

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 $<$ spot price of the linked stock. If closing price of linked stock \geq 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 have to purchase the linked stock at exercise price with 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 $<$ spot price while earning a potential higher interest return.

When should I buy an ELI?

Scenario: 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 return. Comparing to directly buying a stock, the potential return of the stock may have relatively lower return 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 a preferred purchasing price, you may purchase linked stock at an exercise price that is $<$ 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 and investors may incur loss in the investment.

Mr. Confused has now become Mr. Clear.