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Product spotlight | Summary factsheet

## Long Kick-Out Plan: August 2018

### What is this plan?

This is a maximum 10 year term product linked to the UK stock market, which offers three options, all of which are designed to generate a fixed level of return on one of the kick-out anniversary dates from the 3rd year.

The potential return of the plan depends on the level of the UK stock market, represented by the FTSE 100 FDEW. We have designed the plan so that if the level of the FTSE 100 FDEW triggers a 'kick-out' on one of the kick-out anniversary dates, the plan will pay the accumulated returns for each year that it has run together with the money invested, and automatically mature at this point.

None of the options need the FTSE 100 FDEW to rise in order for the return to be paid. In addition, all of the options provide a defined level of protection at the end date, if it falls.

OPTION 1

If the FTSE 100 FDEW closes at or above 90% of the start level on one of the kick-out anniversary dates, between year 3 and year 10, the plan will generate a return of 7.3% for each year that the plan has run.

OPTION 2

If the FTSE 100 FDEW closes at or above a reducing percentage of the start level on one of the kick-out anniversary dates (set at 100% of the start level for year 3 and reducing by 5% each year to 65% of the start level on the end date), the plan will generate a return of 6.85% for each year that the plan has run.

OPTION 3

If the FTSE 100 FDEW closes at or above 100% of the start level on one of the kick-out anniversary dates, between year 3 and year 10, the plan will generate a return of 10.75% for each year that the plan has run.

### What are the risks of the plan?

Both the potential kick-out returns of the plan and repaying the money invested are linked to the level of the UK stock market – and depend upon the financial stability of the Issuer and Counterparty Bank.

For all of the options, if the FTSE 100 FDEW is below the level needed on all of the kick-out anniversary dates and the end date, no return will be generated. In addition, repaying the money invested will depend on the level of the FTSE 100 FDEW on the end date:

If on the end date the FTSE 100 FDEW closes **at or above 60%** of the start level, money invested will be repaid in full (less any agreed adviser fees and withdrawals).

If on the end date the FTSE 100 FDEW closes more than **40% below** the start level, the amount of money repaid will be reduced by the amount that the FTSE 100 FDEW has fallen. For example, if the FTSE 100 FDEW has fallen by 45%, the repayment of money will be reduced by 45%.

As with most structured products, the plan also depends on the financial stability of the Issuer and Counterparty Bank. Both the potential returns of the plan and money invested are at risk if the Issuer and Counterparty Bank fail during the investment term.

STOCK MARKET RISK

ISSUER RISK

### Who has this plan been designed for?

This plan has been designed for professionally advised investors, who are clients of authorised and regulated investment firms, investing as part of a diversified and balanced portfolio. Prospective investors will be interested in the potential to achieve a fixed level of return, that does not require the UK stock market to rise over the next 10 years, and will be able to leave their money invested for up to 10 years. **As with all forms of investment, there are risks involved. This plan does not guarantee to repay the money invested. The potential returns of the plan and repaying the money invested are linked to the level of the FTSE 100 FDEW and also depend on the financial stability of the Issuer and Counterparty Bank. Prospective investors should only consider this plan if they understand and accept the risk of losing some or all of any money invested.**

### If you would like to find out more about this plan, please contact us...

Professional advisers should refer to the plan brochure and plan application pack, and other important documents, for full details of the plan, including its features and risks. We also provide professional adviser information packs, which include information regarding the identified target market for our plans; and details of the stress testing that we undertake, including the back-testing, forward-modelling and value-for-money assessments. If you would like to find out more about this plan, please contact us...

This document is intended solely for FCA authorised persons, including financial advisory firms and wealth managers ('Professional Advisers'). It is not suitable for, and should not be distributed to, clients or potential clients.

All information is believed to be correct as of 01 June 2018.

## Plan details

|   |                                 |                  |        |
|---|---------------------------------|------------------|--------|
| Plan Manager                            | Tempo Structured Products       |                  |        |
| Plan Administrator                      | James Brearley & Sons           |                  |        |
| Issuer / Counterparty Bank              | SG Issuer                       | Societe Generale |        |
| Counterparty credit ratings and outlook | S&P                             | A                | Stable |
|   | Moody's                         | A1               | Stable |
|   | Fitch                           | A                | Stable |
| 'TICS' Category rankings                | Amalgamated                     | 22 / 39          |        |
|   | Credit Ratings                  | 13 / 39          |        |
|   | CDS                             | 26 / 39          |        |
|   | Fundamentals: Balance Sheet     | 34 / 39          |        |
|   | Fundamentals: Market Indicators | 33 / 39          |        |
|   | Systemic Importance             | 18 / 39          |        |
| Market index link                       | FTSE 100 FDEW                   |                  |        |
| Barrier: level and type                 | 60%                             | End of term      |        |
| Currency                                | GBP                             |                  |        |
| ISIN                                    | Option 1                        | GB00BFRNFP62     |        |
|   | Option 2                        | GB00BFRNFQ79     |        |
|   | Option 3                        | GB00BFRNFN49     |        |
| UKSPA Product Code                      | 1260 (Kick-out)                 |                  |        |

## Ways to invest

|                |                                      |  |
|----------------|--------------------------------------|--|
| Ways to invest | ISA, ISA Transfer, Direct investment |  |
|                | Pensions: SIPP, SSAS trustees        |  |
|                | Companies, Charities and Trustees    |  |

## Important dates: Offer period

|  |  |             |
|--|--|-------------|
| Deadline for ISA transfers                 | The date by which ISA transfer applications must be received                 | 03 Aug 2018 |
| Deadline for cheques                       | The date by which applications accompanied by cheques must be received.      | 10 Aug 2018 |
| Deadline investments / End of offer period | The date by which all other applications and cleared funds must be received. | 17 Aug 2018 |

## Important dates: Investment term

|   |  |   |
|---|--|---|
| Start date                                  | The date that the investment term of the plan starts.  | 24 Aug 2018   |
| Kick-out anniversary / Early maturity dates | The dates on which the plan could kick-out and mature early.   | 24 Aug 2021,<br>24 Aug 2022,<br>24 Aug 2023,<br>27 Aug 2024,<br>26 Aug 2025,<br>24 Aug 2026,<br>24 Aug 2027 |
| End date                                    | The final date at which the plan could mature if there has not been a kick-out on one of the kick-out anniversary dates. | 24 Aug 2028   |
| Investment term                             | 10 years maximum: may mature early from year 3   |   |

## Potential returns

### Option 1

If the FTSE 100 FDEW closes at or above 90% of the start level on one of the kick-out anniversary dates, or on the end date, the plan will generate a return of 7.30% for each year that the plan has run.

| Year    | Index level     | Potential return |
|---------|-----------------|------------------|
| Year 1  | n/a             | n/a              |
| Year 2  | n/a             | n/a              |
| Year 3  | At or above 90% | 21.90%           |
| Year 4  | At or above 90% | 29.20%           |
| Year 5  | At or above 90% | 36.50%           |
| Year 6  | At or above 90% | 43.80%           |
| Year 7  | At or above 90% | 51.10%           |
| Year 8  | At or above 90% | 58.40%           |
| Year 9  | At or above 90% | 65.70%           |
| Year 10 | At or above 90% | 73.00%           |

### Option 2

If the FTSE 100 FDEW closes at or above a reducing percentage (reducing from 100% at Year 3 to 65% at Year 10) of the start level on one of the kick-out anniversary dates, or on the end date, the plan will generate a return of 6.85% for each year that the plan has run.

| Year    | Index level      | Potential return |
|---------|------------------|------------------|
| Year 1  | n/a              | n/a              |
| Year 2  | n/a              | n/a              |
| Year 3  | At or above 100% | 20.55%           |
| Year 4  | At or above 95%  | 27.40%           |
| Year 5  | At or above 90%  | 34.25%           |
| Year 6  | At or above 85%  | 41.10%           |
| Year 7  | At or above 80%  | 47.95%           |
| Year 8  | At or above 75%  | 54.80%           |
| Year 9  | At or above 70%  | 61.65%           |
| Year 10 | At or above 65%  | 68.50%           |

### Option 3

If the FTSE 100 FDEW closes at or above 100% of the start level on one of the kick-out anniversary dates, or on the end date, the plan will generate a return of 10.75% for each year that the plan has run.

| Year    | Index level      | Potential return |
|---------|------------------|------------------|
| Year 1  | n/a              | n/a              |
| Year 2  | n/a              | n/a              |
| Year 3  | At or above 100% | 32.25%           |
| Year 4  | At or above 100% | 43.00%           |
| Year 5  | At or above 100% | 53.75%           |
| Year 6  | At or above 100% | 64.50%           |
| Year 7  | At or above 100% | 75.25%           |
| Year 8  | At or above 100% | 86.00%           |
| Year 9  | At or above 100% | 96.75%           |
| Year 10 | At or above 100% | 107.50%          |

## Market risk to potential returns

Whether or not the plan generates a return for investors depends on the closing level of the FTSE 100 FDEW on each of the kick-out anniversary dates and on the end date, for the plan option or options investors choose. If the FTSE 100 FDEW closes below the level needed, for the plan option or options investors choose, on all of the kick-out anniversary dates and on the end date, the plan will not generate a return.

## Market risk to repayment of money invested

If the closing level of the FTSE 100 FDEW is below the level needed on all of the kick-out anniversary dates (including the end date), repaying the money invested at maturity will depend on the closing level of the FTSE 100 FDEW on the end date.

If on the end date the FTSE 100 FDEW closes at or above 60% of the start level, money invested will be repaid in full (less any agreed adviser fees and withdrawals).

However, if on the end date the FTSE 100 FDEW closes below 60% of the start level, the amount of money repaid (less any agreed adviser fees and withdrawals) will be reduced by the amount that the FTSE 100 FDEW has fallen. For example, if the FTSE 100 FDEW has fallen by 45%, the repayment of money invested will be reduced by 45% (meaning that investors will get 55% of their investment back).

## Issuer and Counterparty Bank risk

Both the potential returns of the plan, and repaying the money invested, depend on the financial stability of the Issuer and Counterparty Bank.

The investments for the plan are issued by SG Issuer, which is part of Société Générale, the Counterparty Bank for the plan.

If SG Issuer and Société Générale become insolvent, or similar, or fail to be able to meet their obligations, it is likely that investors will receive back less than they invested.



**It is important to understand that it is not usually possible to claim under the Financial Services Compensation Scheme ('FSCS') if the Issuer and Counterparty Bank fail to meet their obligations or if the index falls.**

## Target market identification

We have designed the plan for investors who can say yes to the following points. If investors are unable to say yes to each of the points it is possible that the plan is not suitable for their circumstances:

|   |  |   |   |
|---|--|---|---|
| ✓ | Are comfortable with investment products that are linked to the UK stock market, represented by the FTSE 100 Fixed Dividend Equal Weight Custom Index ('FTSE 100 FDEW').   | ✓ | Want the potential for a higher level of return than might be achieved from bank or building society savings accounts.  |
| ✓ | Want to increase the likelihood of receiving a fixed level of return, by investing in a product that does not need the FTSE 100 FDEW to rise – but understand that if it falls below the level needed for a 'kick-out', no return will be generated. | ✓ | Are prepared and able to leave any money invested for up to 10 years, if the level of the FTSE 100 FDEW means that the plan does not mature early on one of the kick-out anniversary dates. |
| ✓ | Want to decrease the likelihood of losing money if the FTSE 100 FDEW falls, but understand that if it is below the defined level of protection on the end date, it will reduce the amount of any money repaid.                                       | ✓ | Are likely to have some investment experience and already hold a portfolio of different investment products.  |
| ✓ | Understand that the returns of the plan and repaying the money invested depend on the financial stability of the Issuer and Counterparty Bank during the investment term – and accept the potential risk of loss if it fails.                        | ✓ | Understand that any investment should be part of a diversified and balanced portfolio.  |
|   |  | ✓ | Take advice from a Professional Adviser, who is part of an authorised and regulated investment firm and assesses the suitability of the plan for investors' personal circumstances.         |

## What documents and other resources and materials should I consider?

There are various documents and materials and resources available to you, that you should consider as a Professional Adviser, to ensure that you fully understand the plan, including its features, risks and terms and conditions.

- We produce the plan brochure and plan application pack, which include the terms and conditions of an investment in the plan, and together form the plan documents.
- The Issuer produces three documents. Firstly, the 'Key Information Document', which is designed to help investors compare different types of investments. Secondly, the 'prospectus', which describes the general terms and conditions and certain risks relating to the securities that are issued for the plan. Thirdly, the 'final terms', which gives details of the specific terms, and may also include details of certain risks, of the securities.
- We produce a 'professional adviser information pack', which is designed to explain how we meet our Manufacturer responsibilities and to help Professional Advisers meet their Distributor responsibilities. In addition, we make internal documents, including our 'product proposal pack' and a 'governance overview' available to Professional Advisers.
- We also provide collateral materials and resources for Professional Advisers, both specifically to support their research due diligence for the plan and generally with regard to understanding structured products. These include: the Tempo Issuer & Counterparty Scorecards ('TICS'), a TICS Reports for the Counterparty Bank; and our Professional Adviser Academy, which offers accredited modules that advisers can use to validate, advance and test their working knowledge of structured products.

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