

Mr. Confused wants to learn about Equity Linked Investment (ELI)

What is an ELI?

ELIs are investment products

with holding period of 3 months to 2 years' term

You may choose to link to a particular stock or a basket of stocks,

and purchase them at a predetermined "exercise price" upon subscription

Exercise price is usually lower than spot price of the linked stock

If the closing price of the linked stock equals to or higher than exercise price at the ELI maturity date,

investors can receive investment capital

plus the interest return both in cash

The interest return of some ELIs can be...

up to 10% p.a. or more

If closing price is below exercise price at maturity,

investors will still get the interest return but,

they have to purchase the linked stock at exercise price with the original investment amount

What are the features of ELI?

ELIs are investment tools

where interest return can be earned by performance of the linked stock(s)

Investors may purchase linked stocks

at a price lower than spot price

while earning potential higher interest return

When should I invest in ELI?

Scenario 1:

If you think a particular stock will be trading in a range bound market or mildly bullish,

you can consider ELI to earn a fixed interest return

Comparing to the potential return of buying stock which is relatively low in a range bound market

but a potential interest rate return of up to 10% p.a. or above

can be earned through ELI for increasing short-term interest return

Scenario 2:

If your targeted stock hasn't reached preferred purchasing price,

you may purchase linked stock

at an exercise price that is lower than spot price through ELI

with a potential high interest return

Be mindful of risks involved when investing an ELI

ELI is a structured investment product and investment involves risks that investors may incur loss

Mr. Confused is now Mr. Clear