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# Tempo: ‘deliberately defensive’ products...

Chris Hale talks about ‘deliberately defensive’ and ‘best entry’.

Here at Tempo we are committed to making defensive products our calling card, therefore we call our core product range ‘deliberately defensive’. **All of our products carry the same hallmarks, that is in line with our philosophy.**

While lots of providers do lots of defensive structured products, we are the only provider to set our stall out to **ONLY** do defensive products. This means:

- our core products are designed to increase the likelihood of positive returns (*‘upside risk’*), while decreasing the likelihood of loss of capital (*‘downside risk’*)
- to us, that is the basic purpose of a good investment company and a basic principle of a good investment strategy

We can actively demonstrate what we mean by ‘deliberately defensive’, within our core deposit suite, we have the Fixed Growth Deposit Plan, which has a feature called ‘best entry’.

## The ‘best entry’ feature

The start level of the plan will be calculated 3 months after the plan has started, by looking back and taking the lowest daily closing level of the FTSE 100 EWFD, observed over the 3 months following the start date, instead of the closing level on the start date alone.

With so much uncertainty in the global economy, that has dominated markets for a

while now, such as; Geopolitical conflicts, global inflation, interest rates, and upcoming elections both home and abroad, a feature that allows you to benefit from unexpected falling markets is surely a no brainer.

You effectively have the benefit of investing with 20/20 hindsight, in what investment universe is that possible.

Don’t just take my word on it, as John Maynard Keynes once said “*When the facts change, I change my mind*”, the below should be music to the ears of the evidence based investors, a little bit like Chopin or Tchaikovsky.

result of your start level being set at 881.21, by design the index is already higher than this ‘best entry’ level at the end of the first 3 months.

The Fixed Growth Deposit Plan is designed to pay a fixed rate of interest of 36.50% when the plan matures, if the FTSE 100 EWFD closes at or above 95% of the ‘best entry’ start level on the end date, in effect we have doubled up the defensive nature of the deposit to increase the likelihood of return, hence our ‘deliberately defensive’ philosophy.

Remember you never know if you will benefit from the feature, if the market was to remain flat or has a strong positive trend, the ‘best entry’ feature may not make a big difference to the plan. Whilst past performance is not necessarily a good indicator

on future performance, our experience with the Tempo Fixed Growth Deposit has shown the ‘best entry’ level was materially lower in 3 out of the 5 past Issues where this has come to fruition. See chart below.

**“Best entry’ start level feature: the start level will be the lowest daily closing level of the index, observed over the first 3-months of the deposit term.”**

We are now on Issue 09 of our Deposit Suite, and have 7 plan options that have come to fruition with the ‘Best entry’ start level feature. See the table below which outlines all of those plans, and how the ‘Best entry’ start level feature has benefited them.

Issue 01 of Fixed Growth Deposit Plan had a start date of 19 May 2023. The closing level of the index on that day was 945.09, which with most plans usually becomes your start level.

The ‘best entry’ feature observed the daily closing level for the first 3 months of the plan (which ended on 21 August 2023). The lowest daily level that was observed was, 881.21 on 6 July 2023.

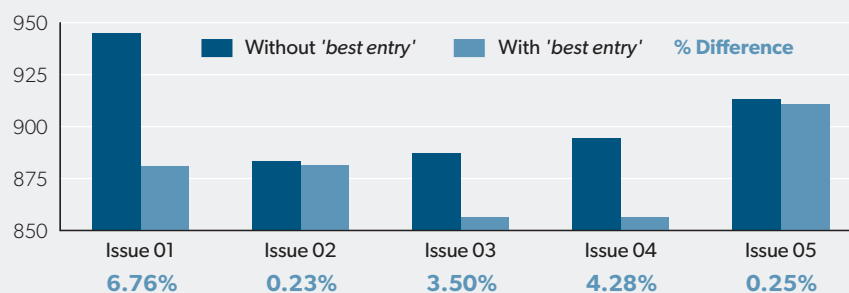
Therefore 881.21 became the starting level for the plan, as a result of our ‘best entry’ feature.

This was 63.88 index points (6.76%) lower than the original start level. So as a

**“You effectively have the benefit of investing with 20/20 hindsight, in what investment universe is that possible.”**

If your looking to help your clients to achieve higher yields, as central banks may possibly start to ease up on interest rates, with our ‘deliberately defensive’ Fixed Growth Deposit Plan with ‘best entry’ feature, then take a look at our “Current: Structured Products” page.

Start levels: with and without ‘best entry’ feature



**Please note that this article and the views expressed in it are those of the author. These views are current at the time of writing and publishing but may change.**

**The article does not constitute any form of investment advice or recommendation.**



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