



Using Leverage Effectively

Elizabeth Tian – Citi
Graham O'Brien - ASX

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Panellists



Elizabeth Tian
Director – Equity Derivatives, Citi

Specialising in equities, multi asset products (FX, commodities exposure structures), derivatives sales and product management through multiple channels that include wholesale clients, financial advisers, private bankers, brokers and direct retail clients.

Products covered included equities, international equities, multi asset products, derivative structures, absolute return/ dynamic strategies, margin lending, managed funds and superannuation.

Superior presentation skills across all mediums (TV/ Radio/ Print Media)

- > Regular speaker for the ASX
- > TV Interviews to CNBC, SKY Business News, Nine, Ten, SBS, and ABC
- > Radio interviews to 2UE and ABC
- > Print commentary for the Australian Financial Review



Graham O'Brien
Senior Manager Equity Derivatives, ASX

A leader in the finance industry with 20 years experience in equity derivatives and is a global expert on how the Australian market works.

In his current role at ASX, he is a strategist at the forefront of the market, leading a team that innovates on products and services to drive the Australian market forward and bring financial success to clients and companies.

Skilled communicator and born educator, helping clients get better results. He also does many expert and public presentations for the ASX. He has the ability to quickly get a beginner familiar with market jargon and understanding the marketplace. He favours simplicity and is adept at tailoring the message for the individual, advisor, university or school audience at their level of sophistication.

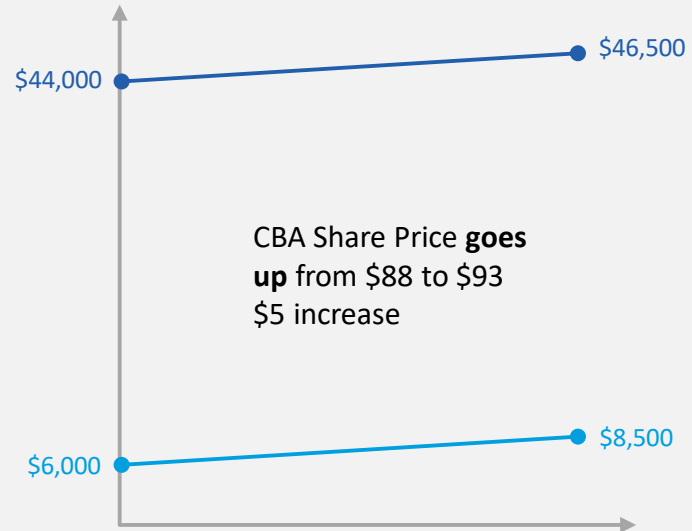
What is Leverage?

Leverage

Buy 500 CBA Shares
@ \$88.00

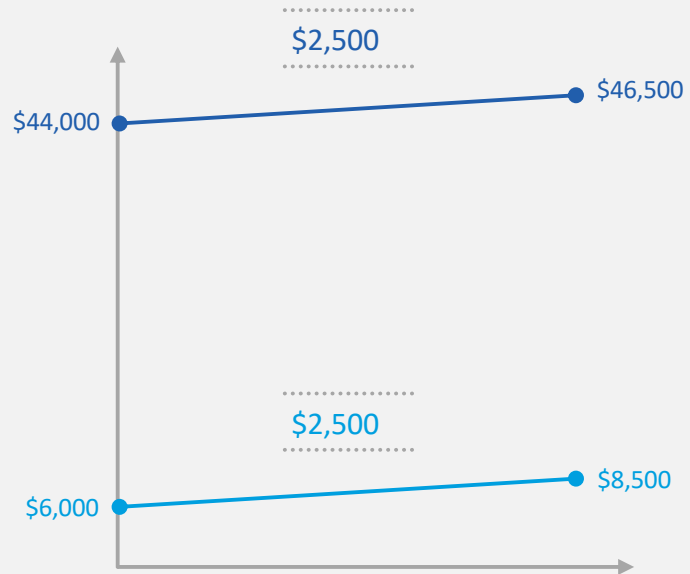
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Buy 500 CBA via Leverage
@ \$12.00

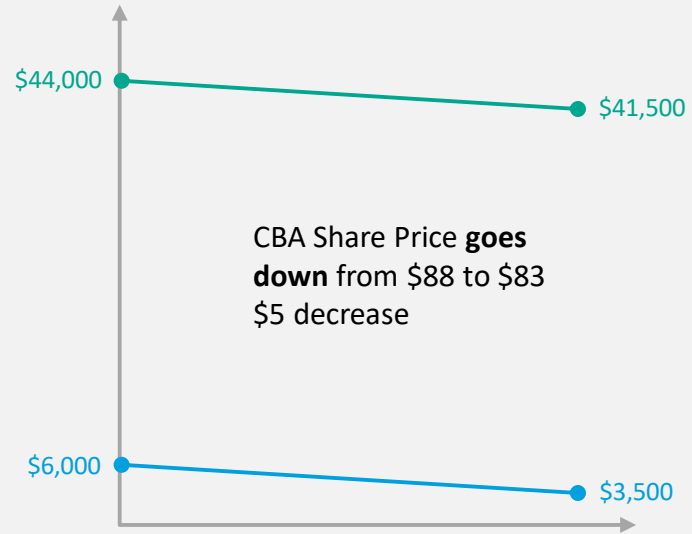


Leverage

Return on investment

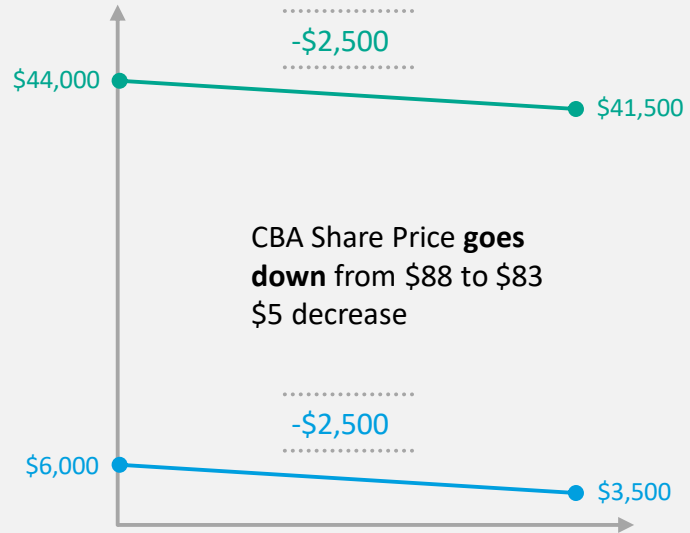
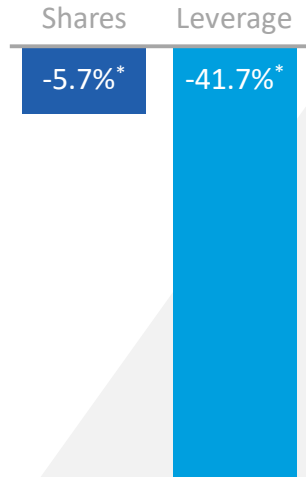


Leverage



Leverage

Return on investment



Alternative Types of Leverage

Leverage Alternatives

	Margin Loan	CFDs	Options	Instalments	MINIs	
Leverage	Loss limited to initial outlay?	X	X	✓ – Buy	✓	✓
	Price moves the same as share/asset	✓	✓	X	✓	✓
	Counterparty Protection/NGF	X	X	✓	✓	✓
	Leverage Greater than 10 times	X	X	✓	X	X
Dividends	Dividend flow same as stock	✓	✓	X	✓	✓
	Franking Credits	✓	X	X	✓	X
Assets	Multiple asset classes available	✓	✓	X	✓	✓

Who uses Leverage?

Usage Trends

Most Actively Citi Traded Warrant by Value CY20

Warrant code	Warrant Type	Underlying	Product Style	Value (\$)
FMGKOQ	MINI Short	Mining Stock	Trading	43,452,000
XJOKOP	ASX Index Short	Broad Index	Trading	42,902,000
XJOKOU	ASX Index Short	Broad Index	Trading	33,974,000
XJOQOD	ASX Index Long	Broad Index	Trading	33,460,000
XJOQOT	ASX Index Short	Broad Index	Trading	24,629,000
XJOMOS	ASX Index Short	Broad Index	Trading	21,972,000
XJOKOY	ASX Index Short	Broad Index	Trading	21,409,000
NDXKOL	Nasdaq Index Long	Int'l Broad Index	Trading	21,060,000
XJOKOW	ASX Index Short	Broad Index	Trading	19,918,000
FMGKOS	MINI Short	Mining Stock	Trading	19,754,000
XJOQOC	MINI Short	Broad Index	Trading	18,940,000
XJOMOA	ASX Index Long	Broad Index	Trading	18,430,000
XJOQOB	ASX Index Long	Broad Index	Trading	18,161,000
ANZJOC	Instalment Mini	Bank Stock	Investment	15,875,000
XJOKOR	ASX Index Long	Broad Index	Trading	15,790,000
APTKOZ	MINI Short	Tech Stock	Trading	14,267,000
WBCJOE	Instalment Mini	Bank Stock	Investment	14,059,000
FMGKOY	MINI Short	Mining Stock	Trading	12,949,000
XJOQOS	ASX Index Short	Broad Index	Trading	12,940,000
APTKOY	MINI Short	Tech Stock	Trading	11,655,000
XJOKOO	ASX Index Long	Broad Index	Trading	11,147,000
CBAMOA	Instalment Mini	Bank Stock	Investment	10,991,000
EVNJOC	Instalment Mini	Mining Stock	Investment	10,963,000
APTKOA	Mini Long	Tech Stock	Trading	10,901,000
TOP 25				479,600,000

Options

Top 10 Options

1. XJO – S&P/ASX200 Index

2. TLS

3. BHP

4. FMG

5. CBA

6. ANZ

7. WBC

8. RIO

9. NCM

10. NAB

Implementing Leverage

Long Mini Buy Calls



Thinks the stock will go up

Short Mini Buy Puts



Has a view the stock will go down

Trading and Investing Warrants

Code	Underlying	Type	Strike	Stop Loss Trigger Level	Underlying Spot Price	Bid	Effective Gearing
CBAMOC	CBA	MINI Long	\$75.86	\$84.72	\$87.46	\$11.58	87%
CBAKOA	CBA	MINI Long	\$54.49	\$60.85	\$87.46	\$32.95	62%
CBAMOB	CBA	MINI Long	\$48.09	\$53.71	\$87.46	\$39.36	55%

Code	Underlying	Type	Maturity	Final Instalment	Stop Loss Trigger Level	Underlying Spot Price	Bid	Effective Gearing
CBAJOD	CBA	Instalment MINI	15/03/2023	\$45.11	\$49.48	\$87.94	\$42.83	51%
CBAJOF	CBA	Instalment MINI	18/04/2024	\$40.01	\$43.89	\$87.94	\$47.92	46%
CBAJOH	CBA	Instalment MINI	12/03/2025	\$37.00	\$41.32	\$87.94	\$50.94	42%
CBAJOM	CBA	Instalment MINI	15/03/2023	\$29.60	\$32.47	\$87.94	\$58.34	34%

MINIs – Access Different Markets

Single Stocks



- > ASX MINIs – S&P ASX 200 coverage



ASX 200 Futures and International Futures Index



- > ASX 200 Futures Index
- > US – S&P500, DOW Jones and NASDAQ
- > Japan – Nikkei 225
- > Hong Kong – Hang Seng

Commodities



- > Gold
- > Oil (WTI Crude)
- > Silver
- > Copper

Currency/FX



- > AUD / USD
- > AUD / GBP
- > AUD / EUR
- > AUD / JPY
- > AUD / NZD

Questions?

