



SRP Awards Europe 2018

Banco Invest - Portugal



Banco Invest's structured products allocation increased by 42%

The Portuguese bank has 21 live products in the domestic retail market worth an estimated US\$88.2m.

Banco Invest has not only increased its issuance and sales volume over the last five years to become a top five issuer in the Portuguese structured retail products market, it is now delivering some of the best returns to its clients with three products in the top three ranking of best performers and four structures in the country's top 10.

The consistency of returns have resulted in the Portuguese lender taking the Best Performance, Portugal award which was presented on the SRP's 16th Structured Products & Derivatives Conference in London earlier this month.

Overall, 2018 was a positive year for structured products at Banco Invest with the bank capitalising on increased demand resulting from the market unstable environment.

"The increase of markets volatility, the geopolitical risks and the fears of an economic slowdown, underlined the importance of structured products, in particular for the more conservative investors," says Paulo Monteiro (pictured), head of asset management and derivatives at Banco Invest. "In this context, private clients' portfolio of structured products increased by 42%, in 2018."

Monteiro points at the "very low interest rates and the rise of volatility (and correlations)" as one of the main constraints in 2018 at a market level – "which hampered the structuring of more conservative products".



Paulo Monteiro, Banco Invest

At a company level, 2018 was an important year, according to Monteiro, the bank strengthened the team with the development of a network of private financial advisors.

"This new network is expected to boost the growth of assets under management and custody, including structured products, among other projects," says Monteiro.

SRP considered 19 structured products with combined sales of more than €50m from the bank - with strike

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dates between October 1 2017 and September 30 2018 - which on average returned 2.56% per annum.

One of the best for performance in this period was the PFC Multi Sector Europa Jun-16, a capped call two-year product offered as a note, that guarantees 97.5% of investment plus 100% index growth, capped at a maximum capital return of 114.5% of the initial investment. At maturity product had reached 7% annualised capital return.

Banco Invest’s main differentiating factor against its Portuguese competitors is the flexibility and pricing and that all the products are structured and managed in-house.

“[This means] that we don’t do back-to-back,” he says, adding that this allows greater flexibility in terms of minimum amounts, underlyings and pricing.

“Another important factor is the selection of the underlyings, which is made by the asset management team,

composed of elements with extensive experience in the financial markets and always looking for the best investment ideas and themes.”

Capital protected products continued to represent the lion’s share at Banco Invest in 2018 whereas in terms of payouts, the bank deployed “simple structures, mainly call spreads on baskets of individual stocks,” according to Monteiro.

“We are also seeing an increased interest on capital protected products, with maximum capital loss up to 5%, in order to maximise the potential return and reduce the maturity of the products,” he says. Our clients still favour simple and conservative products.”

After a challenging year with losses both in equity and bond markets, volatility is expected to be high and remain a recurrent topic for 2019 with other factors such as Brexit and commercial trade wars to slow down global

economic growth and dampen the investors’ confidence.

“In this context, I expect a positive year for structured products as an alternative to direct investments in equities, especially for the more conservative investors,” says Monteiro, noting that the bank’s network of financial private advisors will “boost of assets under management, including structured products”.

“As this new team grows, it will be also very important to reinforce our capabilities in terms of product innovation and communication with clients. It’s a never ending job.”

Banco Invest has 21 live products in the Portuguese retail market worth an estimated US\$88.2m. All of the bank’s live structures are linked to baskets of shares with the cap call payoff profile dominating issuance (15 products) and sales (US\$2.4m).

Distributor	Product Name	Performance p.a.	Maturity/Expiry Date
Deutsche Bank	Notes db Investimento Apple, Sanofi e SocGen	9.26%	28 Sep 2018
Deutsche Bank	Notes db Investimento Deutsche Post, Schneider & GM	8.07%	15 Jun 2018
Banco Invest	PFC Multi Sector Europa Jun-16	7.00%	15 Jun 2018
Banco Invest	PFC Invest Airliners Dez-16	6.29%	03 Jan 2018
Banco Invest	PFC Invest Super Cars Jun-17	5.21%	29 Jun 2018
Banco Invest	PFC Artificial Intelligence Set-17	5.11%	28 Sep 2018
Deutsche Bank	Notes db Autocallable Euro Stoxx50 Jun 2026	4.39%	27 Jun 2018
Deutsche Bank	Notes db Rendimento GALP	4.38%	18 Feb 2018
Deutsche Bank	Notes db Rendimento EDP 2018	4.12%	23 May 2018
Deutsche Bank	Notes db Rendimento GALP II	3.29%	18 Feb 2018

Source: StructuredRetailProducts.com

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