

TURBO CERTIFICATES INVEST WITH A TURBO



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- **Leverage effect** on the invested capital
- **Knock-out barrier** as stop/loss barrier
- **No volatility risk**



- Characteristic Value at Risk profile: **speculative.**



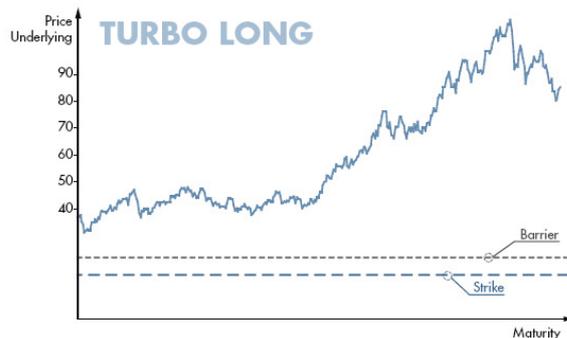
TURBO CERTIFICATES IN THE ISSUERS PERSPECTIVE

A turbo certificate has a delta of 1, e.g. for the hedging of the position, the issuer has to (according to the ratio of 1 to 1) buy always the same amount of shares (turbo long) respectively sell always the same amount of shares (turbo short) as the issuer is selling turbo certificates.

TURBO LONG CERTIFICATES FOR RISING MARKETS

$$\text{Purchase price} = [(\text{underlying price} - \text{strike price}) + \text{issue surcharge}] \times \text{subscription ratio}$$

INTRINSIC VALUE



 **Raiffeisen
CENTROBANK**
Member of RZB Group

TURBO SHORT CERTIFICATES FOR FALLING MARKETS

$$\text{Purchase price} = [(\text{strike price} - \text{underlying price}) + \text{issue surcharge}] \times \text{subscription ratio}$$

INTRINSIC VALUE



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TURBO CERTIFICATES

Changes in the underlying price correlate overproportionately with the price of leveraged certificates – **both upwards and downwards!**

	TURBO LONG	TURBO SHORT
Target	rising markets	falling markets
Strike price	lower than underlying price	higher than underlying price
Stop Loss Barriere (SLB)	slightly above exercise price, lower than underlying price	slightly below exercise price, higher than underlying price
Certificate is stopped out in the event the underlying touches or drops below the barrier	... in the event the underlying touches or exceeds the barrier
Leverage effect	$\frac{\text{Underlying x ratio}}{\text{price of the certificate}}$	$\frac{\text{Underlying x ratio}}{\text{price of the certificate}}$

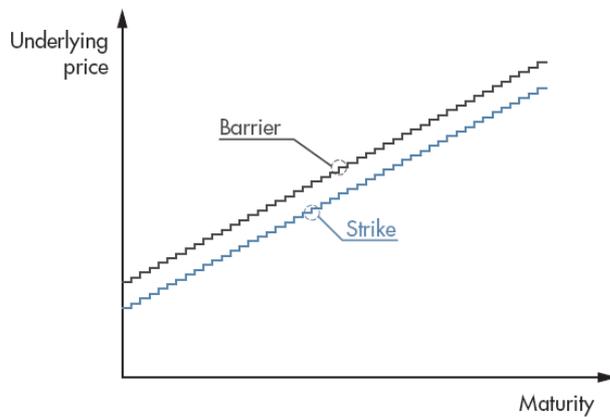


TURBO CERTIFICATES YOU SHOULD BEAR IN MIND:

- **Leverage effect:** Low capital employment enables you to participate in any absolute changes of the underlying.
- The **issue surcharge**, which is melted off during maturity, covers any financing costs which might arise.
- **Leverage effect:** In principle, the leverage effect is higher the nearer the underlying quotes at the exercise price.
- In the event the underlying **touches the barrier**, the Turbo Certificate is stopped out.
In the event the **barrier** is touched, the Certificate is taken from the market and the investor is paid out the residual value.
- The pricing is not subject to volatility, hence, other than with options, the **time value is not an issue**.



TURBO CERTIFICATES ISSUE SURCHARGE IN OPEN-END TURBO CERTIFICATES

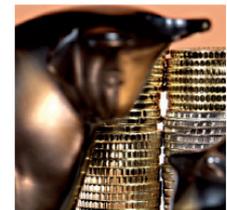


Adjustment of the strike price and the barrier of an Open-End Turbo Certificate during maturity.



TURBO LONG CERTIFICATE OMV

ISIN, maturity	AT0000A0CRP8, Sept 17, 2010
Underlying price (Share)	EUR 23.27 (April 28, 2009)
Strike	EUR 14.50
Barrier	EUR 16.50
Price of Turbo Certificate	EUR 0.87 / 0.90 (April 28, 2009)
Ratio	0.1



Speculation on rising prices

Intrinsic value = $(23.27 - 14.50) \times 0.1 = 0.877$ (excl. issue surcharge)

$$\text{Leverage} = \frac{\text{share price} \times \text{ratio}}{\text{ask price turbo certificate}} = \frac{23.27 \times 0.1}{0.90} = 2.6$$

TURBO CERTIFICATES

✓ CHANCES

- ✓ Low capital employment compared to a direct investment
- ✓ Leverage effect
- ✓ Automatic stopp loss barrier
- ✓ Broad spectrum of underlyings

* RISKS

- * High risk potential
- * Leverage effect upwards and downwards
- * Gap risk



TURBO CERTIFICATES ADJUSTMENT RULES

FINANCING RATE

The barrier of the turbo Certificates together with the strike shall be adjusted in accordance with the following:

- the financing costs of the certificates are added to the strike and to the barrier on a daily basis

DIVIDENDS

If the underlying of a turbo Certificate pays out dividends, the Issuer may subtract the dividend amount in whole or in part from the strike as well as from the barrier. The adjustment will be effective on the ex-dividend day.

For Turbo-Long Certificates, the dividend amount which is relevant for the dividend adjustment amounts to 100 % of the Net Dividend.

For Turbo-Short Certificates the dividend amount which is relevant for the dividend adjustment amounts to 100% of the Gross Dividend

-> Net Dividend - means the dividend amount after deduction of any tax and any duties

Gross Dividend - means the free and clear dividend amount declared on a respective underlying without withholding or deduction for any taxes or duties of whatever nature.

IMPORTANT: On the ex-date the price of the turbo certificate remains more or less unchanged - > the dividend subtraction has no impact on the price of the turbo certificate!

TURBO CERTIFICATES ADJUSTMENT RULES

Capital Adjustment

In the case of corporate actions the turbo certificates are adjusted correspondingly and according to the relevant terms in order to guarantee economical equalization. Hence the action should not have any impact on the price of the turbo certificates.

EXAMPLE – CORPORATE ACTION – Stock Split of a ratio of 1:2 (Gazprom OAO ADR)

Measure:

Stock split at a ratio of two new shares of OAO Gazprom ADR for each existing share of OAO Gazprom ADR.

Procedure

Determination of Adjustment Factor (R-Factor)

Number of old shares 1

Number of new shares 2

R-factor 0.50000000

All parameters are adjusted according to the R-Factor

ISIN	Underlying	ISIN Underlying	Type	Maturity	Ratio OLD	Ratio NEW	Strike OLD	Strike NEW	Barr OLD	Barr NEW
AT0000A0JC02	Gazprom OAO ADR	US3682872078	Turbo Certificate	open end	0,1	0,2	18,54644392	9,27322	19,246444	9,62322