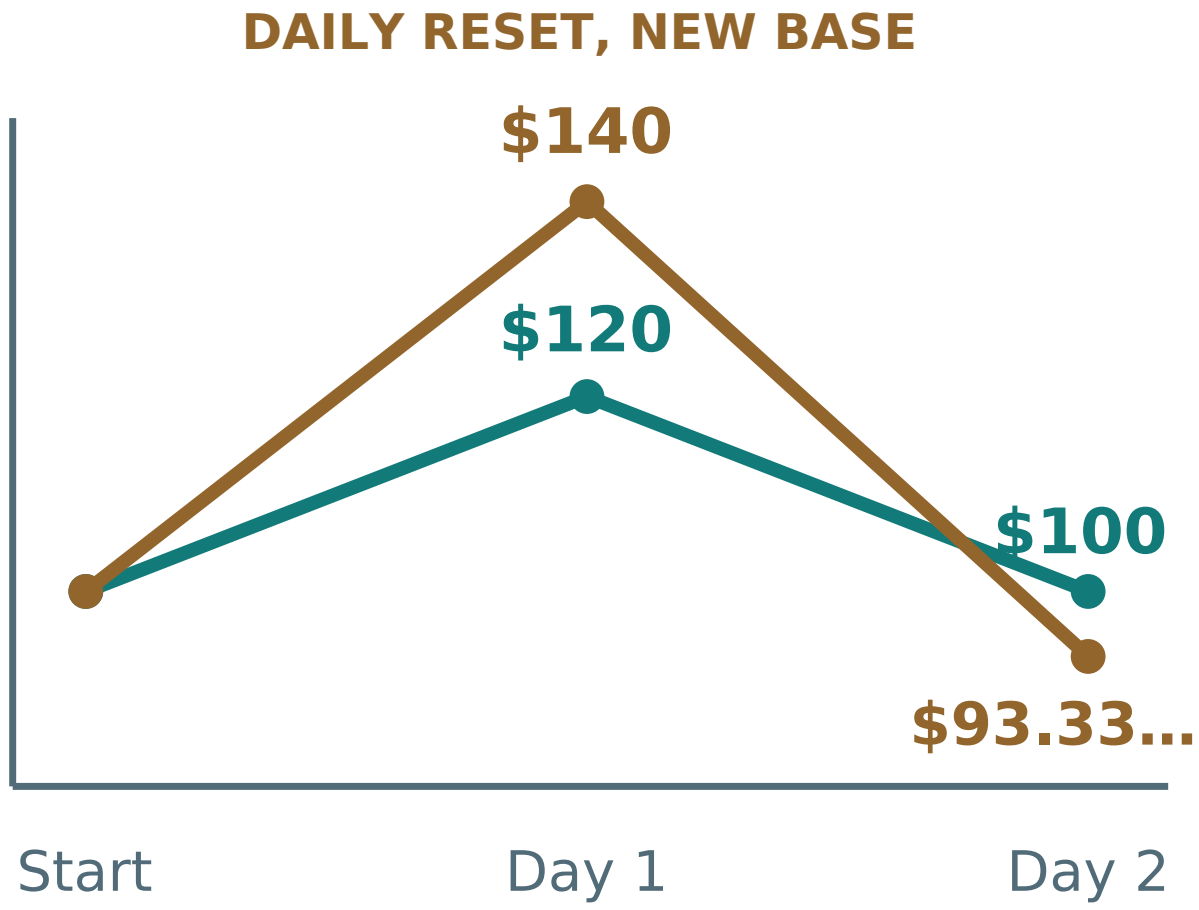
SIE-U15 / SEE THE CONCEPT

The benchmark is flat. The daily 2× product is not.

Read the visual model, then test the reasoning.



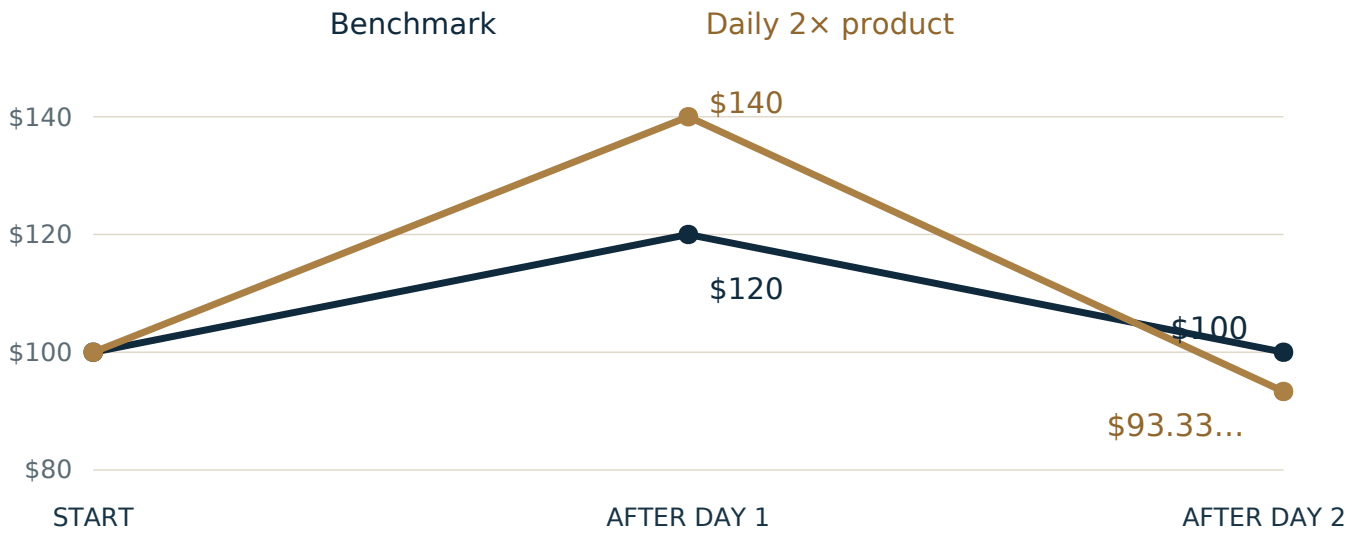
Each daily return applies to a new base.

Start a benchmark and a hypothetical daily 2× product at $100. The benchmark rises 20%, then falls by one-sixth. Assume exact daily targeting, no fees, tracking error or distributions.

SIE-U15 / WORK THE CASE

The benchmark is flat. The daily 2× product is not.

Follow the stated conditions. Check the answer against the original case.



Exact daily-target teaching model; values begin at $100.

1 APPLY DAY ONE

Benchmark: 100 × 1.20 = $120. Daily 2× product: 100 × 1.40 = $140.

2 USE THE NEW BASE

Benchmark: 120 × 5/6 = $100. Product: 140 × 2/3 = $93.33... . Its second-day loss applies to $140.

3 RESPECT THE HORIZON

The benchmark's two-day return is zero; the product loses 6⅔%. Doubling the zero period return ignores the daily reset.

TEST YOUR REASONING

Does a daily 2× target guarantee twice the period return?

No. Daily compounding and the return path matter. Actual products also have costs, tracking effects and their own terms.

An ETN is typically unsecured issuer debt and adds issuer credit risk; it is not an ETF portfolio simply because both trade on an exchange.