, but with a counter on the Barrier Events
	Autocallable (AC)	Same as RC or BRC, with early redemption schedule and Conditional or Guaranteed distributions, with or without Participation, with or without a Floor, with or without Leverage, with or without Multichance
	Discount Certificate (DC)	Same as RC, but without distributions (sold at discount)
	Range Accrual (RA)	Same as Autocallable, but with a distributions accruing daily through a Range definition
	Boosted Autocall (BAC)	Same as Autocallable, but with multiple distribution strips
	Inverse Autocall (IAC)	Bearish Autocallable (investor has negative exposure to the upside in the event of positive performance of one or multiple underlying assets)
Participation	Airbag Certificate	Positive Participation to the upside and Negative Participation to the downside to one or more assets (usually OTM)
	Bonus Certificate	Same as Airbag but usually with Downside barriers
	Inverse Bonus Certificate	Bearish Bonus Certificate (negative participation to upside and positive participation to downside)
	Outperformance Certificate (OC)	Same as Airbag but with at-the-money strike. Gearing can be >=1 or <1
	Twin Win Certificate	Positive Participation to the upside and Absolute Participation to the downside to one or more assets, with or without barrier / distributions / autocall

PAYOFF FAMILY	PAYOFF NAME	SHORT DESCRIPTION
Warrant	Options	Investor is paid a redemption amount calculated to perform as one or more of the following options: Calls / Puts: Vanilla / Down & Out / Down & In / Up & Out / Up & In, distribution Strips, on one or more underlying assets
FX Payoffs	Dual Currency Note (DCN)	Yield enhancement on a FX pair with settlement in either the Investment Currency or Alternative Currency
	Double No Touch (DNT) / Double One Touch / Single No Touch / Single One Touch	Multiple Barrier options, with or without Capital Protection
	Accumulator / Decumulator (ACDC)	Same as Accumulator / Decumulator but on FX pairs (buying one currency vs selling another)
	Other generic payoffs: TARF / PTARF / TARFDC / PTARF-DC / BALLOON	Similar to ACDC with different features

Source: Leonteq Securities AG

Permissible Categories of Underlyings

Under the terms and conditions of the certificates, the above transaction structures can be priced in respect of the following categories of underlyings, provided that any underlying chosen is Shari'a-compliant:

- Currencies/FX
- Commodities
- Equities
- Rates
- Funds/ETFs
- Indices
- Fixed or Floating Income securities
- Sukuks

Shari'a Finance: A Glossary of Related Terms

Gharar	Uncertainty, or deception. Gharar is often invoked as grounds for prohibiting short selling, speculation and derivatives.
Halal	Lawful
Haram	Unlawful
Maysir	Refers to gambling. This prohibition is used to justify bans on practices such as speculation, conventional insurance and derivatives.
Murabaha	A sale in which price of a traded commodity is stipulated between seller and the buyer with the actual cost price and sale profit being made known to the parties. It has also been widely used as a form of a Shari'a compliant credit facility which enables customers to receive financing without having to take out an interest-bearing loan.
Musawamah	A sale in which price of a traded commodity is stipulated between seller and the buyer without reference to the price paid or cost incurred by the seller.
Riba	Means an increase or addition. Riba prohibits the collecting of any risk- free or "guaranteed" rate of return on a loan or investment.
Wa'ad	An undertaking, or unilateral promise

Source:
https://www.ca-cib.com/sites/default/files/2017-01/islamic-banking-glossary-2010.pdf
https://halalhmc.org/resources/definition-of-halal/
https://uk.practicallaw.thomsonreuters.com/5-502-4625?transitionType=Default&contextData=(sc.Default)&firstPage=true
https://www.investopedia.com/terms/m/musawamah.asp

Actively Managed Certificates

Leonteq AMCs at a Glance

700+	Number of active portfolios managed through Leonteq AMC
230+	Number of active Index Advisors using Leonteq AMC to implement their strategies
CHFbn 1.8	AUM as of end 2022
60 000	Number of execution orders completed across all portfolios in 2022
CHFbn 6.9	Turnover in 2022

Source: Leonteq Securities AG, December 2022



The AMC Rationale

The implementation and distribution of an investment strategy present a complex challenge for Index Managers (Investment Advisors, Independent Advisors, Asset Managers, or Portfolio Managers).

In-depth knowledge:

Managers must possess in-depth expertise across a range of fields encompassing implementation, monitoring, track record analysis, asset allocation, navigation of legal structures, and more.

Time Pressure:

Traditional investment vehicles can take several months to set up, owing to stricter regulatory requirements, delaying any opportunity to monetize an investment strategy.

The compound effect of these two pressures can produce sub-optimized investment outcomes.

A solution exists, however, in the form of Actively Managed Certificates (AMCs) that offer a simple, efficient, and flexible alternative to conventional wrappers, such as funds or SPVs.

AMCs provide a simple and easy way for Money Managers (also called Index Sponsors) to **focus on the investment strategy and allocation while outsourcing all other operational aspects** of implementation and distribution.

AMCs are quick to set up. An **AMC can be available to end investors in a matter of weeks**, enabling managers to begin capturing market trends and monetizing their strategy in a short time.

Leonteq AMC: Key Features Under The Spotlight

There are multiple features and benefits to Leonteq's AMCs that make them an attractive investment vehicle for investment stakeholders. Below we highlight some of these:



1 Asset Class

Leonteq's AMCs offer access to a broad range of asset classes. Index Sponsors can choose from equities and indices, interest rate and fixed income, cryptocurrencies, funds, FX, and money market instruments/cash equivalent.

EQUITIES AND INDICES	INTEREST RATE AND FIXED INCOME	CRYPTOCURRENCY
Developed and Emerging Market Stocks	Sovereign Credit*	Cryptocurrency Spot*
Benchmark Equity Indices	Corporate Credit*	ETFs/ETNs
ETFs/ETNs	Benchmark Bond Indices	
Mutual Funds	Mutual Funds	

FX	CASH EQUIVALENT / MONEY MARKET INSTRUMENTS
G10 currencies	Money market
Emerging Market Crosses	IR & Inflation linked instruments
Mutual Funds	Mutual Funds

Eligible asset as margin for leverage exposure:

Eligible Not Eligible

Possible Exposure:

Direct and Derivative Exposure (Warrant / Option / Structured Notes / OTCs etc.) Direct Exposure

* Certain restrictions applicable

Source: Leonteq Securities AG

2 Investment Style

The Leonteq AMC integrates with a range of investment styles, active and passive. For discretionary investing, the Index Sponsor or a third-party representative is responsible for asset allocation within the investment strategy. Allocations can be made at regular intervals or on an ad-hoc basis. When the Money Manager or their representative choose to make an allocation, they can simply send instruction to Leonteq via email or input the instruction through the AMC Gateway.

For an algorithmic (Quantitative Investment Strategies (QIS)) investing approach, statistical parameters will be discussed and agreed upon with representatives of Leonteq prior to implementation. Portfolio allocation and the lifecycle will be streamlined based on the algorithm of the QIS.

3 Overlay

The AMC allows Index Sponsors to choose from an FX overlay, or an options and exotic derivatives overlay.

For an FX overlay, the index strategy requires an FX Hedge. The Index Sponsor can manage this hedge by sending instructions to roll positions using FX forwards.

Also available are options and exotic derivatives overlays, which provide non-linear exposure to underlying assets. This type of overlay may be used for portfolio hedging purposes or to gain leveraged exposure.

Whichever your overlay preference, the Leonteq AMC allows for long only strategies to be implemented without any restriction, while long/short strategies can be implemented via derivatives.

4 Return Profile

Index Sponsors may choose from either a leveraged or non-leveraged return profile.

Non-leveraged strategies are fully funded and do not draw on external sources of capital. Leveraged strategies offer means by which Index Sponsors can increase their cash allocation through financing or via derivatives.

Non-Leveraged Portfolio	Leveraged Portfolio
Limited access to investment capital	Increased access to investment capital
Limited opportunity to capitalize on new investments trends/opportunities	Greater opportunity to capitalize on new investments trends/opportunities
Reduced potential yield	Higher potential yield
Reduced portfolio risk	Higher portfolio risk

Financing involves pledging fully funded assets as collateral to obtain funding for an investment. Financing can be obtained on assets including stocks, treasuries, bonds, ETFs, currencies and securitized structured products.

Index Sponsors might alternately prefer the derivatives route. Unfunded derivatives have built-in leverage as they provide synthetic exposure with a higher risk and return profile compared to direct investment. Meanwhile, there exist vanilla or exotic structures with a variety of asset classes which can be used to invest and obtain the desired risk/return exposure.

In both cases, the margin mechanism is built into the AMC. Recourse right is only applicable to the assets of the AMC.

5 Issuer Customization

Leonteq's multi-issuer platform allows investors to choose from a selection of issuers, as listed below:

	Issuer name	Guarantor (if applicable)	Credit rating	TCM offered*
LEONTEQ	Leonteq Securities AG, Zurich		Fitch BBB- (positive outlook) JCR BBB+ (positive outlook)	Yes
LEONTEQ	Leonteq Securities AG, Guernsey Branch		Fitch BBB- (positive outlook) JCR BBB+ (positive outlook)	Yes
EFG	EFG International Finance (Guernsey) Ltd.**	EFG Bank AG, Zurich, Switzerland	Fitch A (negative outlook) Moody's A1 (stable outlook)	No

* TCM is only permitted on private placement basis in a limited number of countries.

** These Issuers can be used subject to approvals

To reduce the counterparty risks associated with unlisted investment products, investors may choose to make use of a triparty collateral management (TCM) facility.

With each investment product issued under TCM, SIX Securities Services (via SIX SIS Ltd.) will take collateral from the issuer in accordance with a predetermined schedule. This collateral is then deposited into a TCM account, registered under the name of the issuer, for safekeeping.

AMCs in Practice: Case Study Insights

The AMCs' integrated features match with diverse client needs and are designed to support a range of investment strategies.



1 Investment advisor
Seeking discretionary client mandates to implement different portfolios which can be subscribed to by various custodian bank.

2 Independent advisor
Looking to monetize a portfolio quickly, with low costs and minimal operational burden.

3 Multi Family Office
Interested in creating proprietary strategies while outsourcing non-core activities.

4 Portfolio Manager
Aiming to manage cross asset portfolios through one investment vehicle that gives access to leveraged instruments.

5 Asset Manager
Interested in establishing a growth incubator as a small-scale, low-cost, simple-to-manage fund.

1

Investment advisor

THE BRIEF

"I work at a private bank, and I am looking to offer my clients new investment opportunities offering strong yield, flexible management, and inbuilt risk hedging capabilities.

In particular, I would like to be able to offer discretionary client mandates with portfolio allocation based on a fundamental-driven thematic.

The solution must be viable with <USD 3m AUM, and the strategy should include developed and emerging market stocks, indices and ETFs.

I also want flexibility to adjust portfolio allocation at short notice, and I want the flexibility to allocate the strategy across several client accounts with multiple custodian banks. Beyond this, I want to be able to hedge the FX risk arising from the index strategy."

THE SOLUTION

- Portfolio Manager utilizes Leonteq's multi-issuer platform to buy an EFGI issued Tracker linked to a portfolio of Equities, ETFs and FX forward.
- The certificate can be issued with a minimum AUM of $1m USD.
- The Index Sponsor can send execution and rebalancing instructions via the AMC gateway.
- Dividends can be reinvested back into the Strategy by the Index Sponsor
- All costs and fees are incorporated in the portfolio performance and require no intervention from the Index Sponsor.
- The currency risk will be hedged by the Index Sponsor so that the portfolio performance is muted from any FX risk.
- Index Sponsor can view the portfolio composition and the performance of the constituents, and the overall portfolio via the AMC gateway.

Flexible asset allocation & fund management

Access to range of asset classes

Low AUM entry threshold

Currency risk hedged

Integrated costs reduce the need for Sponsor's intervention

Please refer to the risk consideration of the AMCs on page 41 and contact Leonteq Sales Representative for more details and clarifications

2

THE BRIEF

Independent advisor

"I am seeking to optimize my client returns through offering them a long-only strategy on a portfolio of derivative-based US stocks.

I am keen to introduce the option for high leverage within the portfolio through structured products such as accumulators or other complex derivatives that I cannot access directly.

I also need flexibility to allocate the strategy across several client accounts, and across multiple booking centres."

THE SOLUTION

- Leonteq can issue a Tracker linked to the portfolio strategy.
- Derivatives overlay can be traded via OTC structured products within the AMC.
- The certificate can be issued from $1m AUM upwards.
- Leonteq is able to grant leverage using the underlying portfolio (cash or non-cash instruments) as margin for OTC transactions.
- All costs and fees are incorporated within the portfolio performance.
- The portfolio composition, constituents' performance, and the overall portfolio can be accessed via the AMC gateway.

Low AUM entry threshold

Option to leverage investment via derivatives

Non-recourse wrapper with built in margin mechanism

Integrated costs reduce the need for Sponsor's intervention

Quick and easy management via the AMC Gateway

Please refer to the risk consideration of the AMCs on page 41 and contact Leonteq Sales Representative for more details and clarifications

3

THE BRIEF

Multi-Family Office

"We are looking to create a range of new focused investment strategies targeted towards our client families.

To match the differing needs and investment capabilities of our families, we would like to offer 3 strategies, each with an entry threshold of no higher than USD 1m.

Portfolio allocation should be adjustable at short notice and allow for introduction of short future positions on indices in order to adjust the risk profile.

We would ideally also like to accrue some performance fees should the new strategies perform well.

The Portfolio manager needs the flexibility to allocate the strategy across several client accounts across multiple booking centres."

THE SOLUTION

- Multi-Family Office can utilize Leonteq's multi-issuer platform to buy a Leonteq Securities AG, Guernsey issued Tracker linked to a portfolio of Equities, ETFs and forwards.
- Each Strategy will be implemented via individual certificates that can be issued with a minimum AUM of $1m USD.
- Multi-Family Office can send execution and rebalancing instructions via the AMC gateway.
- Leonteq will manage all the exchange margining.
- All the costs and fees are incorporated in the portfolio performance requiring no intervention from the Multi-Family Office.
- The Multi-Family Office will receive performance fees in case of positive performance of the strategies.
- Multi-Family Office can view the portfolio composition and the performance of the constituents, and the overall portfolio via the AMC gateway.

Easy portfolio management via the AMC Gateway

Access to range of asset classes

Low AUM entry threshold

Outsourced exchange margining

Integrated costs reduce the need for Sponsor's intervention

Option to receive performance fees

Please refer to the risk consideration of the AMCs on page 41 and contact Leonteq Sales Representative for more details and clarifications

4

Portfolio Manager

THE BRIEF

"I am seeking to implement a global macro fund strategy on a portfolio of bonds, equity stocks and indices.

This strategy would include going long on equities and short on index futures. Bonds will be used as collateral to fund the strategy.

Rolling of the futures should be done at my discretion. Also, I wish to hedge the FX risk arising from the index strategy.

I am looking for flexibility to allocate this strategy across several client accounts across multiple booking centers."

THE SOLUTION

- Leonteq will issue a Tracker linked to a portfolio of listed futures.
- The Portfolio Manager is given the freedom to select futures of their choice, subject to maximum exposure.
- Leonteq will manage all the margining, corporate actions, and other matters concerning the leveraged positions.
- All the costs and fees are incorporated within the portfolio performance.
- The currency risk will be hedged by the AMC Advisor so that the portfolio performance is muted from any FX risk.
- The portfolio composition, constituents' performance, and the overall portfolio can be accessed via the AMC gateway.

Flexible asset allocation & fund management

Outsourced management of corporate actions

Non-recourse wrapper with built in margin mechanism

Low AUM entry threshold

Option to leverage investment

Currency risk hedged

Please refer to the risk consideration of the AMCs on page 41 and contact Leonteq Sales Representative for more details and clarifications

5

Asset Manager

THE BRIEF

"As an asset management firm, we would like to establish an incubator as part of a new low-cost investment strategy. This is an exploratory move - one we may look to upscale at a future date. For now, we would like to start building live track record.

The solution must be viable with AUM of less than USD 3m (unlike funds that have high break-even AUMs). It should include developed and emerging market stocks, indices and ETFs. Portfolio allocation should be adjustable at short notice.

In addition, we would like flexibility to sell out of the money call options (listed or unlisted) in order to benefit from high volatility premium.

We are also seeking options to allocate the strategy across several client accounts across multiple booking centres."

THE SOLUTION

- Leonteq Securities AG, Guernsey will issue a Tracker linked to the portfolio of stocks and call options.
- The Asset Manager has freedom to select stocks and call options of their choice, subject to maximum exposure.
- Leonteq will manage all the margining, corporate actions and other matters concerning the call options and stocks.
- All the costs and fees are incorporated within the portfolio performance.
- The portfolio composition, constituents' performance, and the overall portfolio can be accessed via the AMC gateway.

Flexible asset allocation & fund management

Access to range of asset classes

Outsourced management of corporate actions

Non-recourse wrapper with built in margin mechanism

Integrated costs reduce the need for Sponsor's intervention

Easy portfolio management via the AMC Gateway

Please refer to the risk consideration of the AMCs on page 41 and contact Leonteq Sales Representative for more details and clarifications

Platform - LynQs

LynQs – The Age of Metaplatforms

Recent months have proved a successful period for our LYNQS digital marketplace following the implementation of key strategic improvements.

In January, Leonteq rolled out the ACADEMY, in collaboration with the Lausanne-based Institute for Management Development business school, with the ambition to provide a deep dive into the world of structured products. This online education program, designed and developed by scholars and professionals, is structured into two units: FUNDAMENTAL – teaching the basics of structured products; and ADVANCED – providing instruction on more sophisticated investment solutions. Successful completion of the ACADEMY allows students to obtain an "investment in structured products" certificate. ACADEMY is FinSA compliant and recognized by SAQ as a recertification measure for CWMAs.

Further improvements were instigated in 2022 with the launch of our first batch pricing functionality, called RANGE PRICER, in the QUOTE module. This solution enables customers, at the pricing discovery stage, to define a range of values via multiple parameters and obtain, in one click, hundreds of real-time quotes displayed in an easy-to-use heatmap.

This functionality has proved important in helping our clients identify the best risk/reward opportunities to optimize levels of exposure in their portfolios.

OUR MODULES

PRE-TRADE	AT-TRADE	POST-TRADE	ACTIVE MANAGEMENT		
INVESTMENT IDEAS	QUOTE	PORTFOLIO	AMC	MOBILE APP	ACADEMY



Focus on Digital AMC on Structured Products

The improvements made in 2022 come off the back of significant upgrades to the LYNQS platform through the integration of the AMC Gateway, consequently strengthening our AMC offering and providing new automated services.

Now, an index sponsor that may choose to launch an AMC on the structured products platform can operate it digitally via the platform, and benefit - front-to-back - from a fully automated workflow.

Index sponsors can discover a price via more than 15 issuers in the QUOTE module. Once the right investment product has been identified, the sponsor may rebalance this product into their AMC, with the composition being adjusted automatically.

During the product lifespan, the sponsor can also benefit from the automated life-cycle management of LYNQS and is able to access latest documentation and secondary market prices.

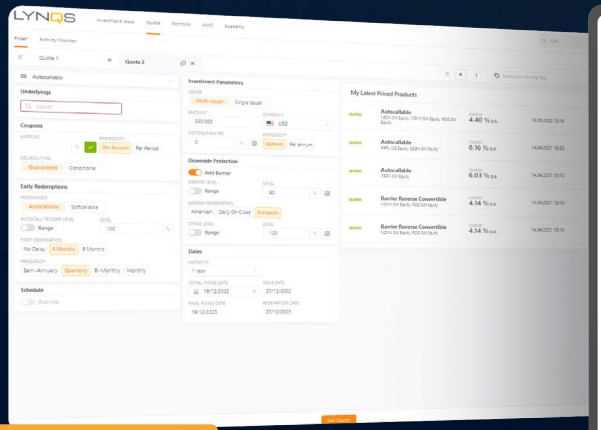
Industry Recognition

Continuous improvements made to our LYNQS platform in recent months have been officially recognized by peers and clients through the award of “Best issuance platform” at the Structured Retail Products conference 2022, and further attested to with strong and consistent usage of the platform by more than 850 financial institutions worldwide.

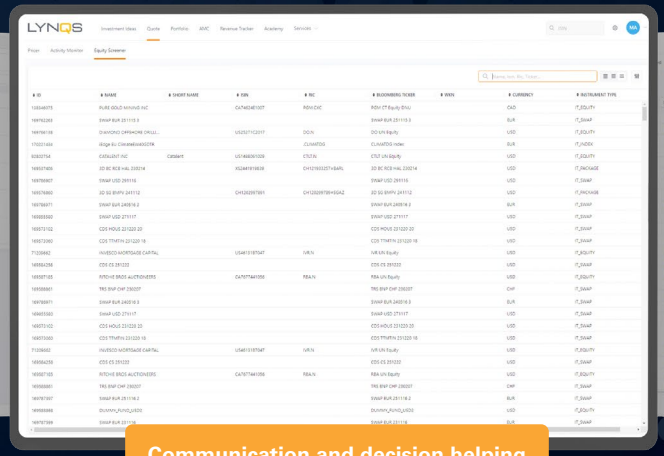
What’s Coming Next?

LYNQS will continue to upgrade over the course of 2023 with plans to develop several new services aimed at improving client experience and maximise his adherence. Our QUOTE & PORTFOLIO modules, for example, will adapt to the latest trends in terms of portfolio allocation, cover more product variations, promote different asset classes and offer more comprehensive reports throughout the life of the products.

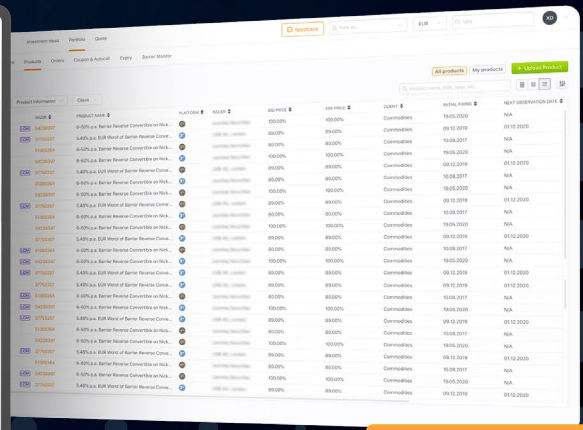
In terms of diversification, LYNQS offering should onboard a significant number of additional issuers to support growth in our regional offices. Other planned improvements will see greater interaction between LYNQS users and Leonteq representatives, enhanced communication and action traceability, further digitisation to always help speed up the price discovery and investment process. Our mass pricing functionalities will also be enriched to offer powerful calculation solutions that help to identify most suitable investment products.



Enhanced product coverage



Communication and decision helping



Optimised investment solutions

AMC RISK CONSIDERATIONS

General
The AMC (Product) provides exposure to an actively managed Index advised by the Index Sponsor. The Index Spon-sor has a significant scope of discretion in terms of the Index composition and will determine the initial composition of the Index and subsequent adjustments thereof, excluding adjustments and substitutions made by the Calculation Agent in accord-ance with the Rulebook and save where such advice has been declined by the Calculation Agent. The performance of the Index and hence the Product depends, inter alia, on the quality of the Index Sponsor's investment decisions. Investors need to conduct their own due diligence with respect to the Index Sponsor.

Index Success
The Calculation Agent does not take any responsibility for the composition of, adjustment (excluding adjustments and sub-stitutions made by the Calculation Agent in accordance with the Rulebook or as defined herein) to and the success of the Index.

Possible Delivery
Instead of any Cash Settlement the investor may get a delivery of one or more Components on the Redemption Date, in case of (but not limited to) the absence of market prices for the Underlying or Components thereof, the value of which might be less than when it was originally included into the Index. The investor must be aware that it might be difficult to sell such delivered Components in a reasonable time.

Foreign Exchange Risk
The investor in the Product may be exposed to foreign exchange rate risk depending on the composition of the Index.

Interest Rate Risk
The investor in the Product may be exposed to interest rate risk depending on the composition of the Index.

Credit Risk
The ability of the Issuer to meet its obligations under the Product will depend on, amongst other things, the receipt by it of payments of interest and/or principal (or other) from the Components.

Early Termination Risk
The Issuer may call the Product in accordance with the provisions as set forth in the Product documentation. Such early termination may adversely affect the investors' financial interests.

Illiquidity Risk
One or, if applicable, more of the Components might be or become illiquid over the life time of the Product. Illiquidity of a Component might lead to larger bid/offer spreads of the Product and/or to an extended time period for buying and/or selling the Component/Underlying respectively to acquire, unwind or dispose of the hedging transaction(s) or asset(s) or to realise, recover or remit the proceeds of such hedging transaction(s) or asset(s) which might implicate a postponed redemption or delivery and/or a modified redemption amount, as reasonably determined by the Calculation Agent.

QUANTITATIVE INVESTMENT STRATEGIES RISK FACTORS:

Product 1 (Page 24):
The product provides 100% protection of the denomination.
The protection level is independent of the performance of the Underlying and only valid at Maturity.
Before Maturity, the secondary market value of the Certificate is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
The investor bears the credit risk of the Issuer.

Product 2 (Page 25):
The product is not capital protected. investors may lose part or all of the invested capital.
If the Underlying closes below the Strike Level at Maturity, the investor will receive less than 100% of the Denomination.
Before Maturity, the secondary market value of the Warrant is influenced by many factors (amongst others volatility and interest rates) and may be below 100% of the denomination.
The investor bears the credit risk of the Issuer.

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