



Analysis of a Financial Product

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Hull, J.C. (2012)

Options, Futures, and Other Derivatives

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1 Introduction

Daiwa Securities Group Inc. is a Japanese investment bank that sells through its website a financial product hold by the Swiss bank UBS.

Is it valuable for an investor to invest in that financial product?

- ▶ Barrier option down and in, up and out : Knock-in 60% & Knock-out 105%
- ▶ 3% of interest per year semi-annually compounded for 3 years : 1.5% every 6 months
- ▶ 2 stock indexes at stake : S&P500 and Nikkei225