

Retail credit-linked-notes market

The logo for SHK Fund Management Ltd. is a red square containing the letters 'S', 'H', and 'K' in white. The 'S' is large and stylized, with the 'H' and 'K' positioned to its right.

Presented by
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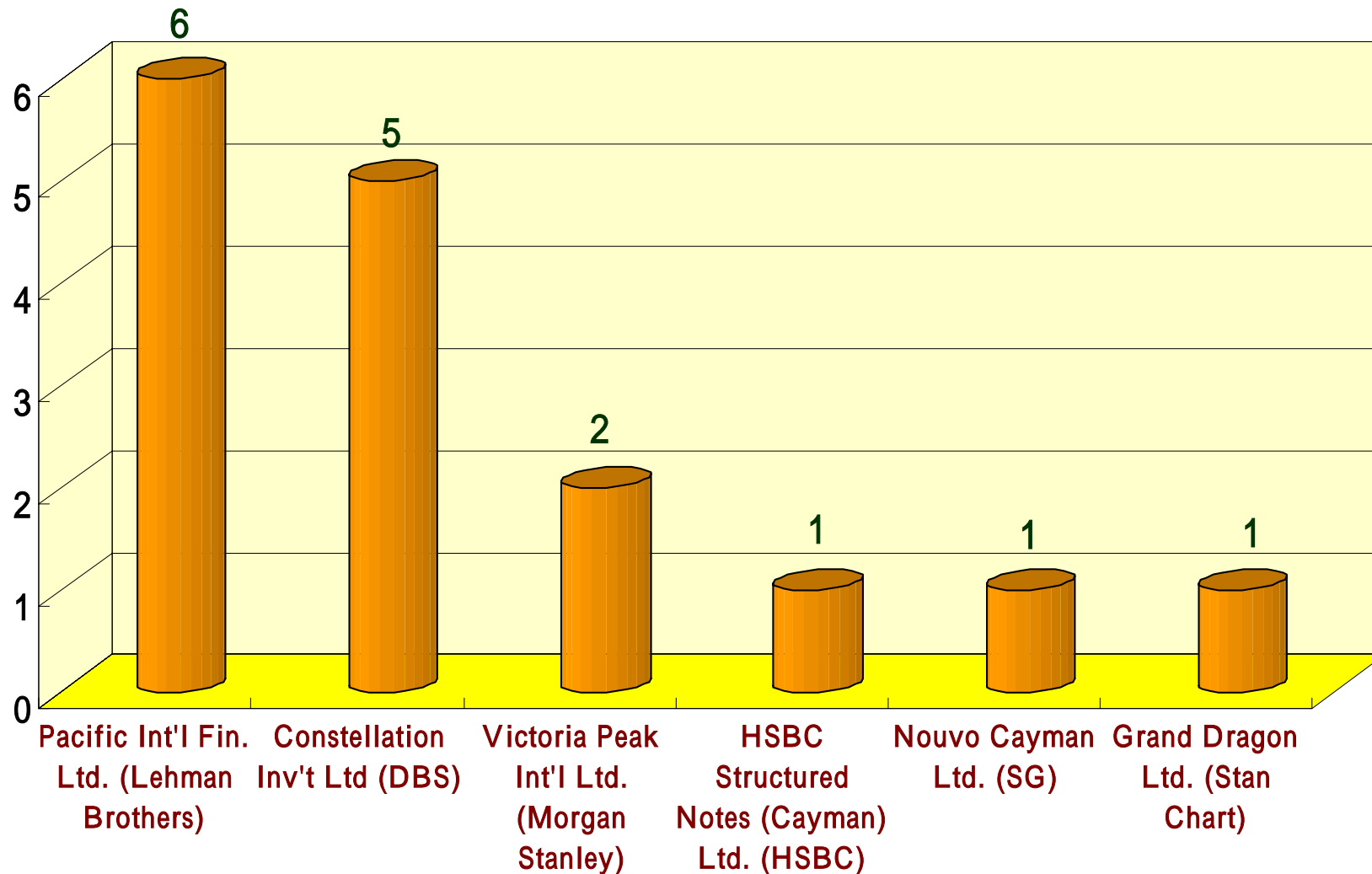
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Background of retail credit-linked-note market in Hong Kong

- Lehman Brother launched Hong Kong's first retail credit-linked-note (“CLN”) in May 2002
- Fixed issue price and fixed coupon
- Minimum investment size usually HKD 40,000 or USD 5,000
- Since then Lehman has launched a total of 14 CLN
- In 2004 there were a total of 16 CLN launched, with over US\$500m raised

Number of retail CLN launched in 2004



Reasons for popularity of retail CLN

- Low bank deposit rate
- Increasing awareness of need for financial planning / asset allocation
- Promotion by HK government and quasi-government agencies (HKMC)
- High minimum amount for plan vanilla bonds in secondary market
- Limited choice of HKD corporate bonds