

Trends in Structured Products

The slide features several decorative wavy lines. A prominent light green wave starts from the left edge and curves upwards towards the right. Below it, a darker green wave follows a similar path. At the bottom, there are two overlapping waves: a grey one and a green one, both with a wavy, undulating shape.

NCMF 2007-09-12

Rickard Stenberg

Some current trends:

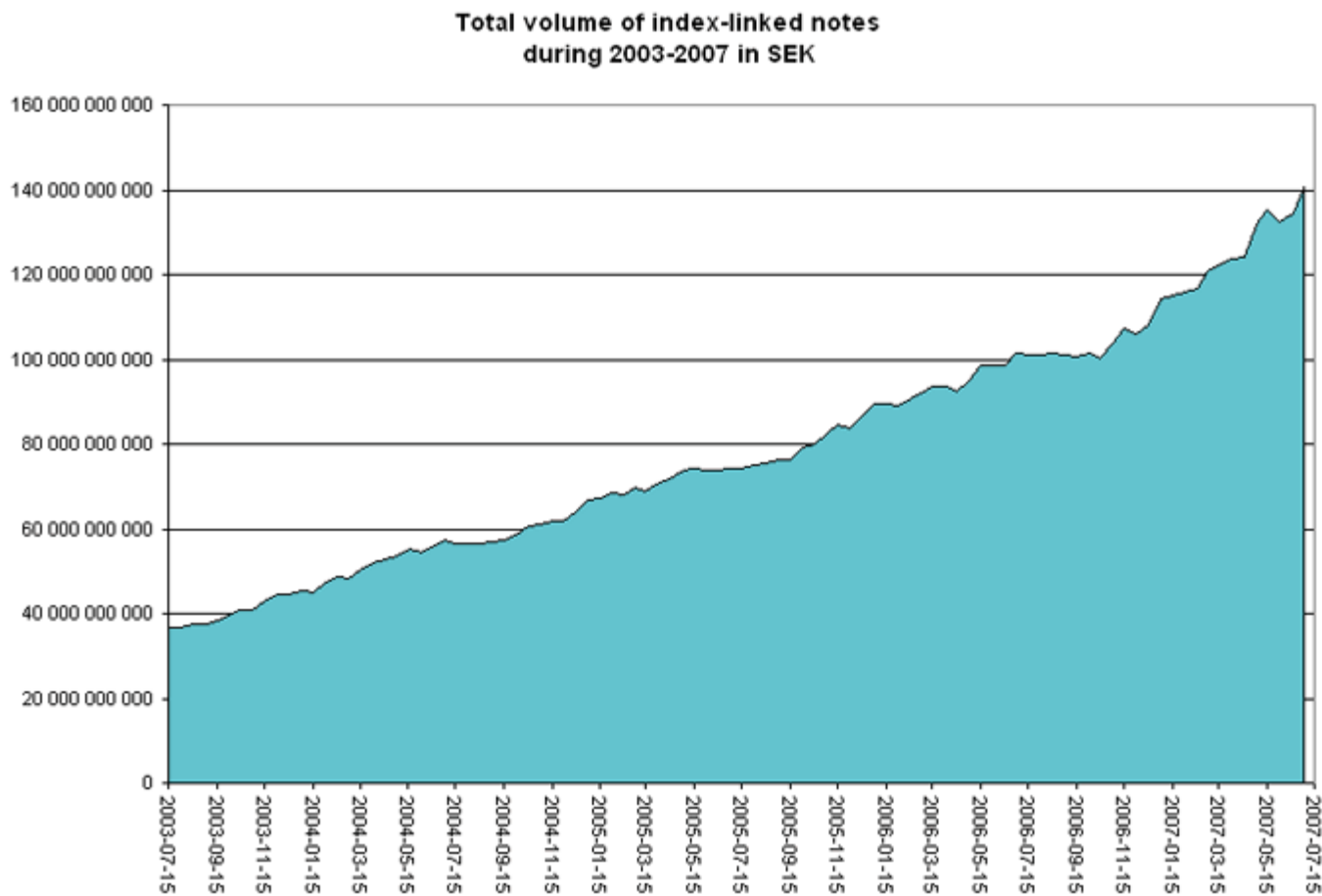
Nordics

- Growth !!
- More focus on underlying assets than pay-off
- More focus on quality than high participation
- Sectors becoming more popular and "narrower"

Broader trends

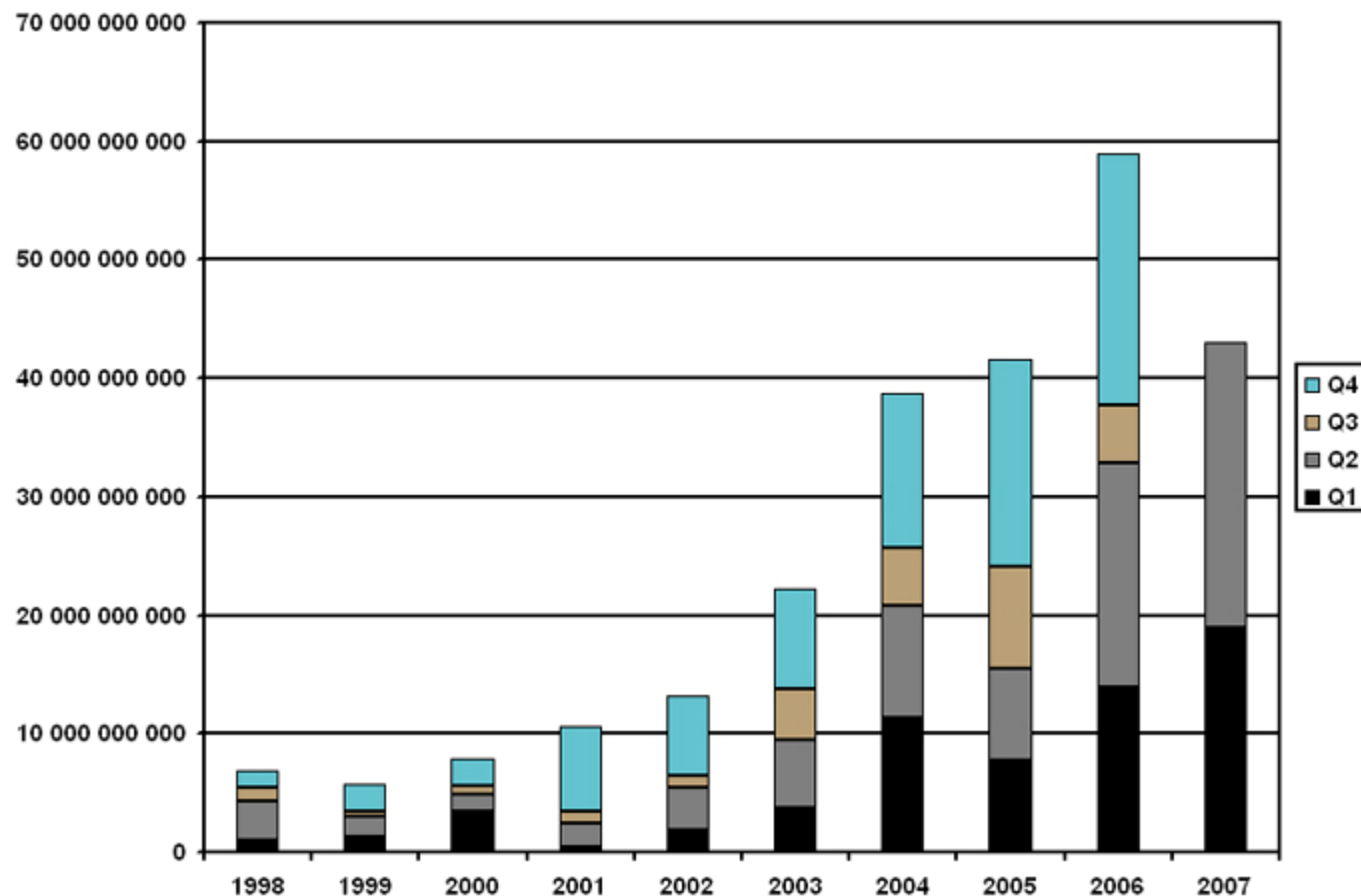
- Market neutrality – Alpha / Beta separation
- Innovative / dynamic indices – No longer just replicating the market
- Funds as underlying asset → Fund derivatives /CPPIs

Total volume of index-linked notes during 2003-2007 in SEK



Source: NCSD – Nordic Central Securities Depository

Volume of index-linked notes issued in VPC



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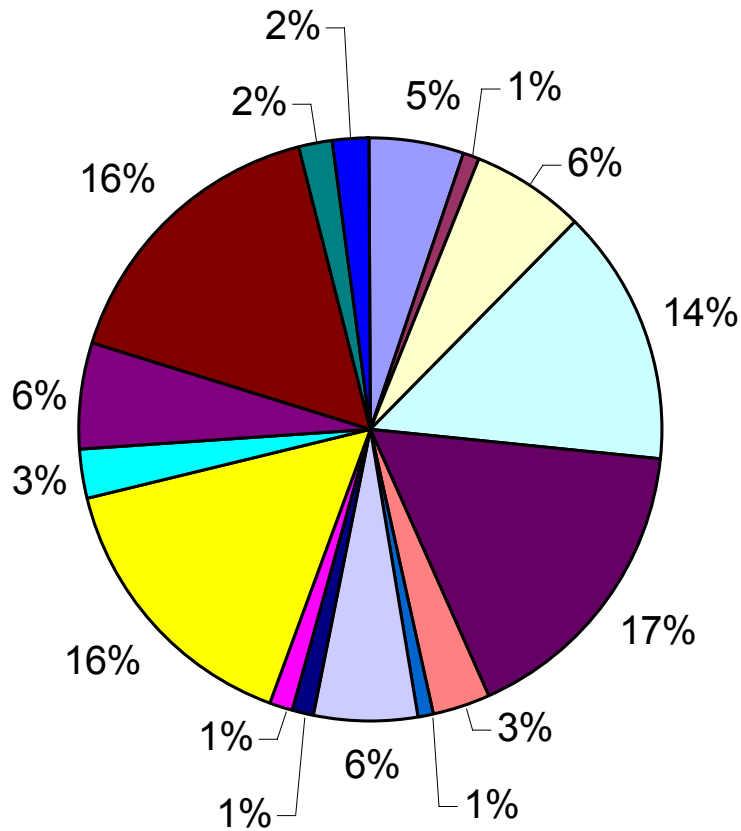
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SEB Sweden 2007



- Asia
- Balkan
- Central/east Europe
- China
- Europe
- Global
- Luxury goods
- Nordics
- Oil & Energy
- Pacific
- Sweden
- Russia
- Alternative energy
- BRIC
- India
- Private Equity

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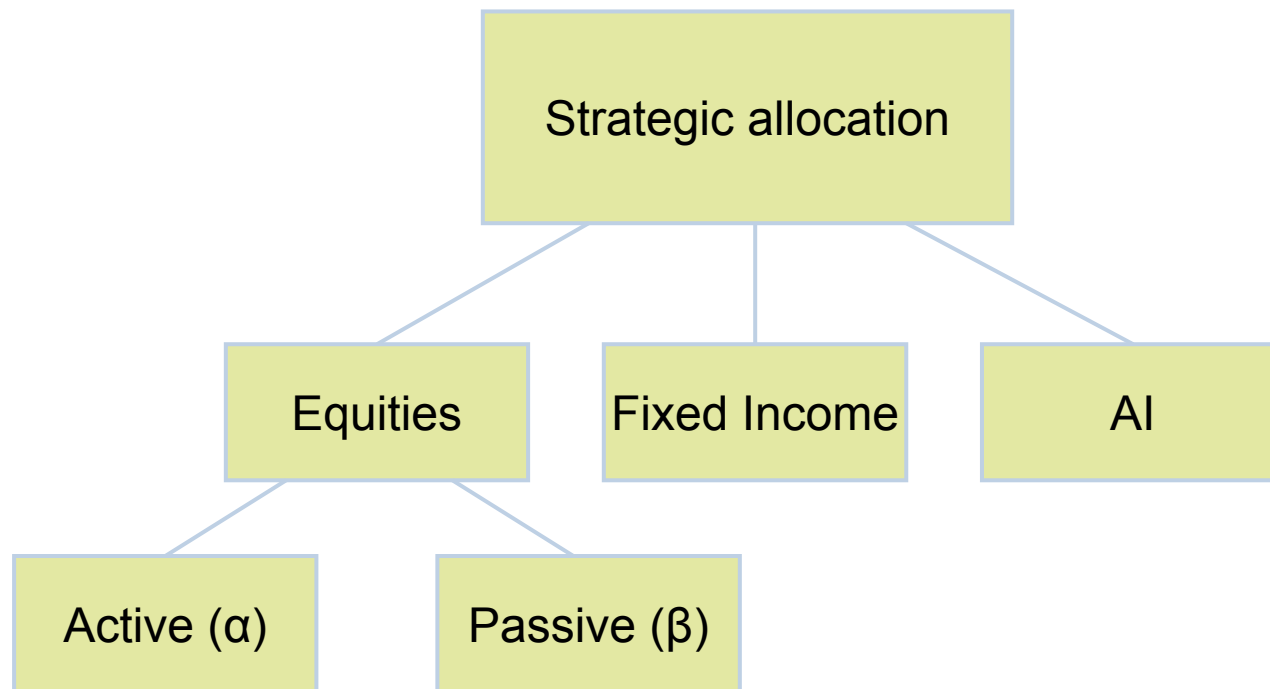
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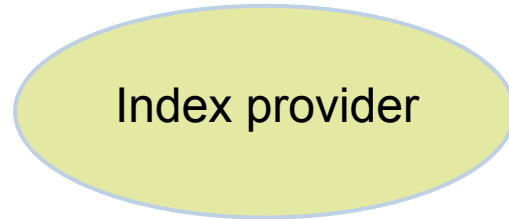
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Alpha-Beta separation – New requirements for index products
Needs to answer to demand for **both** Alpha and Beta



Beta

- Index fund or pure index exposure
- What index /indices to chose ?
 - Swap, Note/Certificate ?
 - How to capture growth ?
 - What is practical to trade ?
 - Themes – Bordering on Alpha



Fund manager

Transaction oriented



Broad exposure

Liquidity

Challenge for Index provider to find good compromises

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New indexes – no longer just replicating the market

Examples:

-**Ethical/sustainability standards** – exclusions/ best in class approach

Alpha

-**“Beat the market”** – Dynamic approach to rebalancing

Some examples: -Rebalancing on basis of insider trading

-Rebalancing on the basis M&A activity

-Rebalancing on the basis of momentum indicators (ex. moving averages)

- And so on.....



“Alpha hunt”

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