

# Understanding Daily Leverage Certificates

## What is it?

An extremely short-term investment product that magnifies the underlying market's daily performance at a fixed multiple.

## How it works

The price of a daily leverage certificate (DLC) tracks the daily performance of its underlying market at a fixed multiple.

### Example: A 3-times leverage DLC

	BUY-IN	DAY 1	DAY 2	DAY 3
Underlying price	100.00	80.00	100.00	120.00
Underlying % change from previous close	+0.0%	-20.0%	+25.0%	+20.0%
DLC price*	2.50	1.00	1.75	2.80
DLC % change from previous close	+0.0%	-60.0%	+75.0%	+60.0%

\* Theoretical price, before fees and charges

## What it's for

- ✓ Taking a short-term position on the underlying.
- ✓ Potentially outsized returns for a smaller amount of capital due to the leverage.
- ✓ Avoiding losing more than the principal capital.
- ✓ Investor qualified to trade Specified Investment Products (SIPs).

## What it's not for

- ✗ Taking a buy-and-hold long-term position on the underlying.
- ✗ Avoiding outsized losses from relatively smaller changes in the underlying.
- ✗ Avoiding losing any principal capital.
- ✗ Retail investor not qualified to trade SIPs.