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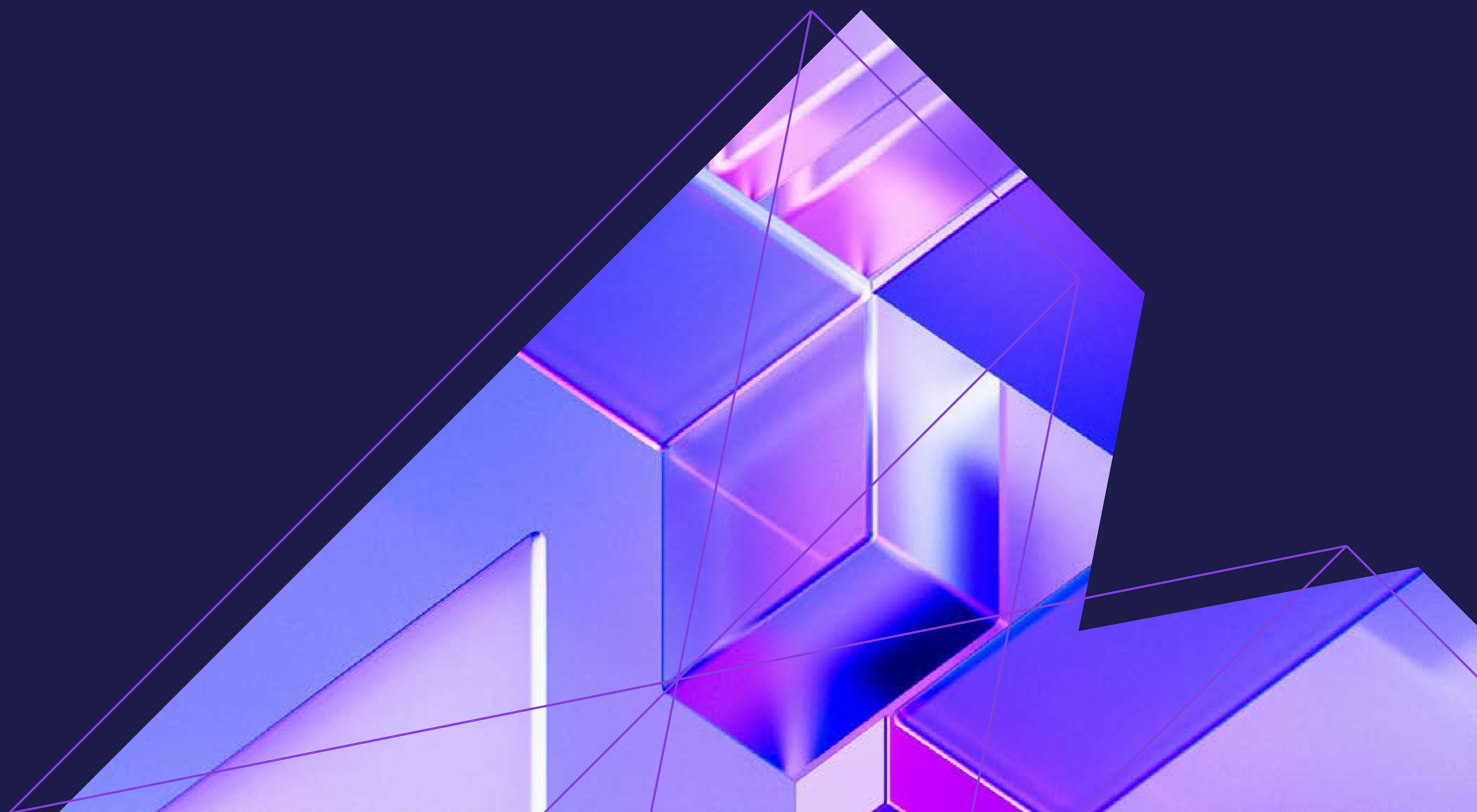
Structured Products, Unstructured

8. Twin Win Certificates



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What are they?

A Twin Win Certificate is a structured product linked to a stock, index, or basket that allows investors to benefit from both upward and moderate downward movements of the underlying — provided a barrier is not breached during the product's life.

If the underlying stays above the barrier, any decline in its value is treated as a gain at maturity. This means investors can earn a positive return even when the underlying finishes below its initial level, as long as it hasn't dropped far enough to breach the barrier.

Twin Win Certificates

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Why use them?

Profit from two market directions
Investors can gain from both rising markets and controlled dips in the underlying

Attractive in volatile or range-bound markets
Ideal when you expect swings but not a deep drawdown

Defined protection threshold
As long as the barrier is respected, downside becomes upside at maturity

Simple payoff profile
No coupons, no autocall, just performance transformed by a barrier condition

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How do they work?

At maturity:

If the underlying finishes above its initial level →
Investor receives the positive performance of the underlying.

If the underlying finishes below its initial level but stays above the barrier →
Investor receives the absolute performance of the underlying (the "twin win" effect).

If the underlying breaches the barrier →
Full downside participation applies, and the payoff mirrors the underlying's negative performance.

There are no coupons, no early redemption, and no income component — the payoff depends purely on price performance relative to the barrier.

Twin Win Certificates

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Illustrative example

Twin Win Certificate on the S&P 500 Index

Currency	USD
Underlying	S&P 500 Index
Maturity	1 year
Barrier Level	70% (European)
Participation Rate	100%

Scenarios:

If the index rises 10%:

→ Investor gets +10%

If the index falls 25% (barrier not breached)

→ Investor gets +25% (absolute performance)

If the index falls 30% (barrier breached)

→ Investor loses 30%, in line with index performance

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Points to consider

Barrier breach risk
If the barrier is broken, downside exposure becomes fully linear

Volatility sensitivity
Pricing is influenced by volatility, since downside conversion to upside is valuable

No dividends
Investors forego dividends; returns are price-based only

Market direction risk
Deep drawdowns beyond the barrier can result in substantial losses

Complexity
Requires clear understanding of barrier monitoring and payoff transformation

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In summary

Twin Win Certificate

Upside Participation + Absolute return on moderate downside

A way to benefit from two directions of market movement, with conditional protection

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Glossary

Barrier Level
The predefined level below which the protection mechanism is lost

European Barrrier
Assessed only at maturity; intraday or interim moves do not matter

Underlying
The stock, index, or basket that determines the product’s return

Absolute Performance
The positive value of a negative return when the barrier is not breached

Participation Level
The degree to which the product reflects the underlying’s positive or absolute performance

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