TEMPO STRUCTURED PRODUCTS

PART OF THE ALPHA REAL CAPITAL FAMILY OF COMPANIES

- SECTOR-WIDE DATA FOR UK RETAIL STRUCTURED PRODUCT MATURITIES -
- INCLUDING SUMMARY DATA FOR TEMPO PLAN MATURITIES [40] -

LONG TERM, GRANULAR, COMPREHENSIVE AND INCONTROVERTIBLE EVIDENCE OF THE EFFICACY OF UK RETAIL STRUCTURED PRODUCTS

- HIGHLIGHTING THE IMPORTANT GENERAL FEATURES, BENEFITS AND USPS OF STRUCTURED PRODUCTS AND THE POTENTIAL MERITS OF INCLUDING STRUCTURED PRODUCTS IN DIVERSIFIED PORTFOLIOS -

- IT'S TIME TO RETHINK WHAT YOU THINK YOU KNOW ABOUT STRUCTURED PRODUCTS -

---

FOR PROFESSIONAL ADVISER USE ONLY
- NOT FOR USE WITH CLIENTS -

Introducing the Alpha Real Capital family of companies *('Alpha')* …

TEMPO STRUCTURED PRODUCTS

KEY ALPHA STATISTICS:
(as at 31 Mar 2023)

£4.7bn
AUM

180+
Professional team

4
Core areas

Headquartered in London, Alpha Real Capital was founded in 2005 as an international, co-investing, investment management and wealth management solutions business:

- Alpha Real Capital LLP sits at the heart of the Alpha Real Capital family of companies *('Alpha')*, which benefit from materially common ultimate beneficial ownership

A 180+ professional team operates across the UK, Europe and Asia, focusing on 4 core areas: i) real estate investment management; **ii)** long income and index-linked income; **iii)** infrastructure, social impact and renewable energy; and **iv)** wealth management solutions

The *'Alpha way'* is to identify specialist teams with expertise in areas of strategic focus and interest and to support these teams to deliver best-in-class investor solutions:

- Alpha teams benefit from centralised resources, including: financial; operational; compliance; research; marketing; business development and capital-raising

  … and from Alpha's fundamental interest to *'do the right things'*

The *'Alpha DNA'* is evident across the Alpha range of funds, products and services:

- Alpha aims to deliver good outcomes, with attractive risk / return profiles for investors, with exemplary support and service for business partners, professional advisers and investors

Alpha engages with institutional investors, professional investors (including family offices, UHNW and HNW private investors) and professionally advised retail investors:

- on the retail side, Alpha operates through TIME Investments and Tempo Structured Products

Incontrovertible *EVIDENCE* of the efficacy of structured products … TEMPO STRUCTURED PRODUCTS

- **Sector-wide data / facts regarding the performance of UK retail structured products wasn't readily available in the past**

- **However, long term, granular data covering more than a decade of product maturities (since c.2010), including products that were launched c.5-6 years earlier (i.e., back to c.2004-2005) is now available**

- **This powerpoint summarises (the full data analysis is also available) sector-wide data / facts, across various times frames and different product types, also including data for Tempo's plan maturities:**
  - the data covers UK retail structured products that were designed for and distributed through independent professional advisers, detailing more than 5,000 product maturities … including the good and the bad:

    … **good outcomes:** the data evidence almost entirely good outcomes for investors, including impressive returns and compelling risk / return profiles (noting the important features, benefits and USPs of structured products)

    … **bad outcomes:** it would be difficult for even the most sceptical professional advisers / commentators to find many examples of bad outcomes / poor performing UK retail structured products over the last 15 years or so

Noting the features, benefits and *USPs* of structured products …

TEMPO STRUCTURED PRODUCTS

- **Before diving into the data and facts, that overwhelmingly show good outcomes and impressive returns, it is important to recognise the important features, benefits and USPs of structured products:**
  - structured products can generate positive returns without requiring the stock market to rise, or even if it falls
  - structured products can include defined and significant levels of protection from stock market risk at maturity
  - structured products are based on legally binding, contractual obligations:

    … presenting the potential to generate *'alpha by contract'*, in ways and with risk / return profiles that neither active / nor passive funds offer or deliver, without being dependent upon the skill (or lack of skill) of a fund management process and / or fund manager

  - we will also draw attention to the importance of recognising the risks and limitations of structured products

Incontrovertible *EVIDENCE* of the efficacy of structured products … TEMPO STRUCTURED PRODUCTS

DATA* FOR UK RETAIL STRUCTURED PRODUCTS MATURING OVER 10 YEARS: JAN 2010 - DEC 2019
3,895 UK retail structured products matured between January 2010 and December 2019
3,835 (98.46%) generated positive returns or repaid capital
The average return of all maturing investment products (excluding deposits) was: **6.98% p.a.**
The average return of the 2,465 capital-at-risk products was: **7.84% p.a.** The average return of the top quartile products was: **11.84% p.a.**
The average return of the structured deposits was: **3.64%**
1,566 (65.53%) of the maturing capital-at-risk products included a kick-out feature: The average return of the capital-at-risk kick-out products was: **8.40% p.a.** The average return of the top quartile capital-at-risk kick-out products was: **12.09% p.a.**
ONLY 60 (1.54%) maturing structured products created a loss **ONLY one product linked solely to the FTSE 100 created a loss** **NO products linked solely to the FTSE 100 created a loss since 2012** Most of the products which created losses were launched before the financial crisis and matured in 2012 / 2013 4 of the products which created a loss were Legal & General plans, with multi-counterparties: 1 of these had 20% exposure to Lehman Brothers; 3 of these were restructured mid-term by Legal & General to remove exposure to Irish banks (the losses that were created were between 2.63% and 3.77%)
The average duration of all maturing structured products was: **3.75 years** The average duration of maturing capital-at-risk kick-out products was: **2.11 years**

* Source: StructuredProductReview

Incontrovertible *EVIDENCE* of the efficacy of structured products …

TEMPO STRUCTURED PRODUCTS

DATA* FOR UK RETAIL STRUCTURED PRODUCTS MATURING OVER 5 YEARS: JAN 2017 - DEC 2021
2,145 UK retail structured products matured between January 2017 and December 2021
2,114 (98.55%) generated positive returns or repaid capital
The average return of all maturing investment products (excluding deposits) was: **6.82% p.a.**
The average return of the 1,677 capital-at-risk products was: **7.03% p.a.** The average return of the top quartile capital-at-risk products was: **10.07% p.a.**
1,192 (71.08%) of the maturing capital-at-risk products included a kick-out feature: The average return of the capital-at-risk kick-out products was: **7.37% p.a.** The average return of the top quartile capital-at-risk kick-out products was: **10.31% p.a.**
ONLY 31 (1.45%) maturing structured products created a loss **NO products linked solely to the FTSE 100 created a loss**
The average duration of all maturing structured products was: **3.76 years** The average duration of maturing capital-at-risk kick-out products was: **2.62 years**

DATA* FOR UK RETAIL STRUCTURED PRODUCTS MATURING OVER 2022
634 UK retail structured products matured during 2022
634 (100%) generated positive returns or repaid capital
The average return of the capital-at-risk products was: **6.89% p.a.** The average return of the top quartile capital-at-risk products was: **9.15% p.a.**
ONLY 10 (1.58%) maturing structured products repaid capital only **ALL 10 products were structured deposits that did not present stock market risk at maturity (and that had FSCS protection)**
Notably, these results should be considered against the backdrop / context of 2022 being a year when global equity markets and bonds were both down and almost nothing performed particularly well

* Source: StructuredProductReview

Incontrovertible *EVIDENCE* of the efficacy of structured products …

DATA* FOR 20 YEARS OF UK RETAIL KICK-OUT STRUCTURED PRODUCTS
The first capital-at-risk kick-out structured product appeared in the UK retail structured products market in May 2003
A *'kick-out'* structured product (sometimes referred to as an *'auto-call'*) is a type of structured product that is designed so that it can generate a fixed level of annual return and end early automatically (in other words, *'kick-out'* or *'auto-call'*), if specific, pre-defined conditions are met
Typically, the pre-defined condition for UK retail kick-out products to kick-out is that the stock market index that a product is linked to needs to be at or above either the original start level or a reducing level which allows the stock market index to fall, on specified dates, which are usually the anniversaries (but might also be quarterly or even daily) of the product and / or at the end of the investment term
The potential returns of a kick-out plan usually accumulate (like a snowball) for each year that the plan runs, until either: i) the level of the stock market index that the plan is linked to causes a kick-out on one of the kick-out dates; or ii) the end of the investment term
If the level of the index is such that the condition for kick-out is met, the plan will kick-out and mature automatically and pay the accumulated return together with any money invested
If the level of the stock market means that there hasn't been a kick-out during the investment term, a significant and pre-defined level of protection from stock market risk is also usually included at the end of the investment term
As an example: Tempo's Long Kick-Out, option 1 (June 2023) offered the following: • If the FTSE 100 EWFD closes at or above a reducing percentage of the start level (reducing by 5% per year, from 100% on the 3rd anniversary to 65% on the 10th anniversary), the plan will kick-out, generating 8.80% for each year that the plan has run and repaying the original investment • If the plan does not kick-out during the investment term, if the FTSE 100 EWFD closes at or above 50% of the start level at the end date the original investment will be repaid in full (allowing the index to fall by 50% without loss of capital) • If the plan does not kick-out during the investment term, and the FTSE 100 EWFD closes below 50% of the start level at the end date the amount that is repaid will be reduced by 1% for every 1% that the FTSE 100 EWFD is below the start level
Since 2003, more than 3,500 capital at risk and more than 200 deposit-based kick-out structured products have been launched
c.65% of the kick-out products launched have been FTSE 100 linked c.23% of the kick-out products launched have been dual index (FTSE 100 + EURO STOXX 50 / FTSE 100 + S&P 500) linked c.3.5% of the kick-out products launched have been linked to baskets of stocks c.10% of the kick-out products launched have been linked to *'other'* indexes / asset classes
c.50% of the kick-out products launched have been *'atm'* products, requiring the index / indexes to be at or above 100% of the start level (with c.3% *'otm'*) c.10% of the kick-out products launched have been products requiring the index / indexes to be at or above a fixed percentage of the start level c.40% of the kick-out products launched have been *'step down'* products, requiring the index / indexes to be at or above 100% of the start level

* Source: StructuredProductReview **Data to 01 June 2023

Incontrovertible *EVIDENCE* of the efficacy of structured products … TEMPO STRUCTURED PRODUCTS

DATA* FOR 20 YEARS OF UK RETAIL CAPITAL-AT-RISK FTSE 100 LINKED KICK-OUT PRODUCTS THAT HAVE MATURED
The 1,000th capital-at-risk FTSE 100 linked kick-out structure product matured in February 2021
As at 01 June 2023, 1,641 capital-at-risk FTSE 100 linked kick-out product have matured
NONE of the 1,641 matured capital-at-risk FTSE 100 linked kick-out products have created a loss for investors (*4 FTSE 100 linked kick-out products issued by Lehman Brothers (between April and August 2008) did not reach maturity: Lehman Brothers highlights the counterparty risk of structured products: notably the recovery rate for investors has been c.75% to 100%)
1,633 (c.99.5%) out of the 1,641 matured capital-at-risk FTSE 100 linked kick-out products generated a positive return for investors The 8 products which matured without generating a positive return all had 5 or 6-year investment terms - notably, if these products had used longer terms of, say, 10 years, all of them would have generated positive returns (all but one would have generated a positive return on or before the 7th anniversary)
The average annualised return of the 1,641 capital-at-risk FTSE 100 linked kick-out products was: **7.70% p.a.** The average annualised return of the top quartile capital at risk FTSE 100 linked kick-out products was: **10.28% p.a.**
The average duration of the 1,641 capital-at-risk FTSE 100 linked kick-out products was: **2.2 years** The average duration of the top quartile capital at risk FTSE 100 linked kick-out products was: **1.7 years**

* Source: StructuredProductReview **Data to 01 June 2023

About Tempo Structured Products *('Tempo')* …

TEMPO STRUCTURED PRODUCTS

- **Tempo Structured Products *('Tempo')* is part of the Alpha Real Capital family of companies *('Alpha')*:**
  - Alpha Real Capital LLP sits at the heart of the Alpha Real Capital family of companies, which benefit from materially common ultimate beneficial ownership
  - Alpha is conservatively managed, financially strong and operationally robust
  - Alpha AUM is c.£4.7 billion (as of 31 Mar 2023)

- **Tempo was established over the course of 2016-2018, by a highly experienced team, with substantial investment of time, resources and capital by Alpha:**
  - our aim is to ***'redefine structured products and structured deposits'*** for professional advisers and their clients, focusing on ***'doing the right things - and doing simple well'***
  - we have tried to think through, establish and support a more rigorous, tighter, better - and safer - approach to structured products and structured deposits
  - this includes: a client-centric, best practice approach to governance and compliance, putting savers and investors first and aiming to deliver good outcomes; a bar-raising level and calibre of collateral materials, input and support for professional advisers; **and a commitment to '*deliberately defensive*' products**
  - our aim is to present a high calibre structured product provider, a carefully considered approach to structured products and structured deposits and a level of service and support which professional advisers and their clients can be genuinely confident in
  - our entire emphasis is on working closely with professional advisers to advance and enhance the value that can be gained from client-centric, best practice use of structured products and structured deposits

Explaining our approach to structured products and deposits …

TEMPO STRUCTURED PRODUCTS

- **We launched our product suite in June 2018, with a specific commitment to *'deliberately defensive'* structured products and structured deposits, with attractive risk / return profiles for investors / savers:**
  - while lots of structured product providers do lots of defensive structured products / deposits, we are the only structured product plan manager to set our stall out to only do defensive structured products / deposits:

    … **USP: we have never done a product that will only generate positive returns if the stock market rises**

    … **USP: we are the only plan manager to have never done an end of term barrier level above 60% (allowing a stock market fall of 40%), with many of our plans having even deeper barrier levels**

    … **USP: we are the only plan manager to have never done dual index, triple index or stocks products**

- **Our structured products / structured deposits are all designed so that they can generate at least some - or all - of their potential returns without requiring the stock market to rise, with many allowing it to fall, while including a defined and significant level of protection from stock market risk at maturity:**
  - in other words, our products / deposits are specifically designed to:

    … increase the likelihood of positive returns being generated (i.e., good outcomes); and

    … decrease the likelihood of capital losses being experienced (i.e., poor outcomes)
  - to our minds, this is the basic purpose / principle of a good investment company and good investment strategy

- **We describe our products as *'deliberately defensive'*:**
  - our structured product and structured deposit suites include kick-out, growth and income plans

What we mean by *'deliberately defensive'* …

1. **Issuer / counterparty risk:** as an independent plan manager, able to deal with any issuer / counterparty, we seek to identify and deal with strong issuers / counterparties / deposit takers …
   - we deal with banks which are regulatorily categorised as Global Systemically Important Banks *('G-SIBs')*
   - G-SIBs are the more important (usually bigger and stronger) banks in a country / region / globally: as a result, they are subject to more stringent regulatory requirements, including higher Tier 1 capital ratios

2. **Market risk:** our products / deposits are designed to address both *'upside'* and *'downside'* market risk …
   - our plans are designed so that they are able to generate at least some - if not all - of their potential returns without requiring the stock market index to which they are linked to rise (mitigating the *'upside market risk'*):
   - our plans are also designed (in the case of structured products) with a defined and significant level of protection from stock market risk at maturity (mitigating the *'downside market risk'*): our structured products have deep end-of-term (only observed at the end date / maturity) barrier levels, which reduces market risk
   - our plans are single index only

3. **Operational risk (plan manager / administration and custody):**
   - we benefit from being part of the Alpha Real Capital family of companies
   - we seek to mitigate the plan manager and administration / custody risk of our plans throughout their term

The merits and potential benefits of *'long'* plan options …

TEMPO STRUCTURED PRODUCTS

- **For professional advisers / investors who believe that markets can be expected to rise over the long term, it follows that the longer the term / time horizon of an investment:**
  - the greater the likelihood of positive returns being generated over the term of the investment: mitigating the *'upside market risk'* that markets don't rise or don't rise by the level wanted / needed; and
  - the lower the likelihood of losses being experienced over the term of the investment: mitigating the *'downside market risk'* of markets falling (especially where an end of term barrier is being used for a structured product)
- **We think longer maximum terms can optimise the risk / return profiles of structured products / deposits**
- **We therefore offer *'long'* plan options, which focus on the simple merits and potential benefits of time:**
  - **longer maximum investment terms** (e.g., 10 years), mitigating both upside and downside market risk;
  - **with short term kick-out potential** (e.g., early maturity from year 3, with daily liquidity);
  - **combined with defensive investment strategies** (e.g., strategies that can generate positive returns without needing the market to rise, and / or with options that allow it to fall):

    … notably, it should be understood that a *'long'* kick-out plan will kick-out at the same anniversary as a shorter-term plan, if the market / index conditions for kick-out are met

    … however, a *'long'* kick-out plan includes a *'tail',* that only comes into play in scenarios where a shorter-term plan wouldn't kick-out successfully, providing additional time and opportunities for successful kick-out

    … it should also be understood that a *'long'* kick-out plan designed with its first kick-out later than the more common 1st or 2nd year anniversary can offer higher potential returns than the lower, capped level of returns offered by comparable products which are designed to kick-out earlier (noting our plans intra-term liquidity)

- **The FTSE 100 Equal Weight Fixed Dividend Custom Index *('FTSE 100 EWFD')* is a FTSE Russell index:**
  - the FTSE 100 EWFD was developed to provide the potential for improved structured product / deposit terms
  - improved terms can include: **lower** end of term barrier levels; **lower** conditions for positive returns to be generated; and **higher** potential returns

- **The FTSE 100 EWFD comprises the same 100 stocks as the FTSE 100, uses the same methodology re quarterly reviews and constituents, and adheres to the same FTSE Russell FTSE UK Index Series Ground Rules as the FTSE 100 - however, as its name suggests, it differs in two important ways:**
  - **the *'EW'*:** the 100 companies in the FTSE 100 EWFD are all equally weighted at 1% by FTSE Russell, instead of being weighted according to their market capitalisation
  - **the *'FD'*:** the FTSE 100 EWFD is based on a total return index, including all dividends paid by the companies: however, a fixed dividend of 50 points per year is deducted when FTSE Russell work out the index level
  - the FTSE 100 EWFD will perform differently to the FTSE 100, due to the equal weighting and fixed dividend: returns from plans linked to it might be higher or lower than returns from similar plans linked to the FTSE 100
  - we explain the FTSE 100 EWFD in detail, in plain English, in our plan brochures and in the collateral inputs that we provide for professional advisers, including via our website and video webinar series:

    … website resources page: https://tempo-sp.com/adviser-resources/about-the-ftse-100-ewfd

    … video webinar recording: https://register.gotowebinar.com/recording/6983375893567734796
  - notably, the maturities for FTSE 100 EWFD linked plans highlight that use of the FTSE 100 EWFD resulted in plans that generated higher levels of return, with more defensive conditions for returns to be generated, with deeper end of term barrier levels than would have been possible if the plans had been linked to the FTSE 100

Tempo plan maturities: adding to the sector-wide evidence …

TEMPO STRUCTURED PRODUCTS

- **We launched our structured product suite in June 2018 and have now launched more than 300 plans**
- **Our kick-out plans started to reach their first kick-out anniversary dates and potential early maturity points at the 3rd anniversary, in June 2021: we have so far seen 40 plans kick-out / mature**
- **We produce maturity performance and comparison overviews *('MPACs')* for each of our matured plans, which include:**
  - a reminder of the terms of each plan / plan option;
  - details of the maturity performance and analysis; and
  - comparisons to benchmarks, including: the index that the product was linked to, e.g., the FTSE 100 EWFD; the FTSE 100 (a price return index, excluding dividends); and a typical FTSE 100 tracker fund (including dividends)
- **The performance and comparison overviews for all of our plan maturities can be found via our website:**
  - https://tempo-sp.com/our-products/matured-products-performance-and-comparison
- **In addition to the summary that the ppt provides, we also provide granular analysis that helps further highlight the risk / return profiles of our plans, including in comparison to active and passive funds:**
  - https://tempo-sp.com/our-products/matured-products-analysis
- **The following pages provide summary details of the performance of our matured plans, also highlighting their risk / return profiles and observations regarding whether they have delivered *'alpha by contract'* …**

Tempo plan maturities: summary of performance …

DATA* FOR TEMPO PLAN MATURITIES: SUMMARY OF PERFORMANCE		
Nos of plans launched (up to: i46 structured product suite; i09 structured deposit suite; and i02 fixed rate deposit suite)	**310**	
Nos of kick-out plans to have kicked-out and matured	**40**	
Nos of matured kick-out plans that generated positive returns (total | percentage)	**40 / 40**	**100%**
Nos of matured kick-out plans that repaid capital only (total | percentage)	**0 / 40**	**0%**
Nos of matured kick-out plans that created a loss (total | percentage)	**0 / 40**	**0%**
Highest annualised return: all plans (simple | compound)	**20.40%**	**17.25%**
Lowest annualised return across all matured kick-out plans (simple | compound)	**5.20%**	**4.95%**
Average annualised return across all matured kick-out plans (simple | compound)	**10.18%**	**9.15%**
- Average annualised return of *'at or above 100% of start level'* matured kick-out plans (11 / 40) (simple | compound)	**15.06%**	**13.19%**
- Average annualised return of *'at or above 90% of start level'* matured kick-out plans (13 / 40) (simple | compound)	**8.86%**	**8.06%**
- Average annualised return of *'at or above 30% - 82.5% of start level'* matured kick-out plans (16 / 40) (simple | compound)	**7.89%**	**7.26%**
Impact of explicit charges on investor's capital and / or the stated level of return generated by the plans	**0%**	
Access / liquidity during investment term of the plans	**Daily**	
Maximum investment term of the plans | average duration of the plans before kick-out and / or early maturity	**10 years**	**3 years**

* Source: Tempo Structured Products. **Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation**

Tempo plan maturities: summary of risk / return profiles ...

TEMPO STRUCTURED PRODUCTS

DATA* FOR TEMPO PLAN MATURITIES: SUMMARY OF RISK / RETURN PROFILES		
Nos of matured plans that required index to rise from start level, to generate positive returns	**0**	**0%**
Nos of matured plans that required index to be at or above start level, to generate positive returns	**11 / 40**	**28%**
Nos of matured plans that allowed index to fall from start level, to generate positive returns	**29 / 40**	**72%**
- Nos of plans that allowed index to fall 10% from start level, to generate positive returns	**13 / 40**	**33%**
- Nos of plans that allowed index to fall 17.5% - 70% from start level at end date, to generate positive returns	**16 / 40**	**40%**
- Average amount that plans allowing index to fall 17.5% - 70% allowed index to fall, to generate positive returns	**40.3%**	
Lowest end of term barrier level | amount index could fall from start level over investment term without capital loss	**30%**	**70%**
Highest end of term barrier level | amount index could fall from start level over investment term without capital loss	**60%**	**40%**
Average end of term barrier level | amount index could fall from start level over investment term without capital loss	**53%**	**47%**
Average end of term barrier level headroom (difference between index level at kick-out and end of term barrier level)	**53.8%**	

* Source: Tempo Structured Products. **Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation**

Tempo plan maturities: summary of *'alpha by contract'* outcomes ... TEMPO STRUCTURED PRODUCTS

DATA* FOR TEMPO PLAN MATURITIES: SUMMARY OF *'ALPHA BY CONTRACT'* OUTCOMES, OBSERVATIONS AND CONSIDERATIONS		
Nos of plans (all types) that delivered *'alpha by contract'* vs total return index tracker**	**29 / 40**	**73%**
- Nos of *'at or above 100% of start level'* plans that delivered *'alpha by contract'* vs total return index tracker**	**11 / 11**	**100%**
- Nos of *'at or above 90% of start level'* plans that delivered *'alpha by contract'* vs total return index tracker**	**11 / 13**	**85%**
- Nos of *'at or above 30% - 82.5% of start level'* plans that delivered *'alpha by contract'* vs total return index tracker**	**7 / 16**	**44%**
Highest level of alpha by contract generated (total | annualised)	**28.05%**	**8.59%**
Lowest level of alpha by contract generated (total | annualised)	**0.07%**	**0.02%**
Average level of alpha by contract generated (all plans)** (total / annualised)	**12.65%**	**3.76%**
- Average level of alpha by contract generated by *'at or above100% of start level'* plans*** (total | annualised / compound)	**14.57%**	**4.57%**
- Average level of alpha by contract generated by *'at or above 90% of start level'* plans*** (total | annualised / compound)	**15.25%**	**4.31%**
- Average level of alpha by contract generated by *'at or above 30% - 82.5% of start level'* plans*** (total | annualised / com)	**5.56%**	**1.61%**
Average level of kick-out / alpha headroom at point of kick-out | and at end of full investment term (all plans) (difference between index level at kick-out and level required for kick-out | and at end of full investment term)	**10.30%**	**25.92%**
- Average level of kick-out / alpha headroom at point of kick-out | end date for *'at or above 100% of start level'* plans	**10.06%**	**10.06%**
- Average level of kick-out / alpha headroom at point of kick-out | end date for *'at or above 90% of start level'* plans	**11.43%**	**11.43%**
- Average level of kick-out / alpha headroom at point of kick-out | end date for *'at or above 30% - 82.5% of start level'* plans	**9.54%**	**48.61%**

* Source: Tempo Structured Products | FT.com, ** Vanguard FTSE 100 Index Acc (NAV to NAV, gross dividends reinvested) | *** based on plans that delivered alpha

Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation

An example: Tempo's first maturity: delivering *'alpha by contract'* … TEMPO STRUCTURED PRODUCTS

TEMPO'S FIRST PLAN MATURITY: DELIVERING *'ALPHA BY CONTRACT'*

Our first kick-out product, **Tempo Long Kick-Out Plan - June 2018 (Issue 1): Option 1 *('LKO1')*,** reached its year-3 kick-out anniversary in June 2021

Tempo LKO1 contractually defined: if the FTSE 100 EWFD closed at or above 90% of the start level on this kick-out anniversary date, the plan would kick-out, generating a return of 7.3% for each year that the plan ran and repaying the initial investment

The FTSE 100 EWFD closed at 99.54% of the start level in June 2021
- the plan therefore matured early - generating 21.90% for investors (equivalent to 7.3% p.a. simple / 6.82% compound)
- the plan also repaid investor's capital in full (without any explicit charges impacting investors' initial capital or the stated level of return)

1 Tempo Long Kick-Out Plan - June 2018 (Issue 1): Option 1 *('LKO1')* FTSE 100 EWFD; FTSE 100

	START LEVEL (22.06.2018)	YEAR-3 LEVEL (22.06.2021)	3-YEAR PERFORMANCE	
TEMPO LKO1	100	121.90	21.90%	ABC
FTSE 100 EWFD	1,061.62	1,056.74	-0.46%	INX
FTSE 100 (PRICE RETURN)*	7,682.27	7,090.01	-7.71%	
VANGUARD FTSE 100 INDEX ACC**	120.56	123.94	2.80%	

Comparison of Tempo LKO1 with the FTSE 100 EWFD and FTSE 100 highlights the **strong performance of the FTSE 100 EWFD** compared to the FTSE 100 and the **significant outperformance of** both the FTSE 100 EWFD and the FTSE 100 by Tempo LKO1.

Tempo LKO1 delivered **21.9% over 3yrs compared to 2.8%** for the FTSE 100 tracker: this can be seen as ***'alpha by contract'*** of 19.1%, equal to 6.0% p.a.

The **materially different - and arguably better - risk / return profile of Tempo LKO1** should also be noted:

- Tempo LKO1 was designed to generate **21.9% at Y3 without requiring the FTSE 100 EWFD to rise:** in fact, it would have generated **21.9% at Y3 even if the FTSE 100 EWFD had closed nearly 10 percentage points lower**

- Tempo LKO1 **would have increased the return it generates** at each subsequent kick-out anniversary date, **without the index condition needed to trigger kick-out increasing:** in contrast with active / passive funds, which typically generate increasing returns based on the market / index increasing

- Tempo LKO1 **would have generated 73.00% at Y10 even if the FTSE 100 EWFD had fallen by 10% from the start level, by legally binding contract**: whereas active / passive funds, while benefitting from dividends, would typically need the market / index to have risen materially in order to deliver a similar level of return, also dependent on fund manager skill

- Tempo LKO1 **included a significant level of protection from stock market risk at maturity, that allowed the FTSE 100 EWFD to fall by 40%**

Source: Tempo | Société Générale | Bloomberg Tempo LKO Plan counterparty: Société Générale * Price return only, excluding dividends ** FT.com, NAV to NAV, gross dividends reinvested
Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation

Tempo *'at or above 100% of start level'* plan maturities: summary … TEMPO STRUCTURED PRODUCTS

DATA* FOR TEMPO *'AT OR ABOVE 100% OF START LEVEL'* PLAN MATURITIES		
Nos of matured plans that required index to be *'at or above 100% of start level'*, to generate positive returns	**11 / 40**	**28%**
Nos of matured *'at or above 100% of start level'* plans that generated positive returns (total | percentage)	**11 / 11**	**100%**
- Highest annualised return (simple | compound)	**20.40%**	**17.25%**
- Lowest annualised return (simple | compound)	**10.75%**	**9.77%**
- Average annualised return (simple | compound)	**15.06%**	**13.19%**
Nos of matured *'at or above 100% of start level'* plans that generated *'alpha by contract'* (total | percentage)	**11 / 11**	**100%**
- Highest level of alpha by contract generated vs total return index tracker** (total | annualised / compound)	**28.05%**	**8.59%**
- Lowest level of alpha by contract generated vs total return index tracker** (total | annualised / compound)	**0.40%**	**0.13%**
- Average level of alpha by contract generated vs total return index tracker** (total | annualised / compound)	**14.57%**	**4.57%**
Highest level of kick-out / alpha headroom at point of kick-out | end date (difference between index level at kick-out and level required for kick-out | and at end of full investment term)	**22.70%**	**22.70%**
Lowest level of kick-out / alpha headroom at point of kick-out | end date	**3.04%**	**3.04%**
Average level of kick-out / alpha headroom at point of kick-out | end date	**10.06%**	**10.06%**
Lowest end of term barrier level | amount index could fall from start level over investment term without capital loss	**30%**	**70%**
Highest end of term barrier level | amount index could fall from start level over investment term without capital loss	**60%**	**40%**
Average end of term barrier level | amount index could fall from start level over investment term without capital loss	**50%**	**50%**
Average end of term barrier level headroom (difference between index level at kick-out and end of term barrier level)	**60.06%**	

* Source: Tempo Structured Products | FT.com, ** Vanguard FTSE 100 Index Acc (NAV to NAV, gross dividends reinvested)

Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation

Tempo *'at or above 100% of start level'* plans: observations …

TEMPO STRUCTURED PRODUCTS

- **11 out of 11 *'at or above 100% of start level'* matured plans delivered *'alpha by contract'*:**
  - the highest level of alpha was 8.59% p.a. (generating alpha of 28.05% above the total return index over 3yrs)
  - the average level of alpha was 4.57% p.a. (generating alpha of 14.57% above the total return index over 3yrs)
- **It's important to recognise that these plans were designed to generate positive returns without requiring the index to rise during the investment term; so the alpha of these plans was delivered with materially different - and arguably better - risk / return profiles vis-à-vis typical active and / or passive funds:**
  - these plans simply required the index to be at or above the start level at the kick-out date or end date in order to kick-out and generate a snowballing fixed level of return for each year that the plans ran: they delivered their returns, including material levels of alpha, with *'alpha headroom'* (as much as 22.70% / an average of 10.06%)
  - these plans also included a defined and significant level of protection from stock market risk at the end date
  - these plans delivered the returns that they generated, with the risk / return profiles that they presented, without being dependent on the skill (or lack of skill) of active fund management processes and / or fund managers
  - these plans delivered their stated terms as a legally binding contractual obligation on the counterparty bank, subject to the bank remaining solvent throughout the investment term (this also presents counterparty risk)
- **We would suggest that if actively managed funds consistently delivered alpha at these levels, with such low risk / return profiles, from the FTSE 100, they would be regarded as *'star'* funds / fund managers**
- **It is pertinent to note that these maturities span a period which saw strong equity market rises, from the covid-driven lows of 2020, when the beta of the market delivered by passive funds was reasonably high**
  - it is also important to recognise that the USPs of structured products can help some investors to invest confidently at key times, such as during and / or following economic and stock market crisis and downturn

Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation

Tempo *'at or above 90% of start level'* plan maturities: summary …

DATA* FOR TEMPO *'AT OR ABOVE 90% OF START LEVEL'* PLAN MATURITIES		
Nos of matured plans that required index to be *'at or above 90% of start level*', to generate positive returns	**13 / 40**	**33%**
Nos of matured *'at or above 90% of start level'* plans that generated positive returns (total | percentage)	**13 / 13**	**100%**
- Highest annualised return (simple / compound)	**11.60%**	**10.00%**
- Lowest annualised return (simple / compound)	**7.30%**	**6.82%**
- Average annualised return (simple / compound)	**8.86%**	**8.06%**
Nos of matured *'at or above 90% of start level'* plans that generated *'alpha by contract'* (total | percentage)	**11 / 13**	**85%**
- Highest level of alpha by contract generated* vs total return index tracker**** (total | annualised / compound)	**19.10%**	**6.00%**
- Lowest level of alpha by contract generated* vs total return index tracker**** (total | annualised / compound)	**2.32%**	**0.77%**
- Average level of alpha by contract generated* vs total return index tracker**** (total | annualised / compound)	**15.25%**	**4.31%**
Highest level of kick-out / alpha headroom at point of kick-out | end date (difference between index level at kick-out and level required for kick-out | and at end of full investment term)	**32.70%**	**32.70%**
Lowest level of kick-out / alpha headroom at point of kick-out | end date	**0.42%**	**0.42%**
Average level of kick-out / alpha headroom at point of kick-out | end date	**11.43%**	**11.43%**
Lowest end of term barrier level | amount index could fall from start level over investment term without capital loss	**60%**	**40%**
Highest end of term barrier level | amount index could fall from start level over investment term without capital loss	**60%**	**40%**
Average end of term barrier level | amount index could fall from start level over investment term without capital loss	**60%**	**40%**
Average end of term barrier level headroom (difference between index level at kick-out and end of term barrier level)	**41.43%**	

* Source: Tempo Structured Products | FT.com, ** Vanguard FTSE 100 Index Acc (NAV to NAV, gross dividends reinvested) | *** based on plans that delivered alpha

Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation

Tempo *'at or above 90% of start level'* plans: observations …

TEMPO STRUCTURED PRODUCTS

- **11 out of 13 *'at or above 90% of start level'* matured plans delivered *'alpha by contract'*:**
  - the highest level of alpha was 6.00% p.a. (generating alpha of 19.10% above the total return index over 3yrs)
  - the average level of alpha was 4.31% p.a. (generating alpha of 15.25% above the total return index over 3yrs)
- **It's important to recognise that these plans were designed to generate positive returns even if the index was 10% below the start level throughout the investment term; the alpha was delivered with materially different - and arguably better - risk / return profiles vis-à-vis typical active and / or passive funds:**
  - these plans simply required the index to be at or above 90% of the start level at the kick-out date or end date in order to kick-out and generate a snowballing fixed level of return for each year that the plans ran: they delivered their returns with significant levels of *'kick-out / alpha headroom'* (as much as 32.7% / an average of 11.43%)
  - these plans also included a defined and significant level of protection from stock market risk at the end date
  - these plans delivered the returns that they generated, with the risk / return profiles that they presented, without being dependent on the skill (or lack of skill) of active fund management processes and / or fund managers
  - these plans delivered their stated terms as a legally binding contractual obligation on the counterparty bank, subject to the bank remaining solvent throughout the investment term (this also presents counterparty risk)
- **Even the plans that didn't deliver alpha still delivered good outcomes for investors, selected by investors in order to increase the likelihood of achieving the levels of return that each plan offered**
- **It is pertinent to note that these maturities span a period which saw strong equity market rises, from the covid-driven lows of 2020, when the beta of the market delivered by passive funds was reasonably high**
  - it is also important to recognise that the USPs of structured products can help some investors to invest confidently at key times, such as during and / or following economic and stock market crisis and downturns

At or above 30% - 82.5% of start level plan maturities: summary …

TEMPO STRUCTURED PRODUCTS

DATA* FOR TEMPO *'AT OR ABOVE 30% - 82.5% OF START LEVEL'* PLAN MATURITIES		
Nos of matured plans that required index to be *'at or above 30% - 82.5% of start level*', to generate positive returns	**16 / 40**	**40%**
Nos of matured *'at or above 30% - 82.5% of start level'* plans that generated positive returns (total | percentage)	**16 / 16**	**100%**
- Highest annualised return (simple / compound)	**11.25%**	**10.18%**
- Lowest annualised return (simple / compound)	**5.20%**	**4.95%**
- Average annualised return (simple / compound)	**7.89%**	**7.26%**
Nos of matured *'at or above 30% - 82.5% of start level'* plans that generated *'alpha by contract'* (total | percentage)	**7 / 16**	**44%**
- Highest level of alpha by contract generated* vs total return index tracker**** (total | annualised / compound)	**15.83%**	**5.02%**
- Lowest level of alpha by contract generated* vs total return index tracker**** (total | annualised / compound)	**0.07%**	**0.02%**
- Average level of alpha by contract generated* vs total return index tracker**** (total | annualised / compound)	**5.56%**	**1.61%**
Highest level of kick-out / alpha headroom at point of kick-out | end date (difference between index level at kick-out and level required for kick-out | and at end of full investment term)	**22.70%**	**76.24%**
Lowest level of kick-out / alpha headroom at point of kick-out | end date	**3.04%**	**30.05 %**
Average level of kick-out / alpha headroom at point of kick-out | end date	**9.54%**	**48.61%**
Lowest end of term barrier level | amount index could fall from start level over investment term without capital loss	**30%**	**70%**
Highest end of term barrier level | amount index could fall from start level over investment term without capital loss	**60%**	**40%**
Average end of term barrier level | amount index could fall from start level over investment term without capital loss	**49%**	**51%**
Average end of term barrier level headroom (difference between index level at kick-out and end of term barrier level)	**59.54%**	

* Source: Tempo Structured Products | FT.com, ** Vanguard FTSE 100 Index Acc (NAV to NAV, gross dividends reinvested) | *** based on plans that delivered alpha

Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation

Tempo *'at or above 30% - 82.5% of start level'* plans: observations …

- **Even 7 out of 16 *'at or above 30% - 82.5% of start level'* matured plans delivered alpha by contract:**
  - the highest level of alpha was 5.02% p.a. (generating alpha of 15.83% above the total return index over 3yrs)
  - the average level of alpha was 1.61% p.a. (generating alpha of 5.56% above the total return index over 3yrs)

- **However, it's important to recognise that these plans were designed to increase the likelihood of generating viable levels of positive return (not to maximise returns) even if the index was materially (17.5% - 70%) below the start level at the end of the investment term; offering materially different - and arguably better - risk / return profiles vis-à-vis typical active and / or passive funds:**
  - these plans simply required the index to be at or above a reducing % of the start level at the kick-out date or end date (reducing to between 30% to 82.5% of the start level, allowing the index to fall by a minimum of 17.5% up to 70%) in order to kick-out and generate a snowballing fixed level of return for each year that the plans ran: they delivered returns with exceptional levels of *'headroom'* (as much as 76.24% / an average of 49.66%):

    … as an example, Issue 13, LKO1, generated 5.75% p.a. and would have done even if the index was 70% below the start level at the end of the 10-year investment term: with the same level of protection of capital)
  - these plans also included a defined and significant level of protection from stock market risk at the end date
  - these plans delivered the returns that they generated, with the risk / return profiles that they presented, without being dependent on the skill (or lack of skill) of active fund management processes and / or fund managers
  - these plans delivered their stated terms as a legally binding contractual obligation on the counterparty bank, subject to the bank remaining solvent throughout the investment term (this also presents counterparty risk)

- **It is important to recognise that the USPs of structured products can help some investors to invest confidently at key times, such as during and / or following stock market crisis and downturns**

Intervening in the active / passive debate: *'alpha by contract'* …

TEMPO STRUCTURED PRODUCTS

- **The active / passive debate is probably the single, biggest ongoing conversation in the asset management and wealth management / financial planning profession:**
  - however, structured products aren't generally considered to be part of the conversation: perhaps because the structured products sector hasn't been speaking the right language
  - Tempo's white paper introduces the concept of *'alpha by contract', that* structured products offer the potential for - and evidently can deliver - in ways and with risk / return profiles that neither active nor passive funds offer

- **The potential to access *'alpha by contract'* through structured products is thought-provoking:**
  - the academic (efficient markets hypothesis, etc.) and real world (it's difficult to reliably identify tomorrow's sources of alpha today; tomorrow's sources of alpha are rarely reliable over the long term; and active fund management is generally expensive) arguments for passive investing are obviously compelling
  - however, regardless of whether professional advisers believe in the quest for *'alpha'* through active fund management or content themselves and their clients with the *'beta'* of the market by passive fund management, **surely we can all agree that more people would target returns in excess of the market's beta if the fundamental challenges (failings) of accessing alpha by active fund management could be addressed**
  - structured products offer the potential for - and are evidently able to deliver - alpha in ways and with risk / return profiles that neither active nor passive funds offer or deliver, that could add material value within diversified portfolios, particularly in low to medium return, no return and / or moderately falling market environments

- **Professional adviser / investor thinking re portfolio diversification shouldn't be limited to a simple narrative and binary consideration of just *'alpha'* by active funds and / or *'beta'* by passive funds:**
  - structured products can and should be seen as intervening in the active / passive debate, presenting compelling alternatives and / or complements to alpha by active fund management and beta by passive fund management

An example of intra-term values, highlighting access / liquidity …

TEMPO STRUCTURED PRODUCTS

AN EXAMPLE OF INTRA-TERM PLAN VALUES, HIGHLIGHTING ACCESS / LIQUIDITY

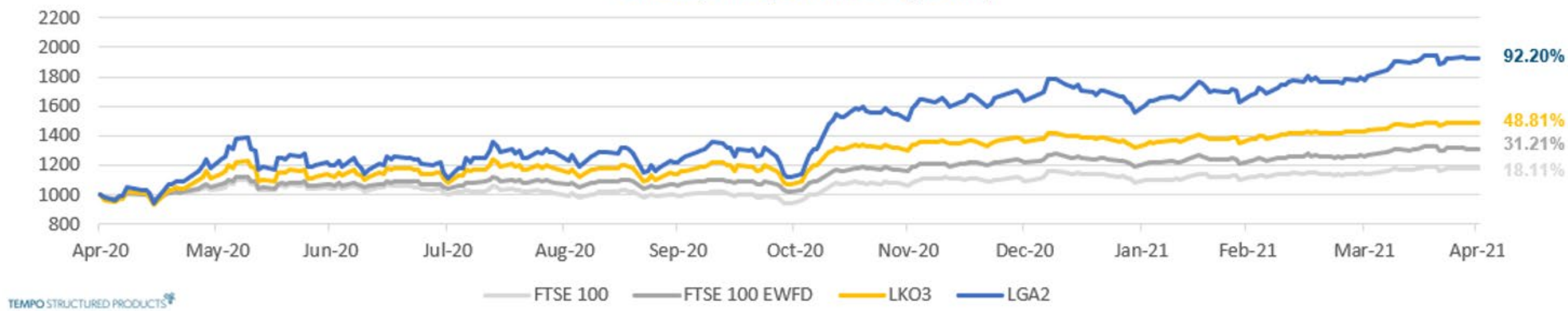
Issue 12 of our product suite was our closest launch (start date on 17 April 2020) to the Covid-driven market low of 23 Mar 2020

A look at the intra-term values / performance of option 3 of our Long Kick-Out Plan *('LKO3')* and option 2 of our Long Growth Accelerator Plan *('LGA2')* further highlights the merits of our plan design and approach - and also provide examples of plan which benefitted from our unique *'Stated terms or better'* pledge

Tempo LKO3 contractually defined: if the FTSE 100 EWFD closes at or above the start level on any kick-out anniversary date, the plan will kick-out, generating a return of 20.4% for each year that the plan has run and repaying the initial investment

- Tempo LGA2 contractually defined that: 1) if the FTSE 100 EWFD closes at or above 110% of its start level on the 5th anniversary, the plan will kick-out generating a return of 175% (equivalent to 35% p.a.) and repaying the initial investment; **OR 2)** if the FTSE 100 EWFD does not close at or above 110% of the start level on the 5th anniversary, on the 10th anniversary the plan will generate 10x the amount by which the FTSE 100 EWFD closes above 90% of the start level, with a maximum return of 300% (equivalent to 30% p.a.).

TEMPO ISSUE 12 LKO3 & LGA2 INTRA-TERM PERFORMANCE: COMPARED TO THE FTSE 100 EWFD AND FTSE 100
1-YEAR (01 May 2020 to 30 Apr 2021)



Comparison of the intra-term performance (bid prices / plan values) of Tempo LKO3 and Tempo LGA2 with FTSE 100 EWFD and the FTSE 100 highlights:

- the **strong outperformance of the FTSE 100 EWFD** compared to the FTSE 100: and the **exceptional performance of the Tempo LKO and LGKO plans**

Tempo LGA2 (now called Long Growth & Kick-Out Plan *'LGKO'*) is **the only product of its kind in the market**, uniquely combining a *'kick-out'* strategy at year 5 with a defensive *'super tracker'* at year 10, **offering '*2 strategies in 1 plan*', with exceptional growth potential**

- notably, the intra-term value of LGA2 (now called Long Growth & Kick-Out Plan *'LGKO'*) **outperformed all comparable kick-out products** (incl our own)

Source: Tempo | Société Générale | Bloomberg. The value of structured products may be affected by various factors during the investment term. Liquidity / access during the investment term is usually possible, but this is not guaranteed. **Past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation.**

The USPs and - arguably - better risk / return profiles …

TEMPO STRUCTURED PRODUCTS

- **It is important to recognise, understand and value the features, benefits and USPs of structured products and the materially different - and arguably better - risk / return profiles vis-à-vis active and passive funds:**
  - the majority of UK retail structured products are designed so that they will generate positive returns without requiring the stock market to rise, with many also allowing it to fall moderately or even materially
  - the majority of UK retail structured products include a defined and significant level of protection from stock market risk at maturity (with structured deposits able to completely remove stock market risk at maturity)
  - and structured products do everything that they do by legally binding contractual obligation: without being dependent upon the skill (or lack of skill) of a fund management process and / or fund manager
- **Noting that the majority of UK retail structured products are designed so that they will generate positive returns without requiring the stock market to rise, with many also allowing it to fall moderately, or even materially, with a significant level of protection from stock market risk at maturity, it should be clear that:**
  - structured products can increase the likelihood of positive returns being generated (i.e., good outcomes);
  - decrease the likelihood of losses being experienced (i.e., poor outcomes); and
  - offer materially different - and arguably better - risk / return profiles vis-a-vis active and / or passive funds
- **Particularly in a challenging economic and potentially persistent low returns investment environment, we suggest that it may be difficult to identify other investment options which can reasonably be considered more likely to generate viable levels of return, iro of 6-12% p.a. with such compelling risk / return profiles**

The major *USP* of structured products: *'investing by contract'* …

TEMPO STRUCTURED PRODUCTS

- **A dive *'under the bonnet'* of structured products can shine a light on how they are constructed, including the economics / mathematics of the building blocks:**
  - when this is understood, it's clear that there is no alchemy (or concern that terms may be *'too good to be true')*
- **However, the most important point to understand is that structured products equate to *'investing by contract'*:**
  - structured products are based on bonds issued by major banks, that create legally binding contractual obligations
  - if the counterparty behind a structured product is solvent at maturity it doesn't matter what they may (or may not) have done … they are legally obligated to deliver what they stated at the outset to investors, i.e. to deliver the terms of the bonds they issued, that back the structured product
  - *imagine everyone in a counterparty bank goes on holiday on the start date of a structured product, for 10 years.*
  - *the bank therefore does nothing during the investment term: what can investors expect to receive at maturity?*
  - *the answer is everything that the terms of the contract detailed, if the counterparty bank is solvent.*

TEMPO STRUCTURED PRODUCTS

Looking past the obvious...

Chris Taylor talks about the 'contract' benefits of structured products

After a long career in the asset management industry, one thing I've learnt is the importance of looking at things the industry does and looking through the obvious, to find the more interesting aspects, that sometimes flip the obvious on its head.

Chris Taylor is Global Head of Structured Products at Tempo Structured Products. He has been involved with structured products and the broader asset management industry since its earliest days in the UK, in the mid 1990s.

When it comes to structured products, the most obvious risk is well-known to be the 'counterparty risk', i.e. the risk that the bank behind a product can go bust and cause loss of capital. But rather than add more column inches to stating that advisers and investors should always ensure that they are cognisant of this risk, I'd like to flip the point on its head and talk about what I think is an overlooked point, which is the benefit – as opposed to the risk – of the counterparty behind a structured product!

The basic risk of a structured products is that the counterparty must stay in business – but the benefit is that they also remove or reduce some key risks that many investors naturally want to avoid… but have often been 'educated' to think that they can't.

And that is the eureka point… that structured products equate to 'investing by contract'. And it's an important point.

"… structured products equate to investing by contract."

Investors in structured products basically delegate the investment process and performance risk to a major investment bank, the counterparty, which becomes legally obligated to deliver the terms of the contract at maturity, regardless of their process, unless they are bust.

But this major benefit of structured products is being overlooked by some advisers and investors, because they're only focusing on the obvious points, not the less obvious (although the good news is that an increasing number are slowly cottoning on!).

"The risk of a structured product is that the counterparty must stay in business – the benefit is that they remove or reduce some key risks that many investors want to avoid."

Most specifically, structured products can remove or reduce 'market downside risk', i.e. the risk of markets going down and investors losing capital.

But they can also remove or reduce 'market upside risk', i.e. the risk that markets don't go up and generate the returns investors need.

In addition, structured products remove the 'active fund management risk', i.e. the risk that active fund management just doesn't deliver the performance, or the risk control, that it marketed itself as being capable of providing (noting that the marketing of actively managed funds is actually based on nothing more than 'aims' and 'hopes', not legally binding contracts!).

The fact is that the counterparty banks behind structured products take on risks that exist in other types of investments, such as mutual funds, and turn them on their heads… by contractually defining both market risk and return. And the contracts mean that the process risk falls on the counterparties, not investors.

Yes, some 'clever stuff' may be going on behind the scenes of a structured product, in order for the counterparty bank to 'hedge' their legal obligation to deliver the terms of the products they issue, at maturity.

"There are just some things active and passive funds can't do, that structured products do… and do by contract."

But investors are not investing into the the counterparty's clever stuff or process – unlike active fund management, where if a fund's process fails it's the investor who suffers. Investors in structured products are investing in contracts! And the contracts are usually issued by some of the world's strongest financial institutions, who take the process risk of investing away from the investor and own the risk themselves.

Investors in structured products therefore have a very different consideration to investors in active funds.

The key consideration is the strength of the bank behind the product and whether they will still be in business at maturity? And the fact is that the world's biggest banks like to stay in business – and governments, central banks, regulators, shareholders, deposit holders, employees, etc. also like them to!

"Of course, as with any investment, there are risks that need to be understood with structured products."

There is no such thing as a perfect investment. And, as with any investment, there are risks that need to be understood with structured products. But many investors may find it easier to consider whether a major global bank is likely to stay in business, than what may or may not happen to the stock market.

Pragmatically, a good approach to portfolio construction is to diversify across various types of investments, including funds and products. In other words: the best of active funds; the best of passive funds (pretty much everybody seems to like passive and smart beta these days!); AND the best of structured products… because there are just some things that active and passive funds can't do, that structured products do… and do by contract. It's their major benefit, to my mind.

Tempo 'Thinking Investments', May 2018. This document is for professional adviser use only and is not for use with clients. Use of this document is subject to the terms and conditions of our website: www.tempo-sp.com/website-terms-and-conditions.

Also recognising and understanding the risks and limitations …

TEMPO STRUCTURED PRODUCTS

- **Of course, we must all remember that past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation**

- **And in addition to recognising and understanding the features, benefits and USPs of structured products, professional advisers also need to recognise and understand their risks and limitations:**
  - structured products present counterparty risk, which needs to be understood and accepted: the potential returns of a structured product and the repayment of money invested in a structured product usually depend on the financial stability of the issuer and counterparty throughout the investment term
  - the level of return a structured product generates may be capped and / or less than the level of return generated by direct investment in the stock market or via active or passive funds
  - the terms of structured products can predefine what can be expected at maturity and at certain other dates, such as potential *'kick-out'* and early maturity dates: but these terms do not apply during the investment term
  - the value of structured products during the investment term may be affected by various factors: while accessing an investment is usually possible, during normal market conditions, this is not guaranteed

When data, facts and evidence meet views and opinions …

- **When incontrovertible data, facts and evidence meet views and opinions (no matter how long held and deeply entrenched the views and opinions may be) there should be only one winner:**
  - data and facts should always trump views and opinions (in the absence of any cognitive biases)

- ***When the facts change, I change my mind: what do you do?*****: the facts re UK retail structured products have changed such that practices and products today are fundamentally different vis-à-vis 15 years ago:**
  - a wider audience of professional advisers **- including firms and advisers who consider themselves to be *'evidence based'* -** need to recognise and accept that the data / facts re UK retail structured products irrefutably evidence their efficacy and the potential merits of including structured products in diversified portfolios

Swift recognition for our approach …

- **Our entire emphasis is on working closely with professional advisers to advance and enhance the value that can be gained from client-centric, best practice use of best of breed structured products / deposits:**
  - we launched our *'deliberately defensive'* product suite in May 2018
  - in 2019, we picked up our first industry awards: '***Highly Commended: Best Structured Products Provider'*** and ***'Winner: Best Structured Products Service***' at the ILP Moneyfacts Awards
  - the recognition continued in 2020, when we were: ***'Highly Commended: Best Structured Products Provider'*** and ***'Commended: Best Structured Products Service'***
  - in 2021 we were delighted to *'do the double'* winning both awards for the structured products sector: ***'Winner: Best Structured Products Provider'*** and ***'Winner: Best Structured Products Service'***
  - *in 2022*, the success continued when we *'did the double'* once again: '***Winner: Best Structured Products Provider'*** and ***'Winner: Service Beyond the Call of Duty'***
  - *And in 2024, we receive the prestigious SRP Europe awards of '**Best performance UK**' and '**Best performance UK and Ireland'.***
  - the Investment Life & Pensions Moneyfacts Awards are widely recognised awards, based on a rigorous independent judging panel and process, with input from professional advisers
  - we are really pleased and appreciative to have been recognised in the awards in 2019, 2020, 2021 and 2022, in the first years following the launch of our product suite, in 2018, in both of the structured product categories:

    … we hope that our efforts to *'redefine structured products'*, focusing on *'doing the right things - and doing simple well'* and our aim to work closely with professional advisers to advance client-centric, best practice use of best of breed structured products will result in further recognition over time …

 TEMPO STRUCTURED PRODUCTS

- **Time to rethink what you think you know about structured products?**
  - Tempo's plan maturities and our maturity performance and comparison overviews add to the long term, granular sector-wide evidence of the efficacy of structured products, helping highlight the features, benefits and USPs of structured products and the potential merits of including structured products in diversified portfolios
  - we feel strongly that an operationally strong structured product plan manager, focused on *'doing the right things - and doing simple well'*, committed to *'deliberately defensive'* products, should be able to extol the merits of and take the benefits of best of breed structured products to a wider audience of professional advisers and investors
  - our aim is to help advance professional adviser working knowledge and understanding of structured products and the value that can be gained from client-centric, best practice use of best of breed structured products
  - as part of our ongoing *'Time to rethink what you think you know about structured products'* campaign, **we have published a white paper, titled *'Structured products: USPs; Evidence; Need; & Cognitive biases!'***
  - the white paper is particularly aimed at professional advisers who are not currently using structured products, but with plenty to offer advisers who are already using structured products successfully
  - the white paper aims to cogently articulate why independent professional advisers who are not currently using structured products or not using them widely should take a fresh and objective look at them today
  - we hope our white paper and campaign, which are based on data, facts and evidence, will be instrumental in taking structured products to a wider audience of professional advisers, for the benefit of their clients
  - the white paper is accessed through a new area of our website, titled ***'Rethink structured products'***:

    … https://tempo-sp.com/rethink-structured-products

Important notice

- **Structured products are not suitable for everyone - in addition to understanding the USPs of structured products, professional advisers also need to understand their risks and limitations:**
  - structured products present counterparty risk, which needs to be understood and accepted: the potential returns of a structured product and the repayment of money invested in a structured product usually depend on the financial stability of the issuer and counterparty throughout the investment term
  - the level of return a structured product generates may be capped and / or less than the level of return generated by direct investment in the stock market or via active or passive funds
  - the terms of structured products can predefine what can be expected at maturity and at certain other dates, such as potential *'kick-out'* and early maturity dates: but these terms do not apply during the investment term
  - the value of structured products during the investment term may be affected by various factors: while accessing an investment is usually possible, during normal market conditions, this is not guaranteed
  - past performance is not a reliable indicator of or guide to future performance and should not be relied upon, particularly in isolation: the value of investments and the income from them can go down as well as up
  - capital is at risk and investors could lose some or all of their capital

Important notice

TEMPO STRUCTURED PRODUCTS

- **Structured deposits are not suitable for everyone - in addition to understanding the features and benefits of structured deposits, professional advisers also need to understand their risks and limitations:**
  - while structured deposits are very similar to bank or building society fixed term deposits, a key difference is that the level of interest that a structured deposit pays may be linked, either fully or partly, to a stock market (or other asset class) index, such as the FTSE 100 or similar
  - some structured deposits may offer non-conditional, fixed levels of interest; some may offer conditional levels of interest that are linked to the level of a stock market index; and some may offer a combination of both
  - some conditional, stock market linked structured deposits may require the stock market index to rise in order to generate some or all of their potential interest, however many structured deposits do not require the stock market index to rise in order to pay stock market linked interest and some may allow the index to fall
  - **it is important to carefully consider that while structured deposits offer the potential to generate higher levels of interest than high street bank / building society deposits, the level of interest actually paid may be less than the level of risk free interest paid by high street bank / building society deposits**
  - notably: even if the interest is conditional and based on a link to the level / performance of a stock market index, the repayment of money in a structured deposit is not subject to stock market risk at maturity
  - the value of structured deposits during the deposit term may be affected by various factors: while accessing a structured deposit is usually possible, during normal market conditions, this is not guaranteed
  - as per any bank or building society deposit, structured deposits present deposit taker risk, which needs to be understood and accepted: the potential interest of a structured deposit and the repayment of money saved in a structured deposit usually depend on the financial stability of the deposit taker throughout the deposit term
  - importantly: as per bank / building society deposits, structured deposits may benefit from FSCS protection, assuming the deposit taker is licensed in the UK and deposit holders are eligible claimants, within claim limits

Important notice

TEMPO STRUCTURED PRODUCTS

- **The *'Important risks'* section of our website highlights the key and other risks of structured products and structured deposits:**
  - www.tempo-sp.com/home/important-risks
- **Professional advisers should access and read the relevant plan documents relating to any structured product or structured deposit plan of interest, in particular: the plan brochure; *'if / then …'* summary; plan application pack, including, the terms and conditions of the plan; and (in the case of structured products) the issuer's securities prospectus, final terms sheet, and the issuers / deposit taker's key information document *('KID')*, before making a recommendation to their clients**
- **We proactively provide comprehensive initial and ongoing due diligence inputs to professional adviser firms who are interested to start using our products / deposits, including:**
  - an introduction to and overview of the Alpha Real Capital family of companies *('Alpha'),* which we are part of
  - the full financial accounts for the previous five years for Alpha Real Capital, which sits at the heart of Alpha
  - an introduction to and overview of Tempo, including details of our consumer duty and product and distribution governance policies and procedures
  - access to our professional adviser academy, video-webinar series, *'TICS'* and other inputs
- **In addition to the plan documents, we also provide various collateral materials, inputs and support to professional advisers for each of our products / deposits, including:**
  - professional adviser information packs *('PAIPs',* which include the *'EMTs');* product proposal packs *('PPPs')* and TICS Reports for the issuer / counterparty bank / deposit taker bank

Important notice

This document is a financial promotion issued by Tempo Structured Products.

This document is intended only to be presented to, and used by, FCA authorised persons, including financial advisory firms and wealth managers *(‘professional advisers’)*. It is not suitable for, and must not be distributed to, clients or potential clients of any recipient.

No saving, investment, tax or legal recommendation or advice of any type and no suggestion of suitability or appropriateness of any saving or investment product for any prospective saver or investor is given or implied in this document. The information in this document does not take account of the investment objectives, particular needs or financial situation of any client or potential client of any professional adviser to whom this document is distributed. There are risks associated with a deposit in any structured deposit and / or an investment in any structured product.

This document is for your information only and is not intended as an offer, or recommendation or solicitation of an offer to buy or sell any saving, investment, security, financial instrument or other specific product, to conclude a transaction, or to provide any saving or investment service or saving or investment advice, or to provide any research, investment research or investment recommendation, in any jurisdiction.

By accepting this document you will be taken to have represented, warranted and undertaken that: i) you are a professional adviser (as referred to above); ii) you have read, agree to and will comply with the contents of this notice; iii) you will conduct your own analysis or other verification of the data set out in this document and will bear the responsibility for all or any costs incurred in doing so; and iv) you are not accessing and accepting this document from any jurisdiction other than the United Kingdom, in compliance with all laws and regulations applicable to such access and acceptance.

This document and all information herein is provided *‘as is’*, *‘as available’* and no representation or warranty of any kind, express, implied or statutory, is made by regarding any statement or information herein or in conjunction with this document. Any opinions, market prices, estimates, forward looking statements, hypothetical statements, forecast returns or other opinions leading to financial conclusions herein reflect our subjective judgment as of the date of this document. Any forward looking information has been prepared on a number of assumptions which may prove to be incorrect and, accordingly, actual results may vary. Past performance is no guarantee of future results; nothing herein shall constitute any representation, warranty or prediction as to future performance of any issuer.

Considerable care has been taken to ensure the information in this document is accurate, however no representation or warranty is given as to the accuracy or completeness of any information and no reliance may be placed for any purpose whatsoever on the information or opinions contained in this document or on its completeness and no liability whatsoever is accepted for any loss howsoever arising from any use of this document or its contents otherwise in connection therewith.

Tempo Structured Products

338 Euston Road
London NW1 3BG

Adviser line: +44 (0)207 391 4551
Website: www.tempo-sp.com