Structured investment products, also known as equity- or index-linked notes, have become immensely popular in the last ten years among retail investors. In this paper we show that for classical rational investors the utility gains from structured products are typically much smaller than their fees (even on highly competitive markets with comparably low margins for issuers. The demand for the majority of products can only be explained by behavioral factors, specifically loss aversion, gambling to avoid sure losses, probability weighting, misesituation and overconfidence.