

## Why DBS Vickers Securities?

- Leading retail brokerage in Singapore and across Asia
- Backed by DBS Bank, one of Asia's largest banking groups
- Extensive brokerage network in Asia
- Offers full range of investment products and services
- Provides financial and market insight for making sound investment decisions
- Personalised service

## How do I start?

To start investing in Discount Certificates, all you need is a normal share trading account. Get in touch with your Trading Representatives or call our Customer Centre Hotline at (65) 6533 9688.

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# A unique financial opportunity.

## Discount Certificates



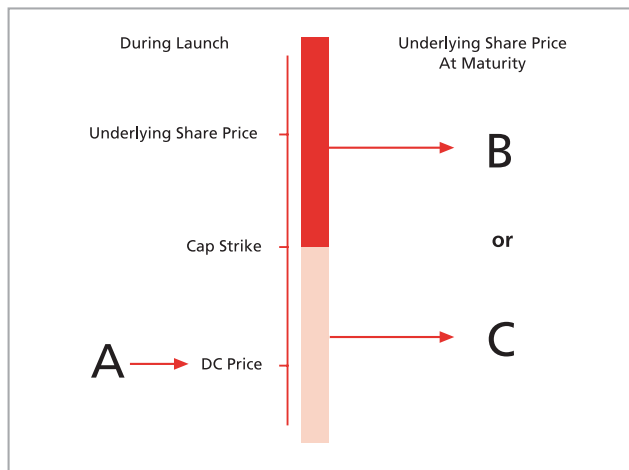
## What are Discount Certificates?

Discount Certificates are listed products that allow investors to earn a fixed yield on the cash investment in return for taking on a certain level of equity risk based on the future direction of the underlying shares.

Buyers of Discount Certificates may receive the underlying shares at a lower price as compared to the market price (upon maturity) when the Discount Certificates are launched.

## How do Discount Certificates work?

The following diagram is a simple illustration of how Discount Certificates work.



A – During launch, you buy a Discount Certificate, which is priced lower than the underlying share price.

B – At maturity, you receive cash at Cap Strike amount, if the underlying share price is equal to or greater than Cap Strike.

C – At maturity, you receive shares, if underlying share price is below Cap Strike.

## Case Study: Assumptions

- Market price of underlying share is S\$2.09
- Cap Strike is S\$1.9437
- You buy 100 lots of Discount Certificates at launch price of S\$1.8687
- Zero transaction costs are incurred
- You hold the Discount Certificates till maturity

Based on the above assumptions, 1 of 3 scenarios could occur:				
1.	P > Cap Strike	Underlying share closes at S\$1.95	You get cash	S\$194,370 or return of 15.58% p.a.
2.	P < Cap Strike	Underlying share closes at S\$1.94	You get shares	100,000 shares
3.	P = Cap Strike	This scenario will not happen in this case study because the tick size for the underlying share price is 1 cent. However, assuming that it does happen, the outcome will be similar to scenario 1.	You get cash	S\$194,370 or return of 15.58% p.a.

P = Closing price of share on fixing date  
Fixing Date = 1 business day prior to maturity date

## Features / Benefits of Discount Certificates

Features	Benefits
Yield Enhancement	Capital Growth
Target buying strategy	You can receive shares at a discount as compared to the share price at launch
Two-way prices by market maker	Flexibility; Creates liquidity
SGX-listed	Price transparency

## Are there any risks involved?

In case the issue is struck and the investors receive shares, the value of their investment is dependent on the value of the shares, which may be lower than the Discount Certificate price on the delivery date. Hence, apart from the yields, the underlying share and its strike price should be a major consideration before you decide to invest in Discount Certificates.

## How do the placements of new Discount Certificates take place?

The following details the procedural flow when a new Discount Certificate is launched for placement:

- Subscription book opens on launch day until 4:45pm
- Payment to be made within 14 business days after launch date
- Listing of Discount Certificates will take place 1 business day after payment date

## What are the minimum requirements for investing in Discount Certificates?

- You can trade board lots of minimum 1,000 Discount Certificates in the secondary market
- During launch, the minimum subscription is usually set at a higher amount, e.g. S\$20,000

## Are there any CDP charges?

There will be a CDP charge of \$10.50 on the settlement date. A CDP charge of S\$21 will be incurred when you get cash upon maturity. There will be no charges when you get shares upon maturity.